SinoCloud

SINOCLOUD GROUP LIMITED

ANNUAL REPORT 2022

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This annual report 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 annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report.

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.

CORPORATE PROFILE

SinoCloud Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), incorporated in Bermuda in 2003, was listed on the Catalist board of the Singapore Exchange Securities Trading Limited on 21 May 2004.

The Group started out as an Information Technology ("**IT**") and professional services provider focused on serving the People's Republic of China ("**PRC**") banking and financial services industry.

In October 2015, the Group expanded its IT-related business to include the provision of internet data center ("**IDC**") services with its acquisition of 63% effective equity interests in Guiyang Zhongdian Gaoxin Digital Technologies Limited ("**Guiyang Zhongdian**"), an IDC asset in the city of Guiyang, Guizhou province, the PRC. Guiyang Zhongdian is principally engaged in the business of operating IDC services, cloud computing and big data services, with a hosting capacity of up to 660 racks. Currently, the Group has an effective equity interest of 60% in Guiyang Zhongdian while the remaining 40% is owned by Guiyang Gaoxin Big Data Fund Company.

In view of the business potential of the IDC industry, the Group has focused its efforts and resources in growing and developing its business in the IDC industry.

MESSAGE FROM EXECUTIVE CHAIRMAN

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "**Board**" or "**Directors**"), I would like to present to you the 2022 Annual Report of SinoCloud Group Limited ("**Company**"), and together with its subsidiaries, the "**Group**") for the financial year ended 30 June 2022 ("**FY2022**").

The COVID-19 pandemic in the People's Republic of China ("**PRC**") has rebounded and is wide-spreading in different provinces during FY2022, causing weak demand in the internet data centre ("**IDC**") market to continue. Along with global trade tensions and political uncertainty, challenges to the Group's operation and business performance have never been greater. In view of the current economic and political situation, Guiyang Zhongdian has decided to terminate the Expansion Project[1] during the FY2022. Notwithstanding, Guiyang Zhongdian was able to secure more hosting service contracts during FY2022 to fill up the existing hosting capacity.

OPERATIONS AND FINANCIAL REVIEWS

FINANCIAL PERFORMANCE

The Group's revenue increased by 38.9%, from $9.7 million for the financial year ended 30 June 2021 ("**FY2021**") to $13.5 million for FY2022. The increase in revenue was mainly due to increase in customer demand mainly from the government sector during FY2022.

Other income of $14.7 million in FY2022 relates to (i) utilisation of prepayment made to a vendor previously amounting to $8.9 million, fully impaired to offset against trade payables owing to the same party (an agreement was signed by the Group with the vendor on the aforementioned offset of prepayment against the outstanding trade payable owed to the vendor), and (ii) waiver of liabilities of $5.8 million from various suppliers of the Group arising from cost saving measures implemented within the Group. Other income of $2.3 million in FY2021 mainly comprised (i) waiver of liabilities of $1.1 million attributable to waiver of remuneration accrued and unpaid to the directors of the Company and management fee to other vendor, arising from cost saving measures implemented within the Group, (ii) reversal of provision for warranty of $0.9 million due to expiry of service warranty period, and (iii) fair value gain on derivative asset of $0.2 million.

Reversal of financial assets of $0.3 million in FY2022 (FY2021: $0.6 million) relates to reversal of impairment loss of financial assets due to debt recovery from customers.

Impairment loss of property, plant and equipment of $140.9 million and impairment loss of financial assets of $20.7 million for FY2022, represented the corresponding assets impaired as a result of termination of development of the Expansion Project. Impairment loss of financial assets of $0.2 million for FY2021 related to the impairment of prepayment to a contractor that ceased business during FY2021.

Fair value loss on derivative asset of $3.2 million in FY2022 (FY2021: Nil) relates to movement of the Company's redemption option for the redeemable convertible bond during FY2022.

Depreciation of property, plant and equipment ("**PPE**") decreased by $0.1 million, from $5.7 million in FY2021 to $5.6 million in FY2022, as a result of the full depreciation of respective PPE.

Depreciation of right-of-use assets amounted to $2.3 million in FY2022 (FY2021: $2.5 million). The decrease during FY2022 was due to reassessment of lease liabilities and right-of use assets during the year.

[1] Relates to the expansion of hosting capacity of the IDC in Guiyang, Guizhou province in the PRC, including the construction of additional 1,500 racks, and the construction of a call center to improve response time to customers and related software development.

MESSAGE FROM EXECUTIVE CHAIRMAN

Bandwidth fees decreased by $1.9 million, from $3.7 million in FY2021 to $1.8 million in FY2022, as a result of termination of excess broadband services during FY2022.

Employee benefit expenses increased by $1.7 million to $3.9 million in FY2022, from $2.2 million in FY2021, mainly due to the increase in hiring of staff to fulfill a government bureau hosting project during FY2022.

Other expenses, comprising primarily office overhead, operating lease expenses, legal and professional fee, and utility service fee, decreased by $2.9 million, from $11.4 million in FY2021 to $8.5 million in FY2022, mainly due to the decrease in utility service fee as well as office overhead.

Foreign exchange loss was $0.4 million in FY2022 (FY2021: foreign exchange gain of $1.1 million), mainly due to the appreciation of Renminbi ("**RMB**") against Hong Kong Dollar ("**HKD**") in FY2022 while depreciation of RMB against HKD in FY2021.

Finance costs decreased by $0.3 million, from $8.0 million in FY2021 to $7.7 million in FY2022, mainly due to restructuring of certain loans from a shareholder of the Company to redeemable convertible bonds, and a loan from bank with lower interest rates in the second half of FY2021.

There was no income tax reported in FY2022 as there was no assessable profit generated during the year. Tax income credit amounted to $2.9 million in FY2021, mainly due to recognition of deferral tax assets during FY2021.

As a result of the aforesaid, the Group recorded a loss after tax of $166.3 million in FY2022 (FY2021: loss after tax of $17.1 million).

FINANCIAL POSITION

Non-Current Assets

Non-current assets of the Group amounted to $76.7 million and $234.8 million as at 30 June 2022 and 30 June 2021 respectively. Non-current assets comprised (i) property, plant and equipment; (ii) right-of-use assets; and (iii) deferred tax assets.

(i) Property, plant and equipment

The net book value of property, plant and equipment decreased by $146.1 million, from $193.2 million as at 30 June 2021 to $47.1 million as at 30 June 2022. The decrease was mainly due to impairment loss of $140.9 million as a result of the termination of the Expansion Project, and depreciation charge of $5.6 million, partially offset by translation gain of $1.8 million arising from appreciation of RMB against HKD during FY2022.

(ii) Right-of-use assets

The net book value of right-of-use assets decreased by $11.9 million, from $29.6 million as at 30 June 2021 to $17.7 million as at 30 June 2022. The decrease was due to lease reassessment of $8.9 million, depreciation charge of $2.3 million and the translation loss of $0.7 million during FY2022.

(iii) Deferred tax assets

Deferred tax assets remained unchanged at $12.0 million as at 30 June 2022 and 30 June 2021. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

MESSAGE FROM EXECUTIVE CHAIRMAN

Current Assets

Current assets decreased by $18.7 million, from $29.7 million as at 30 June 2021 to $11.0 million as at 30 June 2022. Current assets comprised (i) trade and other receivables; (ii) derivative asset; and (iii) cash and bank balances.

(i) Trade and other receivables

Trade and other receivables decreased by $15.1 million, from $24.3 million as at 30 June 2021 to $9.2 million as at 30 June 2022. Trade and other receivables as at 30 June 2022 comprise trade receivables of $1.6 million, amount due from a related party of $4.1 million and other receivables and prepayment of $3.5 million.

Trade receivables increased by $0.9 million, from $0.7 million as at 30 June 2021 to $1.6 million as at 30 June 2022. The increase was mainly due to increase in revenue generated by GYZD during FY2022 which remained uncollected as at 30 June 2022.

Amount due from a related party of $4.1 million as at 30 June 2022 (30 June 2021: $1.3 million included in other receivables and prepayment) relates to advances to a related party of the controlling shareholder of the Company. The amount is unsecured, interest-free and repayable on demand.

Other receivables and prepayment decreased by $20.1 million, from $23.6 million as at 30 June 2021 to $3.5 million as at 30 June 2022, mainly due to impairment loss made on prepayment for software development for the IDC business as a result of the termination of the Expansion Project during FY2022.

(ii) Derivative asset

Derivative asset decreased by $3.2 million, from $4.9 million as at 30 June 2021 to $1.7 million as at 30 June 2022, due to fair value loss in the Company's redemption option embedded in the redeemable convertible bonds during FY2022.

(iii) Cash and bank balances

Cash and bank balances decreased by $0.3 million, from $0.5 million as at 30 June 2021 to $0.2 million as at 30 June 2022. Please refer to "Cashflows" for the movement in cash and cash equivalents.

Current Liabilities

Current liabilities increased by $14.4 million, from $53.2 million as at 30 June 2021 to $67.6 million as at 30 June 2022, mainly due to the following:

(i) Trade and other payables

Trade and other payables decreased by $10.2 million, from $39.5 million as at 30 June 2021 to $30.3 million as at 30 June 2022. Trade and other payables as at 30 June 2022 comprised (a) trade payables of $0.4 million; (b) accruals and other payables of $25.4 million; (c) amount due to directors of $0.4 million; (d) amount due to related parties of $3.0 million; (e) redeemable convertible interest payable of $0.9 million; and (f) loan interest payable of $0.2 million.

(a) Trade payables decreased by $8.0 million, from $8.4 million as at 30 June 2021 to $0.4 million as at 30 June 2022, mainly due to the settlement of payables owing to a party by offsetting with prepayment (which was previously fully impaired) during FY2022.

(b) Accruals and other payables decreased by $4.3 million, from $29.7 million as at 30 June 2021 to $25.4 million as at 30 June 2022, mainly due to waiver of liabilities of $4.3 million from a broadband service provider and settlement of other payables during FY2022.

MESSAGE FROM EXECUTIVE CHAIRMAN

(c) Amount due to Directors of the Company increased by $0.2 million, from $0.2 million as at 30 June 2021 to $0.4 million as at 30 June 2022, as a result of an increase in unsettled directors' fees during FY2022.

(d) Amount due to related parties of $3.0 million as at 30 June 2022 (30 June 2021: $0.2 million) relate to advances from related parties. The amounts were unsecured, interest-free and repayable on demand.

(e) Redeemable convertible interest payable of $0.9 million as at 30 June 2022 (30 June 2021: $0.9 million) relates to unpaid coupon interest for the redeemable convertible bond issued in November 2020.

(f) Loan interest payable of $0.2 million as at 30 June 2022 (30 June 2021: Nil) related to the unpaid loan interest for loans extended to the Company by a substantial shareholder of the Company during FY2022.

(ii) Contract liabilities

Contract liabilities decreased by $2.3 million, from $2.9 million as at 30 June 2021 to $0.6 million as at 30 June 2022, due to the receipt of customer deposit for an IDC contract where the corresponding IDC service has yet to be fully performed as at 30 June 2022.

(iii) Borrowings

Borrowings increased by $2.3 million, from $2.4 million as at 30 June 2021 to $4.7 million as at 30 June 2022, due to an increase in the current portion of a loan from a PRC bank during FY2022.

(iv) Redeemable convertible bond

Redeemable convertible bond increased from $22.7 million as at 30 June 2021 (classified under non-current liabilities) to $23.6 million as at 30 June 2022 (classified under current liabilities). This amount has been reclassified from non-current liabilities to current liabilities, as the bond will expire on 22 November 2022, which is less than one year from the financial year end of 30 June 2022. During FY2021, the Company redeemed $7.0 million of the Convertible Bond in order to reduce the interest payable on the Convertible Bond. Details of the terms and conditions were set out in the Company's announcement dated 11 October 2020.

The increase of $0.9 million was mainly due to accumulated amortisation of interest expense of $2.4 million, partially offset by the accrued coupon interest of $1.5 million during FY2022.

On 18 November 2022, the Company entered into a supplemental agreement with the bondholder to, *inter alia*, extend the maturity date of the Convertible Bond by a period of four months from 22 November 2022 to 22 March 2023. Please refer to the Company's announcement on 18 November 2022 for further information.

Non-current Liabilities

Non-current liabilities decreased by $27.5 million, from $88.9 million as at 30 June 2021 to $61.4 million as at 30 June 2022. Non-current liabilities comprised (i) borrowings; (ii) redeemable convertible bond; and (iii) lease liabilities.

(i) Borrowings

Borrowings increased by $2.2 million, from $2.4 million as at 30 June 2021 to $4.6 million as at 30 June 2022. This was due to the loans of $4.6 million extended by a substantial shareholder of the Company, Mr Lam, to the Company, partially offset by the reclassification of a current portion of a loan from a PRC bank of $2.4 million to current borrowings during FY2022.

MESSAGE FROM EXECUTIVE CHAIRMAN

(ii) Redeemable convertible bond

Please refer to the section entitled "Current Liabilities: (iv) Redeemable convertible bond" above for information on the redeemable convertible bond.

(iii) Lease liabilities

Lease liabilities decreased by $7.0 million, from $63.8 million as at 30 June 2021 to $56.8 million as at 30 June 2022, due to lease reassessment of $8.9 million and the effect of appreciation of RMB against HKD amounting to $2.8 million, partially offset by interests incurred of $4.7 million during FY2022.

CASH FLOWS

Net cash used in operating activities in FY2022 amounted to $6.2 million. This was mainly due to (i) operating loss before working capital changes of $0.7 million; (ii) decrease in trade and other payables of $4.5 million; (iii) decrease in contract liabilities of $2.1 million; and (iv) interest paid of $2.0 million, partially offset by (v) decrease in trade and other receivables of $3.1 million.

Net cash used in investing activities in FY2022 of $0.7 million was due to payments to the purchase of property, plant and equipment during FY2022.

Net cash from financing activities amounted to $6.6 million in FY2022, mainly due to (i) net advance from a shareholder of $4.6 million, (ii) net advances from related parties of $1.8 million, and (iii) net advances from directors of $0.2 million.

As a result, the Group's cash and cash equivalents decreased from $0.5 million as at 30 June 2021 to $0.2 million as at 30 June 2022.

SUBSEQUENT TO THE COMPANY'S UNAUDITED FULL YEAR RESULTS

Subsequent to the release of the Company's unaudited financial statements for FY2022 on 29 August 2022, the independent property valuer engaged by the Company performed a site-visit to determine the salvage value of the Expansion Project, which resulted in a material adjustment amounting to $23.4 million increase to the PPE, and reduced the impairment loss of PPE by the same amount.

OUTLOOK

China's digital economy is booming in the first year of the "14th Five-Year Plan". The Company is adopting a prudent approach to capture such strategic opportunities. Although the Expansion Project was terminated during the year, we will continue to capture the business opportunities from different sectors in the PRC to fully utilize our existing hosting capacity of 660 racks.

In addition to the IDC business, the management of the Group will continue to explore business opportunities in the new businesses (which comprise tourism, food and beverage and entertainment).

The management is cautious and continues to implement cost saving measures to reduce operating costs and expenses. Moreover, the Company is actively seeking equity placement and other forms of financing to strengthen the Group's financial position.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to our shareholders for their enduring belief in the long-term prospects of the Company, despite the challenges in recent years. We are relentless in our support to enhance long-term shareholder value and thank you for your support in our vision for the Group.

I would also like to express my gratitude to our customers, suppliers and business associates who have supported us during the year. I would also like to express my sincere thanks to all our employees for their hard work and contributions. We look forward to reaching new milestones together in the year ahead.

CHAN ANDREW WAI MEN
Executive Chairman
29 November 2022

BOARD OF DIRECTORS

MR CHAN ANDREW WAI MEN
Executive Chairman

Mr Chan Andrew Wai Men was appointed as Non-Executive Chairman of our Company in November 2014, and currently serves as Executive Chairman. Mr Chan has over 30 years of experience in finance and real estate, and has worked for Jardine Fleming, Nomura, Yuanta, Tysan Group, Deloitte, and DTZ Investment Management (Asia) ("**DTZ**"), where he was the managing director of DTZ, responsible for the group's investment activities in Asia.

Mr Chan is currently the chairman of JUST MMA Hong Kong, and the president of the Hong Kong MMA Federation.

Mr Chan holds a Bachelor's Degree in Mechanical Engineering from the University of Toronto in Canada. Mr Chan was last re-elected as a director of our Company on 29 October 2021.

MR LAM CHUN HEI JUSTIN
Executive Director and Chief Operating Officer

Mr Lam Chun Hei, Justin was appointed as Executive Director and Chief Operating Officer of our Company on 12 August 2021. He joined our Company as Business Development Manager in April 2021, prior to the promotion to his current designation. Mr Lam is currently responsible for overseeing operating activities of the Group, and assisting the Executive Chairman of the Company in the overall strategic planning and investment strategies of the Group.

Prior to joining our Company, Mr Lam was the operation manager of Wantune (HK) Limited. Currently, Mr Lam is also serving as the Business Development Associate of ES Concept (F&B) Company Limited and Alternus Capital Holdings Limited, a company owned by Mr Terence Joe Lam (controlling shareholder of the Company, and the father of Mr Lam).

Mr Lam holds a Bachelor's Degree in Electrical and Electronics Engineering from the University of Sussex. Mr Lam was last re-elected as a director of our Company on 29 October 2021.

MR WAN NGAR YIN, DAVID
Independent Director

Mr Wan Ngar Yin, David was appointed as an Independent Director of our Company in March 2019. He is currently the managing director of Jin Yi Financial Group Limited. Mr Wan has over 35 years of experience in investment banking, merger and acquisition, financial management, accounting and auditing activities. He has experience in serving as independent non-executive director in numerous listed companies in Hong Kong, as well as serving as an audit committee chairman for some of those companies.

He is a member of the Hong Kong Securities Institute, a member of CPA Australia, an associate member of the Taxation Institute of Hong Kong and the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants. He is also a responsible officer for type 1, 2, 4, 5, 9 regulated activities under the Hong Kong Securities and Futures Commission.

Mr Wan holds a Master's Degree in Business Administration from the University of Sydney. Mr Wan will be due for re-election as a director of our Company at the forthcoming annual general meeting of our Company.

BOARD OF DIRECTORS

MR CHAU KING FAI, PHILIP
Independent Director

Mr Chau King Fai, Philip was appointed as an Independent Director of our Company in May 2019. He is currently the managing director of Grand Moore Capital Limited. Mr Chau has over 30 years of experience in banking and corporate finance, with senior positions held in several major international banks. He was involved in numerous corporate finance transactions including flotation of various companies on stock exchanges in Hong Kong and the PRC, fund raising exercises of listed companies in the secondary market, and financial advisory work of various nature for public and private companies in the Greater China region.

Mr Chau is a responsible officer for type 6 regulated activities under the Hong Kong Securities and Futures Commission. He holds a Bachelor's Degree in Business Administration majoring in finance from the Chinese University of Hong Kong. Mr Chau will be due for re-election as a director of our Company at the forthcoming annual general meeting of our Company.

MR ALEXANDER SHLAEN
Independent Director

Mr Alexander Shlaen was appointed as an Independent Director of our Company in February 2015.

Mr Shlaen was the vice president at Brink's Japan Limited between 1995 and 1999, before moving to Hong Kong based Brink's Asia Pacific Limited in 1999, where he was the vice president in charge of Brink's Global Services in the Asia Pacific region.

Mr Shlaen has also served on the board of directors for Brink's Japan, a joint venture between Nissho Iwai Corporation (at that time the sixth largest company in the world) and Brink's Inc (a Fortune 500 US Corporation), as well as on boards of Brink's Vietnam and Brink's Korea.

Mr Shlaen is currently the CEO of the Singapore-based Panache Management Private Limited.

Mr Shlaen holds a Bachelor's Degree in Economics from Haifa University and an Executive MBA from the Kellogg School of Management and the Hong Kong University of Science and Technology. Mr Shlaen was last re-elected as a director of our Company on 29 October 2021.

KEY MANAGEMENT

MR CHAN ANDREW WAI MEN
Executive Chairman

Mr Chan Andrew Wai Men is responsible for strategic planning, overall management and business development of the Group. As Chairman of the Company, he is responsible for leading the Board to ensure its effectiveness on all aspects of its role and set its agenda, promoting a culture of openness and debate at the Board.

MR LAM CHUN HEI, JUSTIN
Executive Director and Chief Operating Officer

Mr Lam Chun Hei, Justin is responsible for overseeing operating activities of the Group, and assisting the Executive Chairman in overall strategic planning and business development of the Group.

MR YIP CHUN ON
Chief Financial Officer

Mr Yip Chun On was appointed as the chief financial officer of the Company with effect from 2 November 2021. Mr Yip is responsible for the overall financial management of the Group including accounting, treasury, risk management and governance framework. He was appointed as an independent non-executive director of Superland Group Holding Limited (Stock code: 0368.HK) and China Nature Energy Technology Holding Limited (Stock code: 1597.hk) on 16 June 2020 and 4 September 2020 respectively. Mr Yip has been the managing director of AdviseOnAir to provide internal control, risk management review and consulting services since April 2016. From June 2010 to October 2015, he worked as an assistant financial controller in Fountain Set (Holdings) Limited (stock code: 0420.HK).

Mr Yip holds a Bachelor's Degree in Art major in accountancy from the Hong Kong Polytechnic University in November 1997. He was admitted as a member of the Association of Chartered Certified Accountants in November 2000, and has been an associate of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) since April 2001.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chan Andrew Wai Men
(Executive Chairman)

Lam Chun Hei, Justin
(Executive Director and Chief Operating Officer)

Wan Ngar Yin, David
(Independent Director)

Chau King Fai, Philip
(Independent Director)

Alexander Shlaen
(Independent Director)

AUDIT COMMITTEE
Wan Ngar Yin, David
(Chairman)
Chau King Fai, Philip
Alexander Shlaen

REMUNERATION COMMITTEE
Alexander Shlaen
(Chairman)
Wan Ngar Yin, David
Chau King Fai, Philip

NOMINATING COMMITTEE
Alexander Shlaen
(Chairman)
Wan Ngar Yin, David
Chau King Fai, Philip

COMPANY SECRETARY
Fong Ho Yan, Sams

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SINGAPORE SHARE TRANSFER AGENT
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Certified Public Accountants
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Partner-in-charge: Ms Adeline Ng
(since financial year ended 30 June 2019)

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SPONSOR
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CORPORATE GOVERNANCE

SinoCloud Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") believes that it is important to establish good corporate governance within the Group as this provides the foundation for a well-managed and efficient organisation that can in turn focus on sustaining good business performance and safeguarding the interests of its shareholders ("**Shareholders**"). The board of directors of the Company (the "**Board**" or "**Directors**") is committed to ensuring the practices recommended in the Code of Corporate Governance 2018 issued in August 2018 (the "**Code**") are practiced throughout the Group. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment that will maximise long term Shareholders' value and protect the interests of Shareholders.

This report sets out the Group's corporate governance practices with specific reference to each of the Principles and Provisions of the Code, which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). The Board confirms that, for the financial year ended 30 June ("**FY**") 2022, the Group has adhered to the Principles and Provisions (except where otherwise explained) set out in the Code. Where there are deviations from the Provisions of the Code, appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant Principle of the Code. The Company will continue to assess its needs and implement appropriate measures accordingly.

I. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for long-term success of the company.

Provision 1.1

Principal Duties of the Board

The Board's primary role is to protect and enhance long-term Shareholder value. Its responsibilities are distinct from the management of the Group ("**Management**"). It sets the overall strategy and policies for the Group and supervises Management. To fulfil this role, the Board sets strategic direction, establishes goals for Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.

The principal functions of the Board, apart from its statutory responsibilities, include the following:

- providing entrepreneurial leadership and sets the overall strategy and direction of the Group;
- reviewing the business practices and risk management of the Group;
- approving and monitoring major investments, divestments, mergers and acquisitions;
- reviewing the financial results, internal controls, external audit reports and resource allocation of the Group;
- convening Shareholders' meetings;
- the appointments of Directors and key executives; and
- assuming responsibility for corporate governance framework of the Group.

CORPORATE GOVERNANCE

Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group. They are always obliged to act in good faith, objectively discharge their fiduciaries duties and responsibilities, and take objective decisions in the interests of the Company. The Board has put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisationed culture, and ensures proper accountability within the Group The Board holds the Management accountable for performance. Directors facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict. The Directors would abstain from voting and decision involving the issues of conflict.

Provision 1.2

Director Competencies

The Company does not have a formal training programme for the Directors but all newly appointed Directors will undergo an orientation in order to be provided with background information about the Group's history, business activities, strategic direction and industry-specific knowledge. Newly appointed Directors will also be briefed on director's duties, responsibilities, disclosure duties and statutory obligations, governance policies, policies on disclosure of interests in securities, the rules relating to disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information.

The Company will also arrange for first-time Directors (being a director who has no prior experience as a director of an issuer listed on the Singapore Exchange) ("**First-time Directors**") to attend relevant training in relation to the roles and responsibilities of a director of a listed company, organised by the Singapore Institute of Directors ("**SID**") as required under Rule 406(3)(a) of the Catalist Rules, as well as other courses relating to areas such as accounting, legal and industry specific knowledge as appropriate, organised by other training institutions. The training of Directors will be arranged and funded by the Company.

The Company encourages existing Directors to attend training courses organised by the SID or other training institutions which are aimed at providing them with the latest updates on changes in relevant regulations, accounting standards, corporate governance practices and guidelines from the SGX-ST that affect the Group and/or the Directors in connection with their duties and responsibilities as a Director of a public listed company in Singapore, and such training will be funded by the Company.

All Directors are provided with regular updates on developments in financial reporting and governance standards, as well as changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. New releases issued by the SGX-ST, Accounting and Corporate Regulatory Authority ("**ACRA**") and other relevant regulatory bodies which are relevant to the Group and/or Directors are circulated to the Board.

Seminars and Trainings attended by Directors in FY2022

Mr Lam Chun Hei, Justin who was, appointed to the Board with effect from 12 August 2021, has attended and completed the required Listed Entity Directors Essentials courses organised by SID for First-time Directors.

CORPORATE GOVERNANCE

Provision 1.3

Matters Requiring Board's Approval

The Company has in place internal guidelines on matters which specifically require the Board's decision or approval, which has been clearly communicated to Management, including but not limited to the following:

(a) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements;

(b) approval of change in corporate business strategy and direction;

(c) transactions which are not in the ordinary course of business of the Group;

(d) approval of announcements released via SGXNet, including financial results announcements;

(e) approval of operating budgets, annual and interim reports, financial statements, Directors' statement and annual report;

(f) dividend matters;

(g) approval of major borrowings or corporate guarantees in relation to borrowings;

(h) authorisation of banking facilities and corporate guarantees;

(i) appointment and cessation of Directors and key management; and

(j) any matters relating to general meetings, Board and Board committees.

CORPORATE GOVERNANCE

Provision 1.4

Delegation by the Board

To assist the Board in the execution of its responsibilities and to provide independent oversight of Management, the Board has delegated specific responsibilities to the three (3) Board Committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively "**Board Committees**"). Each of the Board Committees functions within clearly defined terms of references which are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the governance and legal environment. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board. The responsibilities and authority of the Board Committees set out in their respective terms of reference were revised for alignment with the Code. The composition, description, terms of reference and summary of activities of each Board Committee are set out in this report.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board Committees report its activities regularly to the Board. Minutes of the Board Committees are regularly provided to the Board and are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or senior Management to attend their meetings.

CORPORATE GOVERNANCE

Provision 1.5

Board and Board Committees Meetings

The schedule of all the Board and Board Committees meetings as well as the annual general meeting of the Company ("**AGM**") for the next calendar year is planned well in advance. The Board meets at least four times a year and whenever warranted by particular circumstances. Ad-hoc and/or non-scheduled Board and/or Board Committees meetings may be convened to deliberate on urgent substantial matters. In addition to the scheduled meetings, the Board would have informal discussions on corporate events and/or actions, which would then be formally confirmed and approved by circulating resolutions in writing. The Board members also communicate frequently with Management to discuss the business operations of the Group.

The Company's Bye-Laws allows Board meetings to be conducted by means of telephone conference, videoconferencing, audio visual, or other electronic means of communication by which all persons participating in the meeting can hear one another contemporaneously. Decisions of the Board and Board Committees may also be obtained through circular resolutions.

During FY2022, the number of meetings held (excluding ad-hoc informal meetings and discussions) and the attendance of each Board member at the Board and Board Committees meetings are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	**4**	**4**	**1**	**1**
	Attendance			
Mr Chan Andrew Wai Men	4	4*	1*	1*
Mr Lam Chun Hei, Justin[1]	4	4*	1*	1*
Mr Alexander Shlaen	4	4	1	1
Mr Wan Ngar Yin, David	4	4	1	1
Mr Chau King Fai, Philip	4	4	1	1

* By invitation

Note:–

(1) Mr Lam Chu Hei, Justin was appointed to the Board as an Executive Director with effect from 12 August 2021.

CORPORATE GOVERNANCE

Multiple Board Representations

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his or her knowledge. Where a Director has multiple board representations, and in considering the nomination of Directors for appointment, the NC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC has reviewed all the declarations from the Directors and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, as well as sufficient time and attention are given to the affairs of the Company, after taking into consideration each of the Directors' number of listed company board representations and other principal commitments in FY2022. In view of this, the Board does not limit the maximum number of listed company board representation its Board members may hold as long as each of the Board members is able to commit his or her time and attention to the affairs of the Company and adequately carrying out his or her duties as a Director. The Board believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, bearing in mind his or her other commitments. The Board and the NC will review the requirement to determine the maximum number of listed company board representations as and when they deem fit. Currently, there is no Director who has multiple listed board representations.

Provision 1.6

Access to Information

All Directors have unrestricted access to the Company's records and information. From time to time, they are furnished with complete, accurate and adequate information in a timely manner to enable them to make informed decisions and discharge their duties and responsibilities.

Detailed Board papers are prepared and circulated to the Directors before each Board meeting. The Board papers include sufficient information on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed.

The Board receives quarterly financial results and necessary information to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

Provision 1.7

Access to Management and Company Secretary

The Directors have separate and independent access to Management, the Company Secretary and external advisers (where necessary), who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied, at all times through email, telephone and face-to-face meetings.

CORPORATE GOVERNANCE

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. The Company Secretary and/or their representatives attend all the Board and Board Committees meetings and prepare minutes of meetings. The appointment and removal of the Company Secretary is decided by the Board as a whole.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1

Director's Independence

The criterion for independence is based on the definition set out in the Code and its Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Board considers an "Independent" Director as one who has no relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC, shall conduct an annual review to determine the independence of the Directors according to the Code and its Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its finding and recommendations to the Board for approval.

For FY2022, each of the Independent Directors (namely Mr Alexander Shlaen, Mr Wan Ngar Yin, David and Mr Chau King Fai, Philip) has confirmed that he or his immediate family members does not have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company, and does not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. Mr Chau King Fai, Philip does not hold any shares of the Company. As at 30 September 2022, Mr Alexander Shlaen has interest in 43,209,800 shares of the Company (representing 0.27% of the total issued and paid up share capital), and Mr Wan Ngar Yin, David has direct and deemed interest in 64,700,000 shares of the Company (representing 0.40% of the total issued and paid up share capital). Notwithstanding, the Board is of the view that the shareholdings held by an Independent Director will not compromise his independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the aforesaid Directors are independent.

Duration of Independent Directors' Tenure

As at the date of this report, none of the Independent Directors has served on the Board beyond nine (9) years since the date of his or her first appointment. Nonetheless, the independence of any Directors who has served on the Board beyond nine (9) years since the date of his or her first appointment will be subject to particularly rigorous review.

CORPORATE GOVERNANCE

Provisions 2.2 and 2.3

Proportion of Independent Non-Executive Directors

The Board currently comprises five (5) Directors, where the Independent Directors make up a majority of the Board (three (3) out of five (5) Directors). Accordingly, the Company satisfies the requirements for (i) Independent Directors to make up a majority of the Board where the Chairman of the Board is not independent; and (ii) Non-Executive Directors to make up a majority of the Board.

Provision 2.4

Board Composition and Size

As at the date of this report, the Board comprises five (5) Directors, two (2) of whom are Executive Directors and three (3) of whom are Independent Non-Executive Directors (including the respective Chairman and members of the Board Committees). The Board does not have any alternate Directors.

As at the date of this Annual Report, the compositions of the Board and Board Committees are as follows:

		Board Committee Membership		
Name of Director	**Designation**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Mr Chan Andrew Wai Men	Executive Chairman	–	–	–
Mr Lam Chun Hei, Justin[1]	Executive Director and Chief Operating Officer	–	–	–
Mr Wan Ngar Yin, David	Independent Director	Chairman	Member	Member
Mr Chau King Fai, Philip	Independent Director	Member	Member	Member
Mr Alexander Shlaen	Independent Director	Member	Chairman	Chairman

Note:
(1) Appointed with effect from 12 August 2021.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's operations, the requirements of the businesses and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that the current size and the existing composition of the Board and the Board Committees effectively serve the Group. It provides sufficient diversity of skills, experience and knowledge of the Group without interfering with efficient decision-making.

Board Diversity

The Board's policy in identifying nominees for directorship is primarily to have an appropriate mix of expertise with complementary skills, core competencies and experience for facilitating effective decision making, regardless of gender. The Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration. Each Director has been appointed based on his skills, experience and knowledge, and is expected to bring forth his experience and expertise to the Board for the continuous development of the Group.

CORPORATE GOVERNANCE

The NC is of the view that all Directors possess the right core competencies and diversity of experience that enable them to effectively contribute to the Board. Their varied experiences are particularly important in ensuring that the strategies proposed by Management are fully discussed and examined, taking into account the long-term interests of the Company, the Group and Shareholders. The Company will be formalising its Board diversity policy for promoting diversity on the Board.

Board Guidance

An effective and robust Board, whose members engage in open and constructive debate and challenge Management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by Management to achieve set objectives.

The Directors, in particular the Non-Executive Directors, are kept informed of the Company's business and affairs as well as about the industry in which the Company operates in. This knowledge is essential for the Directors to engage in informed and constructive discussions. To ensure that Non-Executive Directors are well supported by accurate, complete and timely information, Non-Executive Directors have unrestricted access to Management.

Provision 2.5

Meeting of Independent Directors without Management

Although all Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and rigorously examined, assessing the performance of Management in meeting the agreed goals and objectives, as well as monitoring the reporting of performance.

The Independent Directors are encouraged to meet, without the presence of Management, so as to facilitate a more effective check on Management. No such meetings were necessary and conducted in FY2022. Notwithstanding, the Independent Directors are able to meet without the Management if there are matters to be discussed.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

Separation of the Role of Chairman and Chief Executive Officer ("CEO")

The Chairman of the Board and the CEO should in principle be separate persons to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making.

Currently, the Chairman of the Board is Mr Chan Andrew Wai Men. Given the scope and nature of the operations of the Group, the Company does not have a CEO and there is no immediate necessity to appoint one. The Board will appoint a CEO as and when deem appropriate.

CORPORATE GOVERNANCE

Provision 3.2

Role of Executive Chairman

The Executive Chairman is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and Management and effective communication with Shareholders. In addition, the Executive Chairman encourages constructive relations among the Directors and the Board's interaction with Management. The Executive Chairman's responsibilities in respect of the Board proceedings include:

(a) scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations (with the assistance of the Company Secretary and her representatives);

(b) setting the agenda, and ensuring that adequate time is available for discussion of all agenda items;

(c) ensuring that all Directors receive complete, adequate, timely and clear information, and ensuring effective communication Shareholders;

(d) ensuring that all agenda items are adequately and openly debated at the Board meetings; and

(e) ensuring that the Group complies with the Code and maintains high standards of corporate governance.

Currently, the Company does not have a CEO, and the Executive Chairman, Mr Chan Andrew Wai Men, has full executive responsibilities in the business directions and operation efficiency of the Group. He oversees execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business. All major proposals and decisions made by the Executive Chairman are discussed and reviewed by the Board, for Board's consideration and approval. The performance and remuneration package of the Executive Chairman is reviewed periodically by the NC and the RC. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

Provision 3.3

Lead Independent Director

Notwithstanding the Board currently does not have a Lead Independent Director, the Independent Directors make up a majority of the Board. The Independent Directors meet amongst themselves without the presence of the Management where necessary and will provide feedback to the Management after such meetings. As such, the Board is satisfied that there is a strong independent element to contribute to effective decision making. The Independent Directors collectively are and will continue to be available to Shareholders as a channel of communication between Shareholders and the Board and/or Management. The Board will appoint a Lead Independent Director as and when deemed appropriate.

CORPORATE GOVERNANCE

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

Roles and Duties of Nominating Committee

The Board established the NC with written terms of reference which clearly set out its authority and duties, and report to the Board directly. The terms of reference of the NC, which was revised and adopted for alignment with the Code and the Catalist Rules, sets out its duties and responsibilities. Amongst them, the NC is responsible for:

(a) reviewing the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees regularly and strategically;

(b) reviewing the succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(c) reviewing and approving any new employment of related persons and the proposed terms of their employment;

(d) requesting nominated candidates to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board;

(e) recommending the membership of the Board Committees to the Board;

(f) reviewing other directorships held by each Director and decide whether or not a Director is able to carry out, and has been adequately carrying out, his or her duties as a Director;

(g) keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates; and

(h) deciding on how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term Shareholders' value. The Board will also implement a process to be proposed by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable).

CORPORATE GOVERNANCE

Provision 4.2

Composition of the Nominating Committee

As at the date of this report, the NC comprises three (3) members, all of whom including the NC Chairman, are Independent Directors. The NC comprises the following members:

Mr Alexander Shlaen (Chairman)
Mr Wan Ngar Yin, David
Mr Chau King Fai, Philip

Where a Director has multiple board representations in other listed companies and other principal commitments, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his/her duties as a Director of the Company taking into consideration his/her time and resources allocated to the affairs of the Company. The NC is of the view that all the Directors are able to devote to the Company's affairs in light of their other commitments and therefore, the Board has not capped the maximum number of board representations each Director is allowed to hold. The NC and the Board will review the requirement to determine the maximum number of listed board representations as and when it deemed fits. Currently, there is no Director who has multiple listed board representations.

The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

The NC would take into consideration, amongst other things, the Directors' contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Group's business and affairs), independence, other board representations, and any other factors as may be deemed relevant by the NC.

There is no alternate director being appointed to the Board.

Provision 4.3

Nomination and Selection of Directors

Where a vacancy arises pursuant to an expansion of the Board or such other circumstances as they may occur, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The search for a suitable candidate is drawn from the contacts and networks of existing Directors. The NC can also approach independent experts to source for a suitable candidate. New Directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board and the Board approves such appointment.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new Director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy.

CORPORATE GOVERNANCE

Re-election of Directors

Bye-Law 104 of the Company's Bye-Laws provides that at each AGM, at least one-third of the Directors for the time being shall retire from office by rotation and submit themselves for re-election, provided that all Directors shall retire from office at least once every three (3) years. Rule 720(4) of the Catalist Rules also provides that all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years.

At the forthcoming AGM of the Company, Mr Wan Ngar Yin, David and Mr Chau King Fai, Philip will retire by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws.

Mr Wan Ngar Yin, David has given his consent for re-election and he will, upon re-election as a Director of the Company, remain as the Non-Executive and Independent Director, the Chairman of the AC, as well as a member of the NC and the RC. He is considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Chau King Fai, Philip has given his consent for re-election and he will upon re-election as a Director of the Company, remain as the Non-Executive and Independent Director, a member of the AC as well as the NC and the RC. He is considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules.

In making the recommendation, the NC has considered the Directors' overall contributions and performance. Each member of the NC shall abstain from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their own performance or re-election as a Director.

Each member of the NC shall abstain from voting, approving or making a recommendation on any resolution of the NC in which he has a conflict of interest in the subject matter under consideration.

Please refer to the section entitled "Additional Information on Director Nominated for Re-election – Appendix 7F to the Catalist Rules" of this report for the information as set out in Appendix 7F to the Catalist Rules relating to Mr Wan Ngar Yin, David and Mr Chau King Fai, Philip.

Provision 4.4

Continuous Review of Directors' Independence

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

CORPORATE GOVERNANCE

The NC reviews the independence of each Director annually in accordance with the definition of independence as set out in the Code and its Practice Guidance, and taking into consideration whether the Directors falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Directors have submitted their confirmation of independence annually for the NC's reviews. In respect of the Company's current Independent Directors, namely Mr Alexander Shlaen, Mr Wan Ngar Yin, David and Mr Chau King Fai, Philip, the Board is of the view that they are independent, taking into account the circumstances set forth in the Code and its Practice Guidance, Rule 406(3)(d) of the Catalist Rules and any other salient factors. For FY2022, the Independent Directors have also confirmed their independence in accordance with the Code and its Practice Guidance, as well as Rule 406(3)(d) of the Catalist Rules.

Provision 4.5

Listed Company Directorship and Principal Commitments

In addition to the current procedures for the review of the attendance records and analysis of directorships, Directors have to notify the Board of any changes in their external appointments.

Other than the key information regarding the Directors set out below, information pertaining to the Directors' interests in shares, options and other convertible securities are set out in the "Directors' Statement" section of this Annual Report, and information in relation to the background and principal commitments of the Directors are set out in the "Board of Directors" section of this Annual Report.

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/Board Committee served	Academic and professional qualifications	Directorships or Chairmanships both present in other listed companies and other principal commitments
Mr Chan Andrew Wai Men	29 October 2021	Executive	Executive Chairman	– Bachelor's Degree in Mechanical Engineering from the University of Toronto in Canada	Other Principal Commitments – Chairman of JUST MMA Hong Kong – President of the Hong Kong MMA Federation
Mr Lam Chun Hei, Justin	29 October 2021	Executive	Chief Operating Officer	– Studied electrical and electronics engineering at University of Sussex	Other Principal Commitments – Business Development Associate of Alternus Capital Holdings Limited – Business Development Associate of ES Concept (F&B) Company Limited

CORPORATE GOVERNANCE

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/Board Committee served	Academic and professional qualifications	Directorships or Chairmanships both present in other listed companies and other principal commitments
Mr Wan Ngar Yin, David	23 October 2019 (to be re-elected at the forthcoming AGM)	Non-Executive and Independent	Chairman of the AC and a member of the NC and the RC	– Master's Degree in Business Administration from the University of Sydney – Member of Hong Kong Securities Institute – Member of CPA Australia – Associate Member of the Taxation Institute of Hong Kong – Associate Member of the Hong Kong Institute of Certified Public Accountant – Fellow Member of the Association of Chartered Certified Accountants – Responsible Officer for type 1,2,4,5, 9 regulated activities under the Hong Kong Securities and Futures Commission	Other Principal Commitments – Managing Director of Silverbricks Securities Company Limited – Director of Silverbricks Asset Management Company Limited

CORPORATE GOVERNANCE

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/Board Committee served	Academic and professional qualifications	Directorships or Chairmanships both present in other listed companies and other principal commitments
Mr Alexander Shlaen	29 October 2021	Non-Executive and Independent	Chairman of the NC and the RC, and a member of the AC	– Executive MBA from the Kellogg School of Management and the Hong Kong University of Science and Technology	Other Principal Commitment – Chief Executive Officer of Panache Management Pte. Ltd.
Mr Chau King Fai, Philip	30 October 2020 (to be re-elected at the forthcoming AGM)	Non-Executive and Independent	Member of the AC, the NC and the RC	– Bachelor's Degree in Business Administration from the Chinese University of Hong Kong – Responsible Officer for type 6 regulated activities under the Hong Kong Securities and Futures Commission	Other Principal Commitment – Managing Director of Grand Moore Capital Limited

CORPORATE GOVERNANCE

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2

Performance Criteria

The Board, through the NC, has used its best effort to ensure that Directors appointed to the Board and Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his or her special contributions, brings the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has been tasked to assist the Board to develop a performance evaluation framework for the Board, Board Committees and individual Directors, proposed performance criteria and to assist in the conduct of the evaluation, analyses the findings and reports the results to the Board.

The NC, together with the Board, has established a formal process setting out the performance criteria for assessing the effectiveness of the Board as a whole, and for assessing the contribution by each individual Directors to the effectiveness of the Board to align with the applicable principles and provisions set out in the Code.

On an annual basis, all the Directors are required to complete the following:

- Board Assessment Checklist; and
- Individual Director Self-Assessment Form.

For FY2022, the NC conducted a formal review of the performance evaluation of the Board and individual Directors, by way of circulating the checklist to the Board and self-assessment form to each individual Director for completion. The summary of findings of each evaluation together with the feedback and recommendations from the Board and each individual Director had been discussed and reviewed by the NC.

The Board, together with the NC, are of the view that due to the relatively small size of the Board, it would not be necessary to evaluate the performance of each of the Board Committees in addition to the evaluation of the performance of the Board as a whole and individual Directors.

The NC has, without the engagement of external facilitator, assessed the overall performance to-date of the Board and individual Directors and is of the view that the performance of the Board as a whole and individual Directors were satisfactory.

CORPORATE GOVERNANCE

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1

Roles and Duties of Remuneration Committee

The Board established the RC with written terms of reference which clearly set out its authority and duties, and report to the Board directly. The terms of reference of the RC, which was revised and adopted for alignment with the Code and the Catalist Rules, sets out its duties and responsibilities. Amongst them, the RC is responsible for, the following:

- recommending to the Board a framework of remuneration for the Board covering all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, performance shares and benefits-in-kind;
- proposing to the Board, appropriate and meaningful measures for assessing the Executive Directors' performance;
- determining the specific remuneration package for each Executive Director and key management personnel;
- considering the eligibility of Directors for benefits under long-term incentive schemes;
- considering and recommending to the Board the disclosure of details of the Group's remuneration policy, level and mix of remuneration and procedure for setting remuneration and details of the specific remuneration packages of the Directors required by law or by the Code; and
- administering the SinoCloud Group Limited Performance Share Plan.

Provision 6.2

Remuneration Committee Composition

As at the date of this report, the RC comprises three (3) members, all of whom including the RC Chairman, are Independent Directors. The RC comprises the following members:

Mr Alexander Shlaen (Chairman)
Mr Wan Ngar Yin, David
Mr Chau King Fai, Philip

CORPORATE GOVERNANCE

Provision 6.3

Remuneration Packages and Framework

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Directors and key management personnel based on the performance of the Group, the individual Director and the key management personnel. In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Provision 6.4

Engagement of Remuneration Consultants

No Director will be involved in determining his or her own remuneration. The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. For FY2022, the Board has not engaged any external remuneration consultants to advice on remuneration matters.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1 and 7.3

Remuneration of Executive Directors and key management personnel

The remuneration for the Executive Directors and certain key management personnel comprise a fixed and variable component. The variable component is performance related and is linked to the Group's performance as well as the performance of each individual Executive Director and key management personnel. The performance of the Executive Directors and key management personnel are reviewed periodically by the RC and the Board.

The Executive Directors do not receive any Directors' fees and their remuneration packages are based on their respective service agreements entered into with the Company. Each Executive Director has a service agreement with a fixed appointment period and the RC reviews in particular, termination provisions to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. Where possible, the RC will consider the use of contractual provisions to allow the Company to reclaim incentive components. Such service agreements are not excessively long and they do not contain onerous removal clauses. In the event of early termination, the Executive Directors or the Company may, *inter alia*, terminate the service agreements by giving to the other party, *inter alia*, three months' notice in writing, or in lieu of notice in writing.

CORPORATE GOVERNANCE

The Group adopts a performance share plan ("**PSP**"), which is a variable component of granting performance share awards under the PSP. The performance-related component is to align the interests of the Executive Directors with those of the Shareholders, and promote the long-term success of the Group. There were no new shares granted under the PSP during FY2022 and no outstanding performance share awards at the end of FY2022.

Having reviewed and considered the variable components in the remuneration packages of the Executive Directors and key management personnel, which are moderate, the RC is of the view that presently there is no urgent need to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company and the Group.

Provision 7.2

Remuneration of Independent Directors

The remuneration of the Independent Directors comprises a fixed and variable component. Independent Directors generally receive fixed Directors' fees, in accordance with their respective contributions to the Group, taking into account factors such as effort and time spent, and responsibilities of the Independent Directors. Such Directors' fees are subject to approval by the Shareholders at the AGM. The variable component relates to the granting of performance share awards under the PSP so as to better align the interests of the Independent Directors with the interests of the Shareholders. The RC has assessed and is satisfied that the Independent Directors are not overly-compensated to the extent that their independence is compromised.

Directors' fees of HK$360,000 for FY2022 (with payment made quarterly, in arrears) had been approved by Shareholders at the last AGM held on 29 October 2021. In view of the weak global economy arising from the COVID-19 pandemic, the RC and the Board have recommended to maintain and not increase the Directors' fees for the Independent Directors for the current financial year ending 30 June 2023 ("**FY2023**"). Directors' fees of HK$360,000 (equivalent to approximately S$62,600) for FY2023 (with payment to be made quarterly, in arrears) are recommended by the Board and subject to the approval of Shareholders at the forthcoming AGM. Each member of the RC abstains from voting on any resolutions in respect of his remuneration package.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

The Group's remuneration policy is to provide compensation packages which reward successful performance and to attract, retain and motivate Directors and key management personnel. The compensation packages comprised a fixed component, variable component and benefits-in-kind, where applicable, taking into account the industry practices, the performance of the Group as well as the contribution and performance of each Director and key management personnel when determining remuneration packages. The RC will review the remuneration of the Directors and key management personnel from time to time. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

CORPORATE GOVERNANCE

The remuneration paid to the Directors for services rendered during FY2022 are as follows:

Remuneration Bands	Salary	Performance bonus	Directors' fees	Other benefits	Total
	%	%	%	%	%
Directors					
S$250,000 to S$500,000	–	–	–	–	–
Below S$250,000					
Mr Chan Andrew Wai Men	–	–	–	–	–
Mr Lam Chun Hei, Justin(1)	100	–	–	–	100
Mr Alexander Shlaen	–	–	100	–	100
Mr Wan Ngar Yin, David	–	–	100	–	100
Mr Chau King Fai, Philip	–	–	100	–	100

Note:

(1) Mr Lam Chun Hei, Justin was appointed as an Executive Director and Chief Operating Officer with effect from 12 August 2021. Prior to 12 August 2021, Mr Lam was the Business Development Manager of the Company. Mr Lam is the son of the Company's substantial Shareholder, Mr Lam Cho Ying Terence Joe.

As part of the Company's cost saving measures, Mr Chan Andrew Wai Men did not receive any remuneration during FY2022.

Save as disclosed above, the Code recommends that the Company should fully disclose the amount and breakdown of remuneration of each individual Director and the CEO on a named basis. The Board has decided not to disclose the aforementioned details as recommended by the Code, given the competitive business environment and possible negative impact on the Group's business interest, the disclosure of such detailed remuneration could have an adverse effect on working relationships and contributions to the operations of the Group.

Disclosure on Key Management Personnel's Remuneration

As at 30 June 2022 and as at the date of this report, the Company has only one key management personnel (who is not a Director, CEO, or COO) within the Group. The breakdown of the total remuneration of the key management personnel of the Group (who is not a Director, CEO, or COO) for FY2022 is set out below:

Name of key management personnel	Salary	Bonus	Other benefits	Total
	%	%	%	%
Below S$250,000				
Mr Yip Chun On	100	–	–	100

After careful deliberation, the Board is of the view that full disclosure of the aggregate remuneration of the key management personnel is not in the best interests of the Company in view of, *inter alia*, the Company having only one key management personnel and the confidential nature of remuneration matters.

For FY2022, there were no terminations, retirement or post-employment benefits granted to Directors other than the standard contractual notice period termination payment in lieu of service.

CORPORATE GOVERNANCE

Provision 8.2

Disclosure on Remuneration of Immediate Family Member of Substantial Shareholder

Save for Mr Lam Chun Hei, Justin who is the son of Mr Lam Cho Ying Terence Joe (a substantial Shareholder), there was no other employee who is a substantial Shareholder, or is an immediate family member of a Director, the Executive Chairman or a substantial Shareholder in FY2022.

Provision 8.3

Details of SinoCloud Performance Share Plan ("SinoCloud PSP")

The SinoCloud PSP was approved by the Shareholders at the Special General Meeting held on 26 July 2013 for a period of 10 years. The Company will be seeking Shareholders' approval at the upcoming annual general meeting to further extend the SinoCloud PSP for 10 years.

The Sinocloud PSP is a share incentive scheme which will allow the Company to, *inter alia*, target specific performance objectives and to provide an incentive for Directors and selected employees (collectively the "**Participants**") to achieve these targets. The Directors believe that the SinoCloud PSP will incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company.

No award was granted under the SinoCloud PSP in FY2022. Further information on the SinoCloud PSP is set out in the "Directors' Statement" section of this Annual Report.

The SinoCloud PSP complies with the relevant rules as set out in Chapter 8 of the Catalist Rules. The SinoCloud PSP will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The SinoCloud PSP is administered by the RC.

III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company's overall internal control framework. The Board also recognises that an effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The internal controls in place, including the maintenance of proper accounting records and financial information, will address the financial, operational, compliance and information technology risks, and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and assets are safeguarded.

CORPORATE GOVERNANCE

Management is responsible for designing, implementing and monitoring the risk management and internal control systems within the Group. Management regularly reviews the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Any significant matters are highlighted to the Board and the AC for their deliberation.

The Group does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

Provision 9.2

Assurance from the Executive Chairman and Key Management Personnel

In the evaluation of the internal controls, apart from the statutory audits conducted by external auditors, the Company has engaged an independent professional consultancy firm, Smart Giraffe Consulting Limited to carry out internal audits. Based on the reports from the internal and external auditors, the Board, the AC and the Management evaluate the findings of the internal and external auditors on the Group's internal controls annually for their follow up actions. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board has received assurance from the Executive Chairman and the Chief Financial Officer ("**CFO**") that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the effectiveness of the Group's risk management and internal control systems.

Based on the risk management framework and internal control system established and maintained by the Group, work performed by the internal auditors and external auditors, assurance received from the Executive Chairman and the CFO, as well as reviews performed by the Management and the respective Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls), and risk management systems, are adequate and effective as at 30 June 2022.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board notes that no system of internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

CORPORATE GOVERNANCE

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1

The terms of reference of the AC, which was revised and adopted for alignment with the Code and the Catalist Rules, sets out its duties and responsibilities. Amongst them, the AC is responsible for:

(a) reviewing with external auditors the audit plan, their evaluation of the system of internal accounting controls and their audit report;

(b) reviewing the effectiveness and adequacy of the overall internal control system including the financial, operational, compliance and information technology control risks and risk management policies and systems on an annual basis;

(c) reviewing the Group's financial results and the announcements before submission to the Board for approval;

(d) reviewing the assistance given by the Management to external auditors;

(e) reviewing the effectiveness and significant findings of internal audits;

(f) recommending to the Board the appointment, re-appointment and removal of the external auditors, and its remuneration and terms of engagement;

(g) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;

(h) ensuring that the Company complies with the requisite laws and regulation;

(i) ensuring that the Company has programmes and policies in place to identify and prevent fraud;

(j) reviewing interested person transactions;

(k) having explicit authority to investigate any matter; and

(l) undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

CORPORATE GOVERNANCE

Provisions 10.2 and 10.3

Audit Committee Composition

The AC comprises three (3) members, all of whom including the AC Chairman, are Non-Executive and Independent Directors. The AC comprises the following members:

Mr Wan Ngar Yin, David (Chairman)
Mr Chau King Fai, Philip
Mr Alexander Shlaen

The Board is of the view that the members of the AC, including the AC Chairman are appropriately qualified and possess recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities. All AC members have many years of experience in accounting, financial management and business management.

No former partner or Director of the Company's existing auditing firm is a member or has acted as a member of the AC, and the members of AC also confirmed that they have no financial interest in the Company's existing auditing firm.

Provision 10.4

Internal Audit Function

The internal audit function of the Group has been outsourced to an independent professional consultancy firm, Smart Giraffe Consulting Limited, which reports directly to the Chairman of the AC on internal audit matters, and to the Executive Chairman and/or the CFO on administrative matters. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including the AC. The AC approves the hiring, removal, evaluation and compensation of the independent professional consultancy firm to which the internal audit function is outsourced.

The internal auditors will submit their annual audit planning for approval by the AC and report their findings to the AC. In FY2022, the internal auditors carried out the review which is consistent with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors on certain key areas to assess and evaluate:

(a) whether adequate systems of internal controls are in place;

(b) whether operations of the business processes under review are conducted efficiently and effectively; and

(c) internal control improvement opportunities.

CORPORATE GOVERNANCE

The AC has reviewed with the internal auditors their audit plan and their evaluation of the system of internal controls and has evaluated their audit findings and Management's responses to those findings, the adequacy and effectiveness of material internal controls, (including financial, operational, compliance and information technology controls) of the Company and the Group for FY2022. The AC is satisfied that the outsourced internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group. The AC is also of the view that the outsourced internal audit function is adequately staffed with persons with the relevant qualifications and experience and adheres to professional standards including those promulgated by The Institute of Internal Auditors.

The annual audits conducted by the internal auditors aim to assess the adequacy and effectiveness of the Group's internal control procedures and to provide reasonable assurances to the AC and Management that the Group's controls and governance processes are adequate and effective.

On an annual basis, the AC reviews the independence, adequacy and effectiveness of the internal audit function.

External Audit Function

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectively of the external auditors. The AC always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services. The AC also recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to Shareholders' approval at the AGM.

Crowe Horwath First Trust LLP ("**Crowe**") was appointed as the external auditors of the Company at the AGM held on 29 October 2021 until the conclusion of the forthcoming AGM. The aggregate amount of audit fees paid to Crowe in FY2022 was S$170,000. There were no non-audit fees paid to Crowe in FY2022.

In reviewing the nomination of Crowe for re-appointment for FY2023, the AC has considered the adequacy of the resources, experience and competence of Crowe, and has taken into account the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The Board also considered the audit team's ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the basis of the above, the AC and the Board are satisfied with the standard and quality of work being performed by Crowe, and have recommended the nomination of Crowe for re-appointment as external auditors of the Company at the forthcoming AGM.

For FY2022, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent external auditors of the subsidiaries and significant associated companies of the Group, other than those of the Company.

Provision 10.5

Meeting Auditors without the Management

In performing its functions, the AC and Management communicate with the external and internal auditors in-person or through other electronic means to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audits. The AC also meets regularly with Management, external and internal auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements. Usually once a year and as and when required, the AC meets with the external and internal auditors without the presence of Management, to review any matters that might be raised privately.

The AC has separately met with the external auditors and the internal auditors once in the absence of Management for FY2022.

Whistle Blowing Policy

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting, or misconduct or wrongdoing relating to the Company and its officer, which they become aware and to ensure that:

(1) independent investigations are carried out in an appropriate and timely manner;

(2) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(3) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

The AC is responsible for the oversight and monitoring of whistleblowing. Identity of the whistleblower is kept confidential at all times, and the whistleblower will not be subject to detrimental or unfair treatment. In FY2022, there were no whistleblowing instances reported to the AC or to any Directors.

CORPORATE GOVERNANCE

Audit Committee Activities

In FY2022, the AC had, among others, carried out the following activities:

(a) reviewed the quarterly and full year financial statements announcements of the Group, and recommended to the Board for approval and release to the SGX-ST via SGXNet;

(b) reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(c) reviewed IPTs of the Group;

(d) reviewed and approved the annual audit plan of the external auditors;

(e) reviewed and approved the internal audit plan of the internal auditors, having considered the scope of the internal audit procedures;

(f) reviewed the independence, adequacy and effectiveness of the Group's internal audit function;

(g) reviewed the audit findings of the internal auditors and Management's responses to those findings;

(h) reviewed the independence of the external auditors;

(i) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval; and

(j) met with the external auditors and the internal auditors once without the presence of Management.

CORPORATE GOVERNANCE

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1

Shareholders' Participation in General Meetings

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all Shareholders. These notices are also published in the Business Times and posted onto the SGXNet.

As required by the Bye-Laws of the Company, the Notice of AGM, together with the Company's Annual Report, are distributed to all Shareholders no less than fourteen (14) days for ordinary resolutions and twenty-one (21) days for special resolutions prior to the scheduled AGM date. For the avoidance of doubt, the period of notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day on which the meeting is to be held. Shareholders are encouraged to attend the general meetings to ensure a high level of participation and accountability.

The Bye-Laws of the Company also allow Shareholders to appoint up to two proxies in their absence to attend and vote on their behalf at the general meetings. In addition, Shareholders who hold shares through custodial institutions may attend the general meetings as observers.

Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.

For FY2022, due to the COVID-19 outbreak and the circuit breaker put in place by the Singapore Government, the Company's last AGM for the financial year ended 30 June 2021 held on 29 October 2021 ("**2021 AGM**") was held by way of electronic means, through "live webcast" and "audio-only means", pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**"). The notice of 2021 AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of the 2021 AGM pursuant to the COVID-19 Order. The Company had also published a notice to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the 2021 AGM, during the COVID-19 pandemic. Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member of the Company (whether individual or corporate and including a relevant intermediary) entitled to vote at the AGM must appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate and including a relevant intermediary) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. Shareholders participated in the 2021 AGM via electronic means, voting by appointing the Chairman of the 2021 AGM as proxy and their questions (if any) in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the 2021 AGM, and responses to the questions were provided via announcement on SGXNet and the Company's corporate website prior to the 2021 AGM.

CORPORATE GOVERNANCE

Provision 11.2

Conduct of Resolutions and Voting

The resolutions tabled at the general meetings are on each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, the Company will explain the reasons and material implications in the notice of meeting. The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each resolution is set out in the notice of the general meeting.

Provision 11.3

Interaction with Shareholders

At general meetings of the Company, Shareholders are given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance.

The Chairman of the AC, the NC and the RC are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. The external auditors are present to assist the Board in addressing any relevant queries from Shareholders, including the conduct of audit and the preparation and content of the auditors' report.

All Directors were present at the 2021 AGM held on 29 October 2021.

Save for the 2021 AGM held on 29 October 2021, there were no other general meetings of the Company held during FY2022.

Provision 11.4

Absentia Voting

The Bye-Laws of the Company do not provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the Shareholders' identities through the web are not compromised.

Provision 11.5

Minutes are taken of all general meetings, and where appropriate, include all substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and the responses from the Board and the Management. Such minutes, which are subsequently approved by the Board, will be made available to Shareholders on the Company's website.

Provision 11.6

Dividend Policy

The Company currently does not have a fixed dividend policy. Any future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Board:

(a) the level of the Group's cash and retained earnings;

(b) the Group's actual and projected financial performance;

(c) the Group's projected levels of capital expenditure and other investment plans;

(d) the dividend yield of similar-sized companies with similar growth listed on the Catalist board of the SGX-ST;

(e) restrictions on payment of dividends imposed on the Company by the Group's financing arrangements or legal and contractual obligations (if any); and

(f) other factors as the Board may deem appropriate.

In view of the Group's loss-making position for FY2022, the Board has not recommended any dividends for FY2022.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1, 12.2 and 12.3

Investor Relations Practices

The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

CORPORATE GOVERNANCE

Disclosures of Information

The Company believes in high standards of transparent corporate disclosure by disclosing to its stakeholders, including its Shareholders, the relevant information on a timely basis through SGXNet. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Catalist Rules. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication to Shareholders is normally made through:

(a) annual reports that are prepared and issued to all Shareholders;

(b) annual and quarterly financial statements announcements containing a summary of the financial information and affairs of the Group for the period;

(c) notices and explanatory memoranda for general meetings;

(d) disclosures to the SGX-ST via SGXNet; and

(e) press/media releases.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

Outside of the financial announcement periods, when necessary and appropriate, the CEO and/or other Directors will meet stakeholders, Shareholders, analysts and media to explain the Group's business.

Dialogue with Shareholders

The AGM is the principal forum for dialogue with Shareholders. The Company recognises the value of feedback from Shareholders. During the general meetings, Shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend the AGMs and special general meetings of the Company, and Shareholders will be given the chance to share their thoughts and ideas, or ask questions relating to the resolutions to be passed or on other corporate and business issues.

V. MANAGING STAKEHOLDINGS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2

Stakeholders' Engagement

The Company acknowledges the importance for establishing effective communication among the stakeholders through regular engagement and various communication platforms to achieve mutually beneficial goals.

CORPORATE GOVERNANCE

The Company has identified seven stakeholders' groups, namely, Shareholders and investors, customers, employees, suppliers, public institutions and regulators, media and non-government organisations, as well as communities. The Company's approach to the engagement with key stakeholders and materiality assessment will be disclosed in the Company's Sustainability Report for FY2022, which will be uploaded on the SGXNet no later than 30 November 2022, where the Company would continue to monitor and improve to ensure the best interest of the Company.

Provision 13.3

To promote regular, effective and fair communication with Shareholders, the Company maintains a corporate website at www.sinocloudgroup.com through which Shareholders are able to access up-to-date information on the Group. The website provides annual reports, financial information, profiles of the Group, and contact details of the Group.

VI. INTERESTED PERSON TRANSACTIONS

The Group has adopted internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions ("**IPTs**"). All IPTs are reported in a timely manner to the AC and are subject to the review of the AC when a potential conflict of interest arises. The IPTs are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Director(s) concerned does not participate in discussions and refrains from exercising any influence over other members of the Board. In FY2022, the Company did not enter into any IPTs which require Shareholders' approval under the Catalist Rules. The Company does not have a general mandate from Shareholders for IPTs pursuant to Rule 920(1)(a)(i) of the Catalist Rules. Notwithstanding, the Group had, in FY2022, entered into and will continue to enter into specific IPTs, details of which are set out below:

1. Mr Chan Andrew Wai Men ("**Mr Chan**") (Executive Chairman) provided an interest-free and unsecured long-term advance to the Company. The loan has no fixed repayment terms. As at 30 June 2022, the amount owing from the Group to Mr Chan amounted to approximately HK$0.08 million.

2. The substantial Shareholder of the Company, namely Mr Lam Cho Ying Terence Joe ("**Mr Lam**") provided loans ("**Loans**") to the Group for working capital purposes. Such loans bear interest of ranging from 6% to 10% per annum and are unsecured and repayable over one year and up to two years from drawdown. As at 30 June 2022, the loans (including principal sum and interests incurred) owing by the Group to Mr Lam amounted to approximately HK$4.8 million.

3. On 23 November 2020 ("**Issue Date**"), the Company issued convertible bonds ("**Bond**") with a principal amount of HK$31.06 million at a subscription price of 100% of the principal amount of the Bond to Mr Lam. The Bond is interest bearing at 6% per annum, and due on 22 November 2022 ("**Maturity Date**"). During FY2021, HK$7.0 million was redeemed. Mr Lam may convert all or part of the outstanding Bond and any accrued and unpaid interest in respect of the Bond into new shares at S$0.0011 per share at a fixed exchange rate of S$1.00:HK$5.60 at any time within the period commencing three months from the Issue Date up until the Maturity Date. The proceeds of the Bond were used for settlement of the Group's outstanding expenses and repayment of certain loans.

CORPORATE GOVERNANCE

4. Upon change of controlling Shareholder from Mr Lam to Mr Zhang Dai ("**Mr Zhang**") on 6 April 2022, the advances to Qingzhen Zhongdian Guiyun Communication Industry Development Co., Ltd（清鎮中電貴雲通訊產業發展公司）("**QZGC**") and advances from Tianjin Bioroc Pharmaceutical & Biotech Co.,Ltd（天津百若克醫藥生物技術技術有限責任公司）("**TBPB**"), companies under the control of Mr Zhang, were regarded as IPTs. The advances to QZGC and from TBPB were unsecured, interest-free and with no fixed repayment terms. The amount due from QZGC and due to TBPB as at 30 June 2022 were HK$4.1 million and HK$1.8 million respectively.

VII. MATERIAL CONTRACTS

Save as disclosed aforesaid in the section entitled "**Interested Person Transactions**", the service agreements between the Company and the Executive Directors and the Directors' Statement and Financial Statements, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder which are either still subsisting as at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

VIII. DEALINGS IN SECURITIES

To provide guidance to the Directors and the Group's employees on their dealings in the Company's securities, the Company has adopted its own code of best practices on securities transactions, which is in line with Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

Directors, Management and officers of the Group are not permitted to deal in the Company's securities during the periods commencing two weeks before the announcement of the Group's financial statements for each of the first three quarters of its financial year, or one month before the announcement of the Group's full year financial statements, as the case may be, and ending on the date of announcements of the relevant results, or when they are in possession of unpublished price-sensitive information of the Group. They should not deal in the Company's securities on short-term considerations. They are also advised to observe all applicable insider trading laws at all times even when dealing in securities within the permitted trading period.

IX. NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees payable or paid to the Company's Sponsor, ZICO Capital Pte. Ltd., for FY2022.

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Mr Wan Ngar Yin, David and Mr Chau King Fai, Philip, being the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM, is set out below:

Name of Director	Mr Wan Ngar Yin, David	Mr Chau King Fai, Philip
Date of appointment	8 March 2019	9 May 2019
Date of last re-appointment (if applicable)	–	–
Age	61	60
Country of principal residence	Hong Kong	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Wan as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Wan's independence, qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Chau as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Chau's independence, qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Independent Director, AC Chairman, NC and RC member	Independent Director, AC, NC and RC member
Professional qualifications	Member of the Hong Kong Securities Institute, a member of CPA Australia, an associate member of the Taxation Institute of Hong Kong and the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants. He is also a responsible officer for type 1,2,4,5,9 regulated activities under the Hong Kong Securities and Futures Commission	Responsible officer for type 6 regulated activities under the Hong Kong Securities and Futures Commission

CORPORATE GOVERNANCE

Name of Director	Mr Wan Ngar Yin, David	Mr Chau King Fai, Philip
Working experience and occupation(s) during the past 10 years	2004 – 2018 Director, Chief Operating Officer and Responsible Officer Yuanta Securities (Hong Kong) Company Limited 2012 – 2018 Director and Responsible Officer Yuanta Asia Investment (Hong Kong) Limited 2018 – 2022 Managing Director and Responsible Officer Silverbricks Securities Company Limited 2019 – 2022 Director and Responsible Officer Silverbricks Asset Management Company Limited May 2022 – current Managing Director and Responsible Officer Jin Yi Financial Group Limited	2017 – current Managing Director, Responsible Officer and Sponsor Principal Grand Moore Capital Limited 2009 – 2017 Executive Director Value Convergence Holdings Limited 2004 – 2017 Managing Director, Responsible Officer and Sponsor Principal VC Capital Limited
Shareholding interest in the listed issuer and its subsidiaries	Mr Wan holds 64,200,000 shares of the Company, and is deemed interested in the 500,000 shares of the Company held by his spouse, Mdm Yip Kit Tim, Kitty.	Nil

CORPORATE GOVERNANCE

Name of Director	Mr Wan Ngar Yin, David	Mr Chau King Fai, Philip
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)		
Past (for the last 5 years)	Past Directorships: Group Companies – Nil Other Companies – Yuanta Finance (Hong Kong) Limited – Yuanta Securities (Hong Kong) Company Limited – Polaris Securities Hong Kong Limited – Silverbricks Securities Company Limited – Silverbricks Asset Management Company Limited	Past Directorships: Group Companies – Nil Other Companies – Nil
Present	Present Directorships: Group Companies – Nil Other Companies – World Dynamic International Limited – Global Profit Capital Resources Limited – Primeroy Development Limited – KTC Partners CPA Limited – Jin Yi Financial Group Limited	Present Directorships: Group Companies – Nil Other Companies – Kenvast International Limited

CORPORATE GOVERNANCE

Name of Director	Mr Wan Ngar Yin, David	Mr Chau King Fai, Philip
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

CORPORATE GOVERNANCE

Name of Director	Mr Wan Ngar Yin, David	Mr Chau King Fai, Philip
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

CORPORATE GOVERNANCE

Name of Director	Mr Wan Ngar Yin, David	Mr Chau King Fai, Philip
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

CORPORATE GOVERNANCE

Name of Director	Mr Wan Ngar Yin, David	Mr Chau King Fai, Philip
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

CORPORATE GOVERNANCE

Name of Director	Mr Wan Ngar Yin, David	Mr Chau King Fai, Philip
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:— (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	Yes, in 2016, the Hong Kong Securities and Futures Commission ("**SFC**") reprimanded and fined Yuanta Securities (Hong Kong) Company Limited HK$4 million for failing to disclose the actual execution price, and properly and adequately disclose the financial gains it made whilst handling bond transactions for its clients. Please refer to the announcement of the Company dated 7 March 2019 for details.	Yes, in 2009, the SFC reprimanded and fined VC Capital Limited HK$1.5 million for failing to keep proper books and records of certain work done when it performed due diligence work as sponsor for a company seeking to be listed on the Hong Kong Stock Exchange. Please refer to the announcement of the Company dated 8 May 2019 for details.

CORPORATE GOVERNANCE

Name of Director	Mr Wan Ngar Yin, David	Mr Chau King Fai, Philip
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable. This is a re-election of a Director Mr Wan has been a Director of the Company since March 2019. Not applicable.	Not applicable. This is a re-election of a Director Mr Chau has been a Director of the Company since May 2019. Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.

DIRECTORS' STATEMENT

For the financial year ended 30 June 2022

The directors present their statement to the members together with the audited financial statements of SinoCloud Group Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2022 and the statement of financial position of the Company as at 30 June 2022.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 66 to 143 are drawn up so as to give a true and fair view of the financial position of the Company and the Group as at 30 June 2022 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, with continuing financial support from a substantial shareholder and based on other factors as described in Note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this statement are as follows:

Mr Chan Andrew Wai Men	(Executive Chairman)
Mr Lam Chun Hei, Justin	(Executive Director and Chief Operating Officer)
Mr Alexander Shlaen	(Independent Director)
Mr Wan Ngar Yin, David	(Independent Director)
Mr Chau King Fai, Philip	(Independent Director)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under "Share options and performance shares" of the Directors' statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 30 June 2022

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interests			Deemed interests		
	At 1 July 2021	At 30 June 2022	At 21 July 2022	At 1 July 2021	At 30 June 2022	At 21 July 2022
Company						
Ordinary shares of $0.001 (2021: $0.001) each fully paid						
Mr Lam Chun Hei, Justin (appointed on 12 August 2021)	581,442,750	581,442,750	581,442,750	–	–	–
Mr Chan Andrew Wai Men	457,671,000	457,671,000	457,671,000	–	–	–
Mr Alexander Shlaen	69,147,000	43,209,800	43,209,800	–	–	–
Mr Wan Ngar Yin, David	64,200,000	64,200,000	64,200,000	6,000,000	500,000	500,000

SHARE OPTIONS AND PERFORMANCE SHARES

(i) Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

(ii) Performance shares

Pursuant to the Special General Meeting held on 26 July 2013, the shareholders approved the adoption of the Company's Performance Share Plan ("PSP") to issue shares ("Performance Shares"), which added to the number of new shares issued and/or issuable and/or existing shares transferred and/or transferrable in respect of all Performance Shares granted under the PSP, and any other share scheme which the Company may implement from time to time shall not exceed fifteen per cent (15%) of the Company's total issued shares from time to time (excluding treasury shares), on the day preceding the grant date.

The PSP is administered by the Company's Remuneration Committee ("RC") which comprise the following directors， at the end of the financial year:

Mr Alexander Shlaen (Independent Director)
Mr Wan Ngar Yin, David (Independent Director)
Mr Chau King Fai, Philip (Independent Director)

DIRECTORS' STATEMENT

For the financial year ended 30 June 2022

SHARE OPTIONS AND PERFORMANCE SHARES (Continued)

(ii) Performance shares (Continued)

Under the PSP, Performance Shares represent the right of a participant to receive fully paid shares free of charge and are granted to eligible employees upon achieving certain approved performance targets ("Performance Targets"), within the stipulated performance period ("Performance Period"). Performance Targets are set based on medium term corporate objectives and approved by the RC. Performance Shares are released once the RC is satisfied that the Performance Targets have been achieved.

The Company issued and allotted an aggregate of 150,000,000 Performance Shares that were granted and vested in full in prior years. There were no new shares granted under the PSP during the current period and no outstanding Performance Shares at the end of the financial year. There were no warrants granted by the Company during the financial year.

None of the directors of the Company were granted Performance Shares since the commencement of the Company's PSP to the end of the financial year:

No participant was granted 5% or more of the total awards available under the PSP.

No Performance Shares have been granted to the controlling shareholders or their associates since the commencement of the PSP.

The Company does not have a parent company. Therefore, no PSP shares were granted in respect thereof.

DIRECTORS' STATEMENT

For the financial year ended 30 June 2022

AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of the financial year are as follows:

Mr Wan Ngar Yin, David	(Independent Director)
Mr Alexander Shlaen	(Independent Director)
Mr Chau King Fai, Philip	(Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditors;
- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditors;
- the periodic results announcements prior to their submission to the Board for approval;
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year end 30 June 2022 prior to their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group; and
- interested person transactions (as defined in Chapter 9 of the Catalist Rules).

The Audit Committee has recommended to the Board of Directors that the independent auditors, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

In appointing the external auditors for the Company and subsidiaries, the Company has complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the Audit Committee are disclosed in the Corporate Governance Report.

DIRECTORS' STATEMENT

For the financial year ended 30 June 2022

INDEPENDENT AUDITORS

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re–appointment as auditors of the Company.

On behalf of the Board of Directors

CHAN ANDREW WAI MEN
Executive Chairman

LAM CHUN HEI, JUSTIN
Executive Director and Chief Operating Officer

29 November 2022

Crowe Horwath First Trust LLP
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINOCLOUD GROUP LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of SinoCloud Group Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 66 to 143, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Opening balances

We expressed a disclaimer of opinion on the prior year financial statements for the financial year ended 30 June 2021 ("FY 2021"). The Company's sole operating subsidiary, Guiyang Zhongdian Gaoxin Digital Technologies Limited ('Guiyang Tech") operates an internet data centre in Guiyang, Guizhou Province in the PRC ("IDC Centre"). Due to significant operating losses reported by Guiyang Tech and a utilisation rate of less than 50% of its existing hosting capacity ("Phase 1"), management deferred its expansion project ("Deferment") which includes the construction of an additional 1,500 racks, a call centre to improve response time to customers and the development of related software ("Expansion Project").

Management engaged an external valuer to carry out an impairment assessment of the non-current assets attributable to Guiyang Tech and concluded that no impairment charge was required, notwithstanding the Deferment of the Expansion Project. We were unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the key assumptions used in the determination of the recoverable amount of these non-current assets, taking into consideration of the low utilisation rate and uncertainty in obtaining funding of $133,475,000 for the completion of the Expansion Project. We were also unable to determine if any provisions on additional liabilities, including onerous contracts, were necessary due to the impact of the Deferment of the Expansion Project.

Consequently, we were unable to determine whether any adjustments were necessary in respect of the Group's carrying amounts of property, plant and equipment, right-of-use assets and prepayments, amounting to an aggregate of $243,616,000 as at 30 June 2021.

Basis for Disclaimer of Opinion (Continued)

1. <u>Opening balances</u> (Continued)

Further, we were also unable to assess the recoverability of the Group's deferred tax asset of $11,966,000 relating to Guiyang Tech, as utilisation of deductible temporary differences and unused tax losses is subject to the availability of future taxable profits.

As a result of the above, we were also unable to determine whether any adjustment to the carrying amount of the Company's investment in subsidiaries (net of impairment) of $57,112,000, which was entirely attributable to Guiyang Tech, was necessary.

In view of the above matters that remain unresolved (as evidenced by further developments described below), we are unable to determine whether the opening balances as at 1 July 2021 are fairly stated. Since the opening balances as at 1 July 2021 entered into the determination of the financial performance, changes in equity and cash flows of the Group for the financial year ended 30 June 2022, we are unable to determine whether adjustments might have been necessary in respect of the Group's financial statements and the Company's statement of financial position for the financial year ended 30 June 2022 (FY 2022).

2. <u>Impairment assessment of current and non-current assets</u>

a) Expansion Project

During the current financial year, Guiyang Tech entered into 2 termination agreements in May and June 2022 with its respective contractors to terminate the Expansion Project ("Termination"). Management represented that this was largely due to the COVID pandemic and weak market conditions in Guiyang Province and confirmed that Guiyang Tech has no further obligations to pay its capital commitments of $133,475,000 (arising from committed contracts) and no contingent liabilities or additional provisions were required.

Following the Termination, management engaged an external valuer to ascertain the salvage value of the Expansion Project, based on the repossession value using the depreciated replacement cost approach. The market value of the Expansion Project, in the existing state, was valued at $23,369,000 ("Salvage Value"), taking into consideration of the current cost of replacement of the building and its improvements, less deductions for physical deterioration, obsolescence and optimisation, as disclosed in Note 4. Accordingly, the Expansion Project was written down to the Salvage Value and an impairment of $140,736,000 was charged to the consolidated profit and loss statement. Correspondingly, management also wrote off prepayments of $20,665,000 relating to the Expansion Project as disclosed in Note 9, pursuant to the Termination.

Basis for Disclaimer of Opinion (Continued)

2. Impairment assessment of current and non-current assets (Continued)

a) Expansion Project (Continued)

Based on the information made available to us, we were unable to understand the business rationale of the Termination, given the lack of documentary evidence. Further, we were unable to obtain sufficient appropriate audit evidence to assess the reasonableness of using the depreciated replacement cost approach and the key inputs used to compute the Salvage Value, based on the limited information provided to us. We were unable to obtain independently verifiable supporting evidence, or perform alternative audit procedures, to corroborate management's representations that all liabilities relating to the Termination had been adequately accounted for as at FY 2022. There were also no alternative audit procedures that we could perform to assess the financial impact of the Termination in respect of the Group's liabilities arising from committed contracts and potential contingent liabilities.

In addition, we were unable to obtain independently verifiable supporting evidence or perform alternative audit procedures, such as circularisation procedures, to determine whether certain long outstanding non-trade payables included in the Group's trade and other payables balance of $30,306,000 (Note 13) relate to Phase 1 or the Expansion Project. Consequently, we were unable to satisfy ourselves as to the validity and completeness of the Group's trade and other payables as at FY 2022.

b) Property, plant and equipment and right of use assets – Phase I

As at 30 June 2022, after impairment of the Expansion Project, the Group's remaining carrying amounts of property, plant and equipment of $23,711,000 and right-of-use asset of $17,664,000 are attributable to Phase I of Guiyang Tech's existing hosting capacity. Management engaged an external valuer to carry out an impairment assessment by estimating the recoverable amount of these non-current assets attributable to Phase I, based on value-in-use ("VIU") computation. As disclosed in Note 4 to the financial statements, the key assumptions used in the VIU computation includes, *inter-alia*, (i) the ability to secure new contracts and to achieve full capacity in Phase I by 2024; and (ii) the ability to increase average selling prices by 13% and 15% for customers in the government and private sectors respectively.

Based on the outcome of management's assessment, no impairment charge was required for Phase I. However, in view of the current utilisation rate of less than 50%, significant losses during FY 2022, and the Termination as described in (a) above, we were unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the key assumptions used in the determination of the recoverable amount of Phase I based on the current information made available to us. Consequently, we were unable to determine whether any adjustments were necessary in respect of the Group's carrying amounts of property, plant and equipment and right-of-use asset as at 30 June 2022.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SINOCLOUD GROUP LIMITED (Continued)

Basis for Disclaimer of Opinion (Continued)

2. Impairment assessment of current and non-current assets (Continued)

c) Deferred tax asset

Consequently, due to the matters highlighted above, we were also unable to determine whether any adjustments were necessary in respect of the Group's deferred tax asset of $11,966,000 relating to Guiyang Tech as at 30 June 2022, as the utilisation of deductible temporary differences and unused tax losses is subject to the availability of future taxable profits, which is largely dependent upon the realisation of the assumptions as disclosed above.

d) Investment in subsidiaries

As at 30 June 2022, the carrying amount of the Company's investment in subsidiaries, net of impairment, amounted to $57,112,000 which is entirely attributable to the investment in Guiyang Tech. Due to the factors as discussed above, we were also unable to determine whether any adjustment to the carrying amount of the investment in subsidiaries was necessary.

3. Validity of certain transactions during the year

a) Transaction No. 1

During the financial year, Guiyang Tech received credit notes in August 2021 ("Credit Notes") from a vendor ("Supplier A") amounting to $8,041,000, pursuant to a purchase agreement with Supplier A on 21 December 2017 amounting to $11,814,000, in relation to the purchase of a list of equipment ("Equipment Set 1"). Based on delivery documents made available to us, Equipment Set 1 was delivered by Supplier A and another vendor ("Supplier B") in year 2018.

Following the receipt of Credit Notes, Guiyang Tech re-entered into another agreement with Supplier B on 10 August 2021 to purchase lesser quantity of Equipment Set 1 for a total consideration of $10,155,000 ("Equipment Set 1A"). Consequently, $2,114,000 was charged to the consolidated profit or loss statement (Note 30), purportedly due to the increase in selling price of Equipment Set 1A.

b) Transaction No. 2

On 9 September 2021, pursuant to the Termination, Guiyang Tech received a memorandum of agreement ("MOA") from Supplier B to terminate a purchase agreement, previously executed between Guiyang Tech and Supplier B on 21 March 2018, in relation to the purchase of equipment amounting to $8,898,000 for the Expansion Project ("Equipment Set 2"). In year 2018, Guiyang Tech prepaid the entire balance for the purchase of Equipment Set 2 and in FY 2021, management made a full impairment charge on the prepayment of Equipment Set 2, following the Deferment of the Expansion Project.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINOCLOUD GROUP LIMITED (Continued)

Basis for Disclaimer of Opinion (Continued)

3. Validity of certain transactions during the year (Continued)

b) Transaction No. 2 (Continued)

Pursuant to the terms of the MOA, Guiyang Tech is able to offset the prepaid amount for Equipment Set 2 of $8,898,000 with the purchase consideration for Equipment Set 1A of $10,155,000, resulting in a net balance owing to Supplier B of $1,257,000. Consequently, management reversed the impairment of prepayment amounting to $8,898,000 (Note 29) in relation to Equipment Set 2.

c) Transaction No. 3

During the financial year, management recorded "other income" of $551,000 (Note 29) relating to a waiver of debt from a bandwidth supplier ("Supplier C"), pursuant to a termination agreement dated 14 January 2019, notwithstanding that the provision of bandwidth services had been rendered.

Based on the information made available to us, we were unable to obtain satisfactory explanations from management on the business rationale and commercial substance of these transactions. We were also unable to determine the validity of the transactions for current and previous financial year and whether Equipment Set 2 were fully delivered as at the date of this report, given the lack of delivery documents. We were also unable to obtain independently verifiable supporting evidence or perform alternative audit procedures such as circularisation procedures to Supplier A and Supplier C, to corroborate management's representations. Consequently, we were unable to determine the financial effects, if any, on the current and previous financial year and whether adjustments and/or additional disclosures in the consolidated financial statements were necessary.

4. Recoverability of balance due from a related party

As at 30 June 2022, Guiyang Tech has a non-trade balance due from a related party of $4,099,000 (Note 9). We have not been able to obtain independently verifiable supporting evidence, or perform alternative audit procedures, to ascertain the recoverability of the balance, due to the lack of subsequent receipts. Further, we were also unable to ascertain the veracity of the related party's unaudited financial statements provided to us for the purpose of determining the financial capability of the related party. Consequently, we were unable to determine whether any adjustments were necessary in respect of the Group's carrying amount of trade and other receivables as at 30 June 2022.

5. Subsequent events

Up to the date of this report, we are unable to complete subsequent events review procedures that we consider necessary for the Group. Consequently, we are unable to ascertain whether all significant subsequent events and transactions have been adequately adjusted or disclosed in these financial statements.

6. <u>Litigations and enforcement proceedings</u>

Subsequent to financial year, during August 2022, Guiyang Tech, together with a key management personnel and 4 other parties, were involved in various on-going litigations and enforcement proceedings relating to disputes over loans granted by a microfinance company in the PRC. Management represents that these loans were not granted to Guiyang Tech and no provision of liabilities were required. We were not able to obtain sufficient documentary evidence, or perform alternative audit procedures, to corroborate management's representation and to satisfy ourselves that no provisions of liabilities were required from these litigations and claims made against Guiyang Tech. We were also not able to determine the completeness of such claims and any corresponding liabilities.

7. <u>Going concern assumption</u>

As disclosed in Note 2 to the financial statements, the Group and the Company reported significant losses of $166,373,000 and $9,251,000 respectively and negative operating cash flows of $6,179,000 and $2,819,000 respectively for the financial year ended 30 June 2022. As at that date, the Group and the Company were in net liabilities positions of $41,219,000 and $28,748,000 respectively. As of 30 June 2022, the Group's cash and bank balances available for use amounted to $150,000 while its current liabilities amounted to $67,612,000. As detailed above, the Group's sole operating subsidiary, Guiyang Tech, has terminated the Expansion Project, resulting in a significant impairment charge of construction in progress of $140,736,000 and prepayments written off of $20,665,000 in the consolidated profit and loss statement. These conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the abilities of the Group and the Company to continue as going concerns.

Further, as disclosed in Note 15, Guiyang Tech has defaulted on loan repayments, on a half-yearly basis, for a working capital loan of $4,671,000 ("Loan 1") as specified in the bank loan agreement. Management represents that the bank is willing to accept full repayment of Loan 1 upon maturity in March 2023 or roll over the facility for two more years to March 2025, and that a key management personnel and a related party ("Guarantors of Loan 1") will make full repayment on behalf of Guiyang Tech, in the event that the bank requests for immediate repayment.

Notwithstanding the above, the Board of Directors have prepared the financial statement on a going concern basis based on the assumptions as disclosed in Note 2, which includes, *inter-alia*, the continuing financial support from a substantial shareholder ("Shareholder A") to enable the Group to operate as a going concern and to meet its obligations as and when they fall due. Such financial support shall include not recalling for the aggregate balance owing to Shareholder A of $29,309,000 (comprising borrowings of $4,584,000, redeemable convertible bond of $23,638,000 and related interests) as at 30 June 2022, unless the Group has sufficient funds to pay other creditors in full. Further, the Board of Directors is confident that the Company shall complete its rights issue to its existing shareholders and a maximum cash injection of $21,020,000 shall be received by January 2023.

As at the date of this report, due to the matters highlighted above, we have not been able to obtain sufficient audit evidence regarding the financial abilities of the Guarantors of Loan 1 and Shareholder A to provide continuous financial support to the Group and the Company to repay its debts as and when they fall due and the likely outcome of the Group's ability to complete its fund-raising activities. Accordingly, we were unable to satisfy ourselves as to the appropriateness of the going concern basis of accounting used in the preparation of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SINOCLOUD GROUP LIMITED (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of International Financial Reporting Standards (IFRSs), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing ("ISAs") and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we had fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

The engagement partner on the audit resulting in this independent auditor's report is Adeline Ng Cheah Chen.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

29 November 2022

SINOCLOUD GROUP LIMITED
(Incorporated in Bermuda)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022
(Amounts in thousands Hong Kong dollars ("$'000"))

	Note	Group		Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	47,080	193,218	-	-
Right-of-use asset	5	17,664	29,592	-	-
Investment in subsidiaries	6	-	-	57,112	57,112
Investment in associate	7	-	-	-	-
Deferred tax assets	8	11,966	11,966	-	-
Amount due from subsidiaries (non-trade)	10	-	-	-	-
		76,710	234,776	57,112	57,112
Current assets					
Trade and other receivables	9	9,152	24,324	81	110
Contract assets	26(b)	-	-	-	-
Amount due from associate (non-trade)	11	-	-	-	-
Derivative asset	12	1,733	4,933	1,733	4,933
Cash and bank balances		150	461	-	-
		11,035	29,718	1,814	5,043
TOTAL ASSETS		87,745	264,494	58,926	62,155

The accompanying notes are an integral part of the financial statements.

SINOCLOUD GROUP LIMITED
(Incorporated in Bermuda)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)
AS AT 30 JUNE 2022
(Amounts in thousands Hong Kong dollars ("$'000"))

	Note	Group		Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
LIABILITIES					
Current liabilities					
Trade and other payables	13	30,306	39,479	6,924	1,887
Contract liabilities	26(b)	584	2,885	-	-
Borrowings	15	4,671	2,402	-	-
Redeemable convertible bond	16	23,638	-	23,638	-
Income tax payable		8,413	8,443	-	-
		67,612	53,209	30,562	1,887
Non-current liabilities					
Borrowings	15	4,584	2,390	-	-
Redeemable convertible bond	16	-	22,653	-	22,653
Lease liabilities	17	56,768	63,818	-	-
		61,352	88,861	-	22,653
TOTAL LIABILITIES		128,964	142,070	30,562	24,540
NET (LIABILITIES) / ASSETS		(41,219)	122,424	28,364	37,615
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	15,878	15,878	15,878	15,878
Share premium	19	481,352	481,352	481,352	481,352
Contributed surplus	20	16,456	16,456	16,456	16,456
Translation reserve	21	5,488	4,243	-	-
Statutory reserve	22	7,066	7,066	-	-
Revaluation reserve	23	98	98	-	-
Other reserves	24	22,384	22,384	7,264	7,264
Accumulated losses	25	(512,811)	(409,052)	(492,586)	(483,335)
		35,911	138,425	28,364	37,615
Non-controlling interests		(77,130)	(16,001)	-	-
TOTAL (DEFICIT) EQUITY		(41,219)	122,424	28,364	37,615

The accompanying notes are an integral part of the financial statements.

SINOCLOUD GROUP LIMITED
(Incorporated in Bermuda)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(Amounts in thousands Hong Kong dollars ("$'000"))

	Note	2022 $'000	2021 $'000
Revenue	26(a)	13,445	9,680
Depreciation of property, plant and equipment	4	(5,556)	(5,732)
Depreciation of right-of-use asset	5	(2,289)	(2,451)
Reversal / (impairment loss) of			
- financial assets and contract assets	27	353	630
- property, plant and equipment		(140,936)	-
- prepayment		(20,665)	(235)
Fair value loss on derivative asset		(3,200)	-
Bandwidth fee		(1,788)	(3,674)
Employee benefit expenses	28	(3,927)	(2,220)
Other income	29	14,726	2,258
Other expenses	30	(8,457)	(11,355)
Foreign exchange (loss) / gain		(377)	1,071
Finance costs – interest expenses	31	(7,702)	(7,988)
Loss before tax		(166,373)	(20,016)
Income tax credit	32	-	2,918
Loss for the financial year		(166,373)	(17,098)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences arising from consolidation	21	2,730	12,305
Other comprehensive income for the financial year		2,730	12,305
Total comprehensive loss for the financial year		(163,643)	(4,793)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(Amounts in thousands Hong Kong dollars ("$'000"))

	Note	2022 $'000	2021 $'000
Loss attributable to:			
Equity holders of the Company		(103,759)	(13,278)
Non-controlling interests		(62,614)	(3,820)
		(166,373)	(17,098)
Total comprehensive loss attributable to:			
Equity holders of the Company		(102,514)	(4,253)
Non-controlling interests		(61,129)	(540)
		(163,643)	(4,793)
Loss per share (cents)	33		
Basic		(0.65)	(0.09)

The accompanying notes are an integral part of the financial statements.

SINOCLOUD GROUP LIMITED
(Incorporated in Bermuda)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(Amounts in thousands Hong Kong dollars ("$'000"))

2022 **Group**	Attributable to equity holders of the Company									
	Share capital	Share premium	Contributed surplus	Translation reserve	Statutory reserve	Revaluation reserve	Other reserves	Accumulated losses	Non-controlling interests	Total equity / (deficit)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2021	15,878	481,352	16,456	4,243	7,066	98	22,384	(409,052)	(16,001)	122,424
Loss for the financial year	-	-	-	-	-	-	-	(103,759)	(62,614)	(166,373)
Other comprehensive income, net of tax										
- Currency translation differences arising from consolidation	-	-	-	1,245	-	-	-	-	1,485	2,730
Total comprehensive income / (loss) for the financial year	-	-	-	1,245	-	-	-	(103,759)	(61,129)	(163,643)
Balance as at 30 June 2022	15,878	481,352	16,456	5,488	7,066	98	22,384	(512,811)	(77,130)	(41,219)

The accompanying notes are an integral part of the financial statements.

SINOCLOUD GROUP LIMITED
(Incorporated in Bermuda)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(Amounts in thousands Hong Kong dollars ("$'000"))

2021 Group	Share capital	Share premium	Contributed surplus	Translation (deficit) / reserve	Statutory reserve	Revaluation reserve	Other reserves	Accumulated losses	Non-controlling interests	Total equity
	Attributable to equity holders of the Company									
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2020	14,311	473,003	16,456	(4,782)	7,066	98	15,120	(396,296)	(15,461)	109,515
Loss for the financial year	-	-	-	-	-	-	-	(13,278)	(3,820)	(17,098)
Other comprehensive income, net of tax										
- Currency translation differences arising from consolidation	-	-	-	9,025	-	-	-	-	3,280	12,305
Total comprehensive income / (loss) for the financial year	-	-	-	9,025	-	-	-	(13,278)	(540)	(4,793)
Contributions by and distributions to owners										
- Issuance of ordinary shares (Note 18)	1,567	8,349	-	-	-	-	-	-	-	9,916
- Waiver of debts by a shareholder (Note 25)	-	-	-	-	-	-	-	522	-	522
- Equity component of Bond (Note 24)	-	-	-	-	-	-	7,264	-	-	7,264
Total contribution by and distribution to owners	1,567	8,349	-	-	-	-	7,264	522	-	17,702
Balance as at 30 June 2021	15,878	481,352	16,456	4,243	7,066	98	22,384	(409,052)	(16,001)	122,424

The accompanying notes are an integral part of the financial statements.

SINOCLOUD GROUP LIMITED
(Incorporated in Bermuda)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(Amounts in thousands Hong Kong dollars ("$'000"))

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Loss before tax		(166,373)	(20,016)
Adjustments:			
Depreciation of property, plant and equipment	4	5,556	5,732
Depreciation of right-of-use assets	5	2,289	2,451
Bad debt written off	30	359	-
Waiver of liabilities	29	(5,813)	(1,115)
Reversal for impairment of financial assets and contract assets	27	(353)	(630)
Reversal for impairment of prepayment	29	(8,898)	-
Impairment loss of property, plant and equipment	4	140,936	-
Impairment loss of prepayment		20,665	235
Fair value loss / (gain) on derivative asset		3,200	(191)
Reversal of provision for warranty	29	-	(866)
Interest expenses	31	7,702	7,988
Operating loss before working capital changes		(730)	(6,412)
Trade and other receivables		3,135	(1,055)
Trade and other payables		(4,478)	5,714
Contract liabilities		(2,129)	2,623
Cash (used in) / generated from operations		(4,202)	870
Interest paid		(1,977)	(1,809)
Net cash used in operating activities		(6,179)	(939)
Cash flows from investing activities			
Payments to purchase property, plant and equipment, representing net cash used in investing activities	4	(748)	(54)

The accompanying notes are an integral part of the financial statements.

SINOCLOUD GROUP LIMITED
(Incorporated in Bermuda)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(Amounts in thousands Hong Kong dollars ("$'000"))

	Note	2022 $'000	2021 $'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	18	-	9,916
Proceeds from issuance of redeemable convertible bond	16	-	5,000
Repayment of redeemable convertible bond	16	-	(7,000)
Proceeds from borrowings	15	4,584	5,093
Repayment of borrowings	15	-	(8,473)
Advances from / (Repayment to) directors, net	13	249	(271)
Advances from / (Repayment to) a related party, net	13	1,787	(3,133)
Net cash from financing activities		6,620	1,132
Net (decrease) / increase in cash and bank balances		(307)	139
Cash and bank balances at beginning of the financial year		461	303
Effects of exchange rate changes in cash and bank balances		(4)	19
Cash and bank balances at end of financial year		150	461

The accompanying notes are an integral part of the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

SinoCloud Group Limited (the "Company") is a limited liability company domiciled and incorporated in Bermuda and is listed on the Catalist Market of the Singapore Exchange Securities Trading Limited. The address of the Company's registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are shown in Note 7 to the financial statements.

The financial statements for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 29 November 2022.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The Group and the Company reported a net loss of $166,373,000 and $9,251,000 (2021: 17,098,000 and $15,329,000) respectively and negative operating cash flows of $6,179,000 and $2,819,000 (2021: $939,000 and $29,475,000) respectively for the financial year ended 30 June 2022. As at that date, the Group and the Company were in net liabilities positions of $41,219,000 and $28,748,000 respectively (2021: net current liabilities of $23,491,000, net assets of $122,424,000). As of 30 June 2022, the Group's cash and bank balances available for use amounted to $150,000 (2021: $461,000) while its current liabilities amounted to $67,612,000 (2021: $53,209,000).

These facts and circumstances indicate the existence of material uncertainties that may cast significant doubts on the ability of the Group and of the Company to continue as a going concern. The accompanying financial statements have been prepared on a going concern basis as management has assessed that the Group and the Company are able to continue as going concerns due to the following key considerations and assumptions:

(a) As disclosed in Note 5, the Company's sole operating subsidiary in the PRC, Guiyang Zhongdian Gaoxin Digital Technologies Limited ("Guiyang Tech") is entitled to a rent-free period of its 20-year lease of the IDC premises since 2014, until the receipt of notice from the landlord. Management is confident that this rent-free period shall be extended for at least 12 months from the date of this report, given that Guiyang Tech has received the confirmation from the landlord that Guiyang Tech is still entitled to the rent-free period before the landlord obtains the property use rights.

(b) Management has successfully negotiated for favorable payment terms with its key suppliers, in particular, those providing bandwidth and utilities in the IDC premises, and has agreed to extend its credit terms and to defer payments by at least 12 months from the reporting date.

(c) The Group is confident of deferring payment of the entire balance of "defaulted" Loan 1 from a PRC bank of $4,671,000 (Note 15), of which 25% was due in September 2021, March 2022 and September 2022 respectively, and the remaining 25% will be due upon maturity in March 2023. No repayment has been made to date and management expects to rollover the loan totaling $4,671,000 in full for another two years to March 2025. A related party, the guarantor of the loan, has agreed to undertake the repayment of the entire amount of loan, should the bank request for those contractual installments from Guiyang Tech within the next 12 months.

2. FUNDAMENTAL ACCOUNTING CONCEPT (Continued)

(d) The Group has obtained continuing financial support from a substantial shareholder ("Shareholder A") to enable the Group to operate as a going concern and to meet its obligations as and when they fall due. Such financial support shall include not recalling for the aggregate balance owing to Shareholder A of $29,309,000 (which comprise borrowings of $4,584,000 (Note 15), liability component of the redeemable convertible bond of $23,638,000 (Note 16) and related interests of $914,000 and $173,000 respectively (Note 13) as at 30 June 2022), unless the Group has sufficient funds to pay other creditors in full.

(e) Subsequent to year end, the Company received a cash injection of $1,190,000 from Shareholder A, which shall be disbursed in 10 tranches during the period from July 2022 to November 2022. Further, on 30 September 2022, the Company announced its share consolidation and rights issue, whereby the Company proposed a share consolidation of every one hundred existing issued ordinary shares into one consolidated ordinary share (" Proposed Share Consolidation") and to undertake a renounceable non-written rights issue on the basis of one rights share for every two consolidated shares, at an issue price of S$0.05 for each rights share, immediately upon the completion of the Proposed Share Consolidation ("Proposed Rights Issue"). The Proposed Share Consolidation and Proposed Rights Issue are subject to approvals from the Singapore Exchange and the Company's shareholders at a special general meeting. The estimated net proceeds from the Proposed Rights Issue are expected to be approximately $21,020,000 (S$3,850,000) under the maximum subscription scenario and $9,390,000 (S$1,720,000) under the minimum subscription scenario.

The Board of Directors of the Company are confident that the Company is able to achieve the maximum subscription scenario, receive cash injection by end January 2023, make partial redemption of the redeemable convertible bond to Shareholder A as well as a partial repayment of borrowings to Shareholder A, and the remaining proceeds to be used as the Group's working capital to enable the Group to operate as a going concern for the next 12 months from the reporting date. The Board of Directors assessed that such funds are adequate for the Group's working capital for the next 12 months from the reporting date.

(f) On 18 November 2022, the Company entered into a supplementary agreement to the Convertible Bond Agreement dated 7 October 2020 with a significant shareholder (Shareholder A) to extend the maturity date of the convertible bonds by a period of four months from 22 November 2022 to 22 March 2023 ('Extension Period") and the conversion price to be changed from S$0.0011 to S$0.000825 for each conversion share. The amendments shall be conditional upon the approval of the shareholders of the Company. In addition, the amendment to the conversion price shall be conditional upon the completion of the Proposed Share Consolidation, as announced on 30 September 2022, as disclosed in Note 39(a). As of 18 November 2022, Shareholder A has agreed to waive the entire interest payable under the Convertible Bond Agreement during the Extension Period.

The Board of Directors of the Company is confident that upon partial redemption of the redeemable convertible bonds and after the completion of the Proposed Share Consolidation and Proposed Rights Issue, Shareholder A shall be agreeable to extend the redeemable convertible bonds by another two years.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for further liabilities which may arise. No such adjustments have been made to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the International Financial Reporting Standards ("IFRSs"). The financial statements are presented in Hong Kong dollar ("$") and all values are rounded to the nearest thousands ($'000) as indicated. The preparation of the financial statements in conformity with IFRSs requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 July 2021, the Group adopted the new or amended IFRS and Interpretations of IFRS ("IFRIC") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC. The adoption of these new or amended IFRS and IFRIC did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Descriptions	Effective for annual periods beginning on or after
Amendments to IFRS 3: *Reference to Conceptual Framework*	1 January 2022
Amendments to IAS 16: *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018-2020	1 January 2022
- Amendments to IFRS 1 *First-time Adoption of FRS*	
- Amendments to IFRS 9 *Financial Instruments*	
- Amendments to Illustrative Examples accompanying IFRS 16 *Leases*	
- Amendments to IAS 41 *Agriculture*	
Amendments to IAS 1*: Classification of Liabilities as Current or Non-Current*	1 January 2023
Amendments to IAS 1 and FRS Practice Statement 2*: Disclosures of Accounting Policies*	1 January 2023
Amendments to IAS 8*: Definition of Accounting Estimates*	1 January 2023
IFRS 17: *Insurance Contracts*	1 January 2023
Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IFRS 17: *Initial Application of IFRS 17 and IFRS 9 – Comparative Information*	1 January 2023
Amendments to IFRS 10 and IAS 28: *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
Amendments to IAS 1: Non-current liabilities with Covenants	1 January 2024
Amendments to IAS 16: Lease liabilities in a Sale and Leaseback	1 January 2024

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- had power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and any non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group losses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations entered into by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(c) Disposals of subsidiaries or businesses

The assets and liabilities of the subsidiary including any goodwill are derecognised when a change in the Group’s ownership interest in a subsidiary result in a loss of control over the subsidiary. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

(ii) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Group.

(iii) Associates

Associates are entities over which the Group exercises significant influence, but not control over the financial and operating policy decision, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(a) Acquisition of business

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(b) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals to or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has legal and constructive obligations to make, or has made, payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(c) Disposal of associates

Investments in associates are derecognised when the Group losses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investment in associate in which significant influence are retained are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("$"), which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Hong Kong dollar at the rate of exchange ruling at the reporting date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Construction in progress includes all cost of construction and other direct costs. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is reclassified to the appropriate category of property, plant and equipment when complete and ready to use.

Depreciation on all items of property, plant and equipment are calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

	Useful lives (Years)	Estimated residual value as a percentage of cost (%)
Leasehold improvements	6	-
Software platform	10	-
Plant and machineries	3-15	-
Motor vehicles	5-10	5% to 10%
Furniture, fixtures, computer and other equipment	5-10	5% to 10%

The residual value, estimated useful life and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use. The effects of any revision are recognised in profit or loss when the changes arise.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income / (expenses)".

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses (see the accounting policy for impairment in this Note).

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group if cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in this Note.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost, which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. The cost of intangible assets acquired in a business combination is their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

(ii) Other intangible assets (Continued)

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

The estimated useful lives are as follows:

	Useful lives (Years)
Customer contract	4.1
Favourable lease	18.6

Amortisation methods and useful lives are reviewed at each reporting date and adjusted as appropriate.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of ten years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the tenth year.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

Financial assets and liabilities

(i) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. Other financial assets and financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Trade receivables without financing component is initially measured at the transaction price in accordance with IFRS 15. Other financial assets or financial liabilities are initially recognised at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) Classification and subsequent measurement

<u>Financial assets</u>

Financial assets are classified and subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, at the following categories:

a) Amortised costs
b) Fair value through Other Comprehensive Income (FVOCI) – Debt investments
c) FVOCI – Equity investments
d) Fair value through profit or loss (FVPL)

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets, in which case such reclassification will be applied prospectively from the reclassification date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

Financial assets at amortised costs

Unless designated at FVPL, financial assets are measured at amortised costs if:

- It is held within a business model with an objective to hold the assets to collect contractual cash flows; and
- Its contractual cash flows comprise of solely principal and interest on the principal amount outstanding

These assets, mainly trade and other receivables, as well as cash and bank balances, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by impairment losses. Interest income, foreign exchange differences, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

Unless designated at FVPL, a debt investment is measured at FVOCI if:

- It is held within a business model with objectives of both collecting contractual cash flows and selling financial assets; and
- Its contractual cash flows comprise of solely principal and interest on the principal amount outstanding

These assets are subsequently measured at fair value. Interest income calculated on effective interest rate method, foreign exchange differences and impairment are recognised in profit or loss. Other net gains and losses (including changes in fair value) are recognised in OCI. The cumulative amounts in OCI are reclassified to profit or loss upon derecognition.

Equity investments at FVOCI

Unless held-for-trading, the Company may irrevocably elect on initial recognition, on an investment-by-investment basis, to present subsequent changes of fair value of the equity investments in OCI.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses (including changes in fair value) are recognised in OCI which will never be reclassified to profit or loss.

Financial assets at FVPL

All financial assets not at amortised cost or FVOCI as described above are measured at fair value through profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI to be measured at FVPL, if doing so eliminates or significantly reduce accounting mismatch that would otherwise arise.

Financial assets held for trading or are managed and whose performance is evaluated on a fair value basis would be mandatorily measured at FVPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

Financial assets at FVPL (Continued)

These assets are subsequently measured at fair value. Net gains or losses, including any interest income or dividend income are recognised in profit or loss.

As at the reporting date, the Group does not have other categories of financial assets except for financial assets at amortised cost.

Financial liabilities

Financial liabilities are subsequently measured at amortised costs unless it is held for trading (including derivative liabilities), or designated as financial liabilities at FVPL on initial recognition to significantly reduce accounting mismatch or when a group of financial liabilities are managed whose performance is evaluated on a fair value basis.

Financial liabilities at amortised costs are subsequently measured at amortised costs using the effective interest rate method. Interest expense and foreign exchange differences are recognised in profit or loss. These financial liabilities mainly comprise trade and other payables including amount due to related parties, loans and borrowings.

Financial liabilities at FVPL are measured at fair value with net gains and losses (including interest expense) recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

(iii) Derecognition

Financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the derecognition date and the sum of the consideration received is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Group also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability on the modified terms is recognised at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(iii) Derecognition (Continued)

Financial liabilities (Continued)

On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished, or transferred and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss).

(iv) Offsetting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group applies impairment model in IFRS 9 to measure the Expected Credit Losses (ECL) of the following categories of assets:

- Financial assets at amortised costs (including trade receivables)
- Contract assets (determined in accordance with IFRS 15)

ECLs are probability-weighted estimates of credit losses, which are measured at the present value of all cash shortfalls (difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Company expects to receive), discounted at effective interest rate of the financial asset. The expected cash flows include cash flows from the sale of collaterals held, if any, or other credit enhancements that are integral to the contractual terms.

Simplified approach

The Group applies simplified approach to all trade receivables and contract assets. Impairment loss allowance is measured at lifetime ECL, which represents ECLs that result from all possible default events over the expected life of a financial instrument or contract asset ('life-time ECL'). The Group uses qualitative and quantitative information like historical credit loss experience, profile of customers and historical repayment trends to group customers with similar characteristics and adjusted with forward-looking factors for purpose of ECL assessment. The Group computes ECL using probability of default (PD) ratings from an external credit rating agency, multiplied by the exposure at default and loss given default.

General approach

The Group applies general approach on all other financial instruments and recognise a 12-month ECL on initial recognition. 12-month ECL are ECLs that result from possible default events within 12 months after the reporting date or up to the expected life of the instrument, if shorter.

Impairment loss allowance or reversals are recognised in profit or loss. Loss allowance on financial assets at amortised cost and contract assets are deducted from the gross carrying amount of those assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Stage 2)
For credit exposures for which there has been a significant increase in credit risk since initial recognition, impairment loss allowance is measured at life-time ECL. When a financial asset is determined to have a low credit risk at reporting date, the Group assumes that there has been no significant increase in credit risk since initial recognition. For other cases, the Group uses reasonable and supportable forward-looking information available without undue cost or effort to determine, at each reporting date, whether there is significant increase in credit risk since initial recognition. In assessing whether there has been significant increase in credit risks, the Group takes into account factors such as:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations
- actual or expected significant adverse change in the regulatory, economic, or technological environment that are expected to cause a significant change in the debtor's ability to meet its debt obligations
- an actual or expected significant change in the operating results of the debtors

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 6 months past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

If credit risk has not increased significantly since initial recognition or if the credit quality improves such that there is no longer significant increase in credit risk since initial recognition, loss allowance is measured at 12-month ECL.

Credit impaired (Stage 3)
A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Definition of default
The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligation in full, without recourse by the Group.

The Group considers a contract asset to be in default when the customer is unlikely to pay the contractual obligations to the Group in full without recourse by the Group.

Write-off policy
The Group writes off the gross carrying amount of a financial asset to the extent that there is no realistic prospect of recovery, for example when the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Group assess whether a contract is or contains a lease, at inception of the contract. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which they are earned.

(ii) As lessee

At the lease commencement date, the Group recognises a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and low-value leases as described below.

<u>ROU asset</u>
ROU assets are initially measured at cost, which comprise initial amount of lease liability, any lease payment made at or before commencement date, plus initial direct costs incurred, less lease incentives received. Initial direct costs are costs that would not have been incurred if the lease had not been obtained.

Whenever the Group incurs obligations for costs to dismantle and remove a leased asset, restore the site or the underlying asset to the condition required by the terms and conditions of the lease contract, a provision is recognised and measured under IAS 37; and included in the carrying amount of the ROU assets to the extent that the costs relate to a ROU asset.

ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from commencement date to the earlier of end of lease terms and useful life of the ROU assets. In addition, the ROU assets are also adjusted for certain remeasurement of lease liability.

The useful life of the ROU asset (over the terms of the lease) is as follows:

	Useful lives (Years)
Leasehold property	20

ROU asset is presented as a separate line item in the statement of financial position.

For contract that contains lease and non-lease component, the Group applies the practical expedient allowed in IFRS 16 not to separate non-lease components, and account for the lease and non-lease components as a single lease component.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

(ii) As lessee (Continued)

Lease liability
Lease liability is initially measured at the present value of lease payments discounted using interest rate implicit in the lease, or if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate, which is estimated by reference to interest rates from various external financing sources for similar terms such as lease terms, type of assets leases and economic environment.

The following lease payments are included in the measurement of lease liability:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liability is measured at amortised cost using effective interest method. Remeasurement of lease liability (and corresponding adjustment to ROU asset, or to profit or loss when the ROU asset has been reduced to zero) is required when there is:

- a change in future lease payments arising from changes in an index or rate, in which case the initial discount rate is used;
- a change in the Group's assessment of whether it will exercise an extension or termination option, in which case a revised discount rate is used; or
- modification in the scope or the consideration of the lease that was not part of the original term and not accounted for as separate lease, in which case a revised discount rate at effective date of modification is used.

The Group presents the lease liabilities as a separate line item on the statement of financial position.

Exemption / exclusion
The following leases/ lease payments are not included in lease liabilities and ROU asset:

- The Group has elected not to recognise ROU asset and lease liabilities for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For such leases, the Group recognises the lease payments in profit or loss as an operating expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

General

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision

The Group provides assurance-type warranties ranging from 1 to 3 years, on certain products and undertake to repair or replace items that fail to perform satisfactorily. A provision is recognised at the reporting date for expected warranty claims based on past experience and management's best estimation.

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within 12 months after the end of the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting date and before the financial statements are authorised for issue.

Redeemable convertible bonds

When redeemable convertible bonds are issued, the total proceeds are allocated to the liability component and the equity component, which are separately presented on the statement of financial position based on the terms of the contracts. On issuance of the redeemable convertible bonds, the liability component is determined initially at its fair value, using a market interest rate for an equivalent non-convertible bond. It is classified as financial liabilities measured at amortised cost until the liability is extinguished on conversion or redemption of the bonds.

The remainder of the proceeds of redeemable convertible bonds is allocated to the conversion option (equity component), which is presented in equity, net of transaction costs, if any. The carrying amount of the conversion option is not remeasured in subsequent years.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowings (Continued)

Redeemable convertible bonds (Continued)

Transaction costs are apportioned between the liability and equity components of the redeemable convertible bonds based on the allocation or proceeds to the liability and equity components when the instrument is initially recognised. When a conversion option is exercised, the carrying amount of the conversion option will be taken to share capital. When the conversion option is allowed to lapse, the carrying amount of the conversion option will be taken to accumulated losses.

Derivatives embedded in host contracts (other than financial assets) are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Share capital and share premium

Proceeds from issuance of ordinary shares are classified as share capital (nominal value) and share premium in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share premium.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Unless otherwise mentioned, the Group concludes that it is acting as a principal in the provision of goods or services in its contracts with customers.

When contracts contain multiple performance obligations, the Group allocates the transaction price to the performance obligations in proportion of the relative stand-alone selling price:

a) Revenue from data centre service and outsourcing data centre service income

   Revenue from data centre service and outsourcing data centre service income is recognised over time, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs the services to customers. This performance obligation includes providing space, power capacity, connectivity, required setup, installation services, utilities and technical support to customers. These services are not capable of being distinct from each other and therefore considered one performance obligation. On a monthly basis, the Group delivers services which are substantially similar, and customers can benefit from each individual month of service. Since an individual month of providing data centre services is separately identifiable, management assessed that each month of providing data centre services is considered a distinct performance obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

a) Revenue from data centre service and outsourcing data centre service income (Continued)

Under IFRS 15, a series of distinct goods or services will be accounted for as a single performance obligation if they are substantially the same, have the same pattern of transfer and both of the following criteria are met (i) each distinct good or service in the series represents a performance obligation that would be satisfied over time; and (ii) the entity would measure its progress towards satisfaction of the performance obligation using the same measure of progress for each distinct good or service in the series.

The principles in IFRS 15 therefore apply to each single performance obligation when the series criteria are met, rather than the individual services that make up the single performance obligation. As a result, revenue is allocated to the relative stand-alone selling price of the series as one performance obligation, rather than to each distinct service within it. When the contract includes leasing of server, revenue is allocated to data centre service based on its stand-alone selling price to other customers, with the residual assigned to operating lease income under "Other revenue" as the Group does not typically lease servers on a stand-alone basis.

Outsourcing data centre service income is derived from similar performance obligation, except when the Group outsources relevant services to third-party subcontractors and acts as a principal.

b) Project revenue

The Group recognises project revenue based on the percentage-of-completion method determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs at the reporting date. The revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

The Group has adopted the practical expedient not to recognise any financing element for the contract with a 1-year period between transfer of goods or services and the payments received.

c) Other service fee

Revenue from other services is recognised over time, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs the services to customers.

Other revenue

Operating lease income, being revenue from server rental service, are recognised in accordance with IFRS 16. The contract is recognised on a straight-line basis over the contract period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Employees' benefits

Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Hong Kong

The subsidiaries, incorporated and operating in Hong Kong are required to contribute to the mandatory provident fund scheme, a defined contribution pension scheme, as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and are charged to profit or loss in the financial year in which they fall due.

The People's Republic of China ("PRC")

The subsidiaries, incorporated and operating in the PRC, are required to provide certain retirement plan contribution to their employees under the existing PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Share-based compensation

Performance shares

The performance share plans of the Group are accounted for either as equity-settled share-based payments or cash-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at the reporting date. The performance share expense is recognised in profit or loss on a straight-line basis over the vesting period.

At the reporting date, the Group revises its estimates of the number of performance shares that the participants are expected to receive based on non-market vesting conditions. The difference is charged or credited to the income statement, with a corresponding adjustment to equity or liability for equity-settled and cash-settled share-based payments respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits (Continued)

Share-based payments transactions with parties other than employees

When the Group enters into equity-settled share-based payment transactions with parties other than employees, the Group measures the goods and services received, and the corresponding increase in equity, directly at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the corresponding increase in equity shall be measured by reference to the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counter party renders service.

Taxation

(i) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

(i) Income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(ii) Value-added-tax ("VAT")

The Group's sales of goods and service income in the PRC are subject to VAT at the applicable tax rate of 13% for PRC domestic sales. Input tax on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other receivables" or "Other payables" in the statement of financial position.

Employment Support Scheme

Cash grants received from the government in relation to the Employment Support Scheme are recognised as income upon receipt.

Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker responsible for allocating resources and assessing performance of the operating segments.

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of non-financial assets (property, plant and equipment, right-of-use asset, prepayments)

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Management prepared a 12-year cashflow forecast, based on the average remaining useful life of these non-financial assets. In estimating the future cash flows, management has taken into account of past and recent financial performance, macroeconomic analysis, the Group’s marketing plan and progress of securing major customer contracts. The recoverable amount is most sensitive to the utilisation rate and selling price applied in the discounted cash flow model.

The carrying amounts and further details of the key assumptions for the impairment assessment of non-financial assets are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(b) Impairment on investment in subsidiaries

The Group conducts impairment assessment of its investments in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether the subsidiary is impaired requires an estimation of the recoverable amount, which requires the Group to estimate the value in use based on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. An estimate is made of the future profitability of the subsidiary, financial health and business outlook for the subsidiary, including factors such as industry and sector performance and operating cash flows.

The carrying amount of investment in subsidiaries is disclosed in Note 6.

(c) Impairment of financial assets

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rates. The Group uses judgement in making these assumptions, and measures ECL on trade receivables on individual basis, using information such as the age of the balances, payment history, status of negotiations with debtors and other external information available to management. The default rates are based on the Group's historical credit loss experience, profiling customers by credit risk characteristics and are adjusted for forward-looking factors specific to the debtors and the economic environment. As the Group and Company does not hold any collateral to the financial assets, the expected loss rates will be the full amount of the financial assets if there are certain risks of default.

The carrying amounts and further details of the key assumptions for the ECL assessment are disclosed in Note 37(iii).

(d) Fair value of derivative asset

Where the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The carrying amount and further details are disclosed in Note 12.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements	Software platform	Plant and machineries	Motor vehicles	Furniture, fixtures, computer and other equipment	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
As at 1 July 2020	19,726	6,795	57,381	612	1,980	149,366	235,860
Additions	-	-	-	-	54	-	54
Currency translation differences	1,920	661	5,586	60	194	14,542	22,963
As at 30 June 2021	21,646	7,456	62,967	672	2,228	163,908	258,877
As at 1 July 2021	21,646	7,456	62,967	672	2,228	163,908	258,877
Additions	-	-	-	-	748	-	748
Currency translation differences	(552)	(190)	(1,591)	(17)	(78)	(4,138)	(6,566)
As at 30 June 2022	21,094	7,266	61,376	655	2,898	159,770	253,059
Accumulated depreciation							
As at 1 July 2020	17,851	2,925	32,607	349	762	-	54,494
Depreciation during the financial year	1,119	729	3,445	62	377	-	5,732
Currency translation differences	1,763	301	3,251	35	83	-	5,433
As at 30 June 2021	20,733	3,955	39,303	446	1,222	-	65,659

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Leasehold improvements	Software platform	Plant and machineries	Motor vehicles	Furniture, fixtures, computer and other equipment	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation							
As at 1 July 2021	20,733	3,955	39,303	446	1,222	-	65,659
Depreciation during the financial year	708	750	3,569	64	465	-	5,556
Currency translation differences	(545)	(124)	(1,103)	(13)	(45)	-	(1,830)
As at 30 June 2022	20,896	4,581	41,769	497	1,642	-	69,385
Impairment loss							
As at 1 July 2021	-	-	-	-	-	-	-
Addition	200	-	-	-	-	140,736	140,936
Currency translation differences	(7)	-	-	-	-	(4,335)	(4,342)
As at 30 June 2022	193	-	-	-	-	136,401	136,594
Net carrying amount							
As at 30 June 2022	5	2,685	19,607	158	1,256	23,369	47,080
As at 30 June 2021	913	3,501	23,664	226	1,006	163,908	193,218

Property, plant and equipment is mainly attributable to Guiyang Tech, which is operating an IDC business, and considered to be a single Cash-Generating Unit ('CGU'). Construction in progress representing the development and construction of Phase II and a Call Centre (collectively, "Expansion Project") was terminated during the financial year. Accordingly, management engaged an external valuer to ascertain the salvage value of the Expansion Project, based on the repossession value using the depreciated replacement cost approach. The market value of the Expansion Project, in the existing state, was valued at $23,369,000 ("Salvage Value"), taking into consideration of the current cost of replacement of the building and its improvements, less deductions for physical deterioration, obsolescence and optimisation. The Expansion Project has been written down to the Salvage Value and an impairment of $140,736,000 was charged to the consolidated profit and loss statement.

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment assessment of existing IDC Centre (Phase 1)

The Group, which has only 1 sole operating subsidiary, Guiyang Tech, reported net loss before tax of $166,373,000 for the financial year ended 30 June 2022. The utilisation rate of Guiyang Tech's existing hosting capacity is less than 50% since commencement and certain secured contracts have been delayed in terms of capacity requirement and timing.

Accordingly, as at reporting date, the Group performed an impairment test for Guiyang Tech's non-current assets attributable to Phase 1, which includes property, plant equipment of $23,711,000 and right-of-use asset of $17,664,000 (Note 5). As at 30 June 2022, the total carrying amount, subject to impairment test, amounted to $41,375,000 ("Assets"). Management concluded that no impairment is required as the total recoverable amount of these Assets, based on the value-in-use ("VIU") computation, was higher than the total carrying amount of the Assets as at 30 June 2022.

The key assumption used in the VIU computation are as follow:

	Group	
	2022	2021
Average utilisation rate	**Phase I only**	**Phase I & II**
- Year 1 (2021: Year 1 to 2)	45%	61%
- Year 2 onwards (2021: Year 3 to 6)	100%	94%
Average selling price		
- Government sector	Increase by 13%	Increase by 12%
- Private sector	Increase by 15%	Increase by 9%

Average utilisation rate

The utilisation rate is forecasted based on management's expectations of the utilisation of hosting capacity. Management forecasted an increase in the utilisation rate on the assumption that Guiyang Tech was able to secure new contracts from certain state-owned enterprises in the PRC and realise certain postponed orders from existing contracts, including a general improvement of the overall economic environment of the IDC sector in the PRC, achieving full utilisation of Phase I in Year 2 (2021: full utilisation of Phase I and Phase II by Year 6).

Average selling price

The growth rate of the selling price is forecasted based on current actual price and management's expectations based on historical trends.

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment assessment of existing IDC Centre– (Phase 1) - Continued

Sensitivity analysis

Management performed sensitivity analysis of the utilisation rate and discount rate as follow:

2022	Changes in rate	Effect on the value in use increase / (decrease)
		$'000
Utilisation rate	+10%	(1,731)
	-10%	(7,225)
Average growth rate of selling price	+1%	3,006
	-1%	(2,845)

5. RIGHT-OF-USE ASSET

	Leasehold Property
	$'000
Cost	
As at 1 July 2020	34,507
Decrease arising from reassessment of lease liabilities (Note 17)	(2,975)
Currency translation differences	3,359
As at 30 June 2021	34,891
As at 1 July 2021	34,891
Decrease arising from reassessment of lease liabilities (Note 17)	(8,961)
Currency translation differences	(882)
As at 30 June 2022	25,048
Accumulated depreciation	
As at 1 July 2020	2,546
Depreciation during the financial year	2,451
Currency translation differences	302
As at 30 June 2021	5,299

5. RIGHT-OF-USE ASSET (Continued)

	Leasehold Property
	$'000
Accumulated depreciation	
As at 1 July 2021	5,299
Depreciation during the financial year	2,289
Currency translation differences	(204)
As at 30 June 2022	7,384
Net carrying amount	
As at 30 June 2022	17,664
As at 30 June 2021	29,592

The right-of-use asset represents a leasehold property located at Guizhou province of the PRC. In May 2014, a subsidiary, Guiyang Tech entered into an operating lease agreement with the landlord, a state-owned enterprise, to lease the internet data centre ("IDC") premises for 20 years. As set out in the lease agreement, Guiyang Tech is entitled to a rental-free period since 2014 until receipt of notice from the landlord. The Group estimates future lease payments to the landlord, based on management's best estimates which are revised half-yearly. As at date of this report, the Group has not received payment notice from the landlord.

The Group is restricted from sub-leasing, operating the premises for other purposes. There are no other restrictions or covenants imposed by the lease contracts.

The corresponding lease liabilities is disclosed in Note 17.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	$'000	$'000
Unquoted equity shares, at cost	60,166	60,166
Accumulated impairment loss	(3,054)	(3,054)
	57,112	57,112

The cost of investment in subsidiaries relate entirely to Guiyang Tech as at 30 June 2022 and 30 June 2021.

A) Impairment assessment

On the basis that no impairment is required as the recoverable amount of Guiyang Tech's non-current assets, based on the value-in-use ("VIU") computation, was higher than the carrying amount as at 30 June 2022, management concluded that no additional impairment is required for the cost of investment in subsidiaries. The key assumptions used in the VIU computation are disclosed in Note 4.

6. INVESTMENT IN SUBSIDIARIES (Continued)

B) Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country / Region of incorporation and place of business	Proportion (%) of ownership interest	
			2022 %	2021 %
Held by the Company				
SinoCloud Investment Holdings Limited (i) (ii)	Investment holding	BVI, Hong Kong	100	100
Held by SinoCloud Investment Holdings Limited				
SinoCloud Group (HK) Limited (ii)	Management services	Hong Kong	100	100
SinoCloud Assets Management Company Limited (i) (ii)	Investment holding	BVI, Hong Kong	100	100
SinoCloud 01 Limited (i) (ii)	Investment holding	BVI, Hong Kong	100	100
Armarda International Inc (i) (ii)	Dormant	BVI, Hong Kong	100	100
Held by SinoCloud Assets Management Company Limited				
SinoCloud Asset Management Limited (ii)	Investment holding	Hong Kong	100	100
Zhong Yun Shi Dai Data Technology (Beijing) Co., Ltd. (中云时代数据科技(北京)有限公司) (ii)	Management services	PRC	100	100
Held by SinoCloud 01 Limited				
SinoCloud 01 (HK) Limited (ii)	Investment holding	Hong Kong	100	100
SinoCloud Data (Guiyang) Limited(ii)	Investment holding	PRC	100	100
Guiyang Zhongdian Gaoxin Digital Technologies Limited (“贵阳中电高新数据科技有限公司) (“Guiyang Tech”) (ii)	Internet data centre services	PRC	60	60

(i) Not required to be audited by law of the country / region of incorporation.
(ii) Audited by Crowe Horwath First Trust LLP for the purpose of expressing an opinion on the consolidated financial statements.

C) Interest in subsidiary with non-controlling interests

	Proportion (%) of ownership interest		Group	
	2022 %	2021 %	2022 $’000	2021 $’000
Guiyang Zhongdian Gaoxin Digital Technologies Limited	40	40	(77,130)	(16,001)

6. INVESTMENT IN SUBSIDIARIES (Continued)

C) Interest in subsidiary with non-controlling interests (Continued)

The summarised financial information below represents amounts of non-wholly owned subsidiary of the Group that has material non-controlling interests before intragroup eliminations:

	Guiyang Zhongdian Gaoxin Digital Technologies Limited	
	2022	2021
	$'000	$'000
Statement of Financial Position		
Current assets	9,045	25,296
Non-current assets	76,708	232,289
Current liabilities	(40,614)	(68,541)
Non-current liabilities	(56,768)	(68,611)
Net (liabilities) / assets	(11,629)	120,433
Statement of Profit and Loss		
Revenue	13,445	9,680
Other income	14,952	2,007
Expenses	(184,932)	(21,237)
Loss for the financial year	(156,535)	(9,550)
Loss attributable to owners of the company	(93,921)	(5,730)
Loss attributable to the non-controlling interests	(62,614)	(3,820)
Other Comprehensive Income		
Other comprehensive income attributable to owners of the company	2,230	5,242
Other comprehensive income attributable to non-controlling interests	1,485	3,280
Other comprehensive income for the financial year	3,715	8,522
Total Comprehensive Loss		
Total comprehensive loss attributable to owners of the company	(91,691)	(488)
Total comprehensive loss attributable to non-controlling interests	(61,129)	(540)
Total comprehensive loss for the financial year	(152,820)	(1,028)
Statement of Cash Flows		
Net cash inflow from operating activities	863	428
Net cash outflow from investing activities	(748)	(54)
Net cash outflow from financing activities	-	(586)
Net cash inflow / (outflow)	115	(212)

7. INVESTMENT IN ASSOCIATE

Details of the Group's associate is as follows:

Name of associate	Principal activities	Country / Region of incorporation and place of business	Proportion of the Group's effective interest (%)	
			2022	2021
			%	%
Held by the Company				
China Satellite Mobile Communications Group Limited ("CSMCG") (i)(ii)	Dormant	BVI, Hong Kong	45	45

(i) Not required to be audited by law of the country / region of incorporation of the Group.
(ii) Reviewed by Crowe Horwath First Trust LLP for the purpose of expressing an opinion on the consolidated financial statements.

The summarised unaudited financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows.

	China Satellite Mobile Communications Group Limited	
	2022	2021
	$'000	$'000
Current assets	1	11
Current liabilities	36,826	36,836
Revenue	-	-
Total comprehensive loss for the financial year	-	232

7. INVESTMENT IN ASSOCIATE (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associate recognised in the consolidated financial statements:

	Group	
	2022	2021
	$'000	$'000
Net liabilities	(36,825)	(36,825)
Proportion of the Group's ownership interest	45%	45%
Share of net liabilities	(16,468)	(16,468)
Goodwill on acquisition	158,750	158,750
Impairment loss	(142,282)	(142,282)
	-	-

The associate has remained dormant since the financial year ended 31 March 2018, the Group has not recognised losses relating to CSMCG, where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $104,000, of which $104,000 was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

8. DEFERRED TAX ASSETS

The components and movement of deferred tax assets during the financial year prior to offsetting are as follows:

Deferred tax assets	At beginning of the financial year	Recognised in profit or loss	Currency translation differences	At end of the financial year
	$'000	$'000	$'000	$'000
<u>30 June 2022</u>				
Net difference between net carrying amount of property, plant and equipment and their tax base	(1,053)	-	-	(1,053)
Capitalised expenditures	(1,997)	-	-	(1,997)
Allowance for impairment	11,092	-	-	11,092
Unused tax losses	2,488	-	-	2,488
Other adjustment	1,436	-	-	1,436
	11,966	-	-	11,966

8. DEFERRED TAX ASSETS (Continued)

Deferred tax assets	At beginning of the financial year	Recognised in profit or loss	Currency translation differences	At end of the financial year
	$'000	$'000	$'000	$'000
30 June 2021				
Net difference between net carrying amount of property, plant and equipment and their tax base	(762)	(213)	(78)	(1,053)
Capitalised expenditures	(1,389)	(462)	(146)	(1,997)
Allowance for impairment	10,215	(115)	992	11,092
Provision for warranty	121	(128)	7	-
Unused tax losses	-	2,433	55	2,488
Other adjustment	-	1,403	33	1,436
	8,185	2,918	863	11,966

Unused tax losses

The PRC subsidiaries have tax losses of approximately $12,001,000 (2021: $9,952,000) that is available for offset against its future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of tax legislation. These tax losses expire by end of 5 years from the losses recorded.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. The amount of taxation for which no deferred tax assets are recognised amounted to $2,049,000. The board of directors assessed that no deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables				
- Third parties	20,973	18,275	-	-
- A related party	5,923	6,427	-	-
Less: Expected credit losses (Note 38(iii))	(25,304)	(24,028)	-	-
	1,592	674	-	-
Other receivables	3,220	2,743	-	-
Refundable deposits	110	38	-	-
Due from a related party (non-trade) (i)	4,099	63	-	-
	9,021	3,518	-	-
Prepayments (ii)	131	20,806	81	110
	9,152	24,324	81	110

9. TRADE AND OTHER RECEIVABLES (Continued)

(i) Due from a related party (non-trade)

The amount due from a related party represents a company controlled by a key management personnel and a substantial shareholder of the Group. This non-trade balance is interest-free, unsecured and repayable on demand.

(ii) Prepayments

Prepayments of $Nil (2021: $20,257,000) relate to construction in progress of the development and construction of Phase II and Call Centre (collectively, "Expansion Project"). The amount as at the reporting date is stated after impairment loss of $20,665,000 (2021: $240,000) due to the termination of the Expansion Project (2021: cessation of business of 1 contractor).

10. AMOUNT DUE FROM SUBSIDIARIES (NON-TRADE)

	Company	
	2022	2021
	$'000	$'000
Non-current		
Due from subsidiaries	215,988	226,811
Less: Expected credit losses (1) (2) (Note 37(iii))	(215,988)	(226,811)
	-	-

Amounts due from subsidiaries that are not expected to be realised within twelve months after the reporting period are classified as non-current. These amounts are interest-free, unsecured and do not have fixed terms of repayment.

(1) Expected credit losses recognised are based on the assumption that the repayment of the amount is not likely, if demanded at the reporting date. As at 30 June 2022, Guiyang Tech is in a net current liability position of $31,569,000 (2021: $43,245,000) and has significant difficulties to make repayments.

(2) Expected credit losses recognised are based on the assumption that the repayment of the amount is not likely, if demanded at the reporting date. As at the reporting date, Sinocloud Group (HK) Ltd ("SGHK") is in a net current liability position of $6,823,000 (2021: $10,956,000) and has significant difficulties to make repayments.

As at reporting date and based on management's future forecasts in the short to medium term, the subsidiaries do not have accessible highly liquid assets and are not expected to generate sufficient net cash inflows for repayments. Accordingly, the amounts due from subsidiaries are assessed to be credit-impaired (Stage 3) and, correspondingly, the amounts due from subsidiaries are fully impaired.

11. AMOUNT DUE FROM ASSOCIATE (NON-TRADE)

	Group	
	2022	2021
	$'000	$'000
Due from associate	22,549	22,549
Less: Expected credit losses (Note 37 (iii))	(22,549)	(22,549)
	-	-

During the previous financial year, there is a reversal of impairment loss on amount due from associate amounting to $170,000 charged to profit or loss as disclosed in Note 27.

12. DERIVATIVE ASSET

	Group and Company	
	2022	2021
	$'000	$'000
Redemption option – FVTPL	1,733	4,933

As disclosed in Note 16, the redemption option relates to the Company's right, at any time within the period commencing from the issuance of the Bond to maturity, to redeem the Bond at 100% of the Nominal Value, together with interests accumulated to date. The Company measures the redemption option at fair value, using the trinomial tree option pricing model to value the redemption option. Increase in fair value since inception is included in "Other income" (Note 29) while decrease in fair value during the year is included in "Fair value loss on derivative asset".

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current				
Trade payables	424	8,365	-	-
Other payables (i)	13,305	13,023	1,176	1,241
Accruals	13,176	16,726	1,072	646
Amount due to directors (non-trade) (ii)	414	165	414	-
Amount due to related parties (non-trade) (iii)	2,987	1,200	4,262	-
	30,306	39,479	6,924	1,887
Non-current				
Amount due to a director (non-trade) (iv)	-	-	-	-
	30,306	39,479	6,924	1,887

13. TRADE AND OTHER PAYABLES (Continued)

(i) Other payables consist of construction costs for the IDC Centre amounting to approximately $1,530,000 (2021: $1,570,000), interest payable on Bond of $914,000 (2021: $921,000), interest payable on loans of $173,000 (2021: $250,000) and salary payable to employees of $567,000 (2021: $81,000).

(ii) Amount due to directors (non-trade) pertains to remuneration due to directors / former directors of the Company. These non-trade balances are interest-free, unsecured and repayable and.

(iii) Amount due to related parties (non-trade) pertains to balances due to substantial shareholder and key management personnel of Guiyang Tech (2021: key management personnel of Guiyang Tech) and companies controlled by key management personnel. These balances are interest-free, unsecured and repayable on demand.

(iv) Amount due to directors of the Company (non-trade) is interest-free, unsecured and repayable on demand.

Reconciliation of liabilities arising from financing activities

			Non-cash changes		
2022	As at 1 July 2021	Financing cash flows	Waiver of liabilities	Others	As at 30 June 2022
	$'000	$'000	$'000	$'000	$'000
Amount due to directors (non-trade)					
- current	165	249	-	-	414
Amount due to related parties					
- current	1,200	1,787	-	-	2,987
	1,365	2,036	-	-	3,401

			Non-cash changes		
2021	As at 1 July 2020	Financing cash flows	Waiver of liabilities	Others*	As at 30 June 2021
	$'000	$'000	$'000	$'000	$'000
Amount due to directors (non-trade)					
- current	1,156	(271)	(720)	-	165
- non-current	2,405	-	-	(2,405)	-
Amount due to related parties					
- current	4,333	(3,133)	-	-	1,200
	7,894	(3,404)	(720)	(2,405)	1,365

* Settlement of amount owing to directors amounting to $2,405,000 via set-off with the proceeds from issuance of Bond (Note 16).

14. PROVISION FOR WARRANTY

	Group 2022 $'000	Group 2021 $'000
At beginning of the financial year	-	807
Reversal (Note 29)	-	(866)
Currency translation differences	-	59
At end of the financial year	-	-

The provision for warranty on sale of equipment was reversed upon the lapse of warranty period of 3 years.

15. BORROWINGS

	Interest rate	Due within 1 year $'000	Due after 1 year but less than 5 years $'000	Total $'000
Group				
2022				
Loan 1 (Unsecured) – Fixed rate	7.20%	4,671	-	4,671
Loan 2 (Unsecured) – Fixed rate	6.00%	-	300	300
Loan 3 (Unsecured) – Fixed rate	6.00%	-	550	550
Loan 4 (Unsecured) – Fixed rate	6.00%	-	1,500	1,500
Loan 5 (Unsecured) – Fixed rate	6.00%	-	1,000	1,000
Loan 6 (Unsecured) – Fixed rate	10.00%	-	200	200
Loan 7 (Unsecured) – Fixed rate	10.00%	-	305	305
Loan 8 (Unsecured) – Fixed rate	10.00%	-	201	201
Loan 9 (Unsecured) – Fixed rate	10.00%	-	248	248
Loan 10 (Unsecured) – Fixed rate	10.00%	-	180	180
Loan 11 (Unsecured) – Fixed rate	10.00%	-	100	100
		4,671	4,584	9,255
2021				
Loan 1 (Unsecured) – Fixed rate	7.20%	2,402	2,390	4,792

Company

2022 and 2021

Nil

Loan 1

This loan was obtained by Guiyang Tech from a PRC bank to finance its working capital and is guaranteed by a key management personnel of Guiyang Tech and his controlled entity ("Guarantors"). The loan is repayable on a half-yearly basis, commencing in September 2021, and is expected to be fully settled in March 2023. Guiyang Tech has defaulted on its loan repayments as specified in the bank loan agreement. Management represents that the bank is willing to accept full repayment of Loan 1 upon maturity in March 2023 or roll over the facility for two more years to March 2025, and that the Guarantors will make full repayment on behalf of Guiyang Tech, in the event that the bank requests for immediate repayment.

15. BORROWINGS (Continued)

Loan 2 to Loan 6

The loans are due to a substantial shareholder of the Company ("Shareholder A"). The loans are unsecured, interest bearing at 6% per annum and repayable in two years after 3 business days of drawdown date.

Loan 7 to Loan 11

The loans, due to Shareholder A, are unsecured, interest bearing at 10% per annum and are repayable from 12 months to 18 months from drawdown date.

Reconciliation of liabilities arising from financing activities

2022	As at 1 July 2021	Financing cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Others*	As at 30 June 2022
	$'000	$'000	$'000	$'000	$'000
Loans					
- current	2,402	-	(121)	2,390	4,671
- non-current	2,390	4,584	-	(2,390)	4,584
	4,792	4,584	(121)	-	9,255

2021	As at 1 July 2020	Financing cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Reclassification from loans to Bond	As at 30 June 2021
	$'000	$'000	$'000	$'000	$'000
Loans					
- current	8,008	(5,606)	-	-	2,402
- non-current	20,960	2,226	464	(21,260)	2,390
	28,968	(3,380)	464	(21,260)	4,792

* Others relates to the reclassification of the non-current portion of the liabilities due to passage of time based on the maturity dates.

16. REDEEMABLE CONVERTIBLE BOND

	Group and Company	
	2022	2021
	$'000	$'000
Liability component on initial recognition	28,539	28,539
Redemption (Note A)	(7,000)	(7,000)
Liability component subsequent to redemption	21,539	21,539
Accumulated amortisation of interest expense	4,463	2,035
Accrued coupon interest included in other payables	(2,364)	(921)
Liability component as at financial year end	23,638	22,653

On 7 October 2020, the Company issued a redeemable convertible bond ("Bond") to Shareholder A at 6% interest per annum (effective interest rate: 10.24% per annum), denominated in Hong Kong dollars, amounting to $31,060,000 ("Nominal Value"). Interest is repayable quarterly or on a deferred basis up to the maturity date. Bond is repayable two years from the issue date at the Nominal Value, together with interests, or conversion into shares of the Company at the holder's option at any time after three months from the issue date until the maturity date at an agreed conversion rate of S$ 0.0011 per ordinary share (equivalent to $0.00616 at a fixed exchange rate). The Company has the right, at any time within the period commencing from the issuance of Bond to maturity, to redeem Bond at 100% of the Nominal Value, together with interests accumulated to date.

Note A
In year 2021, the Company exercised its redemption right and completed a partial redemption of $7,000,000 subsequent to the issuance of Bond.

Reconciliation of cash inflow from issuance of Bond:

	At inception
	$'000
Nominal Value of Bond	31,060
Repayment by way of set-off of the following liabilities:	
- Loan (Note 15)	(21,260)
- Amount due to a director (Note 13)	(2,405)
- Accumulated interests payable of the Group's loans	(2,395)
Cash inflow arising from issuance of Bond	5,000
Represented by:	
Liability component on initial recognition, at fair value	28,539
Derivative financial instrument on initial recognition, at fair value	(4,743)
Equity conversion option on initial recognition (residual) (Note 24)	7,264
Nominal Value of Bond	31,060

At inception, the fair value of the liability component is determined using a market interest rate for an equivalent non-convertible bond. Management carried out an independent valuation of the redemption feature at inception. The residual amount, representing the value of the equity conversion component, is recognised accordingly.

16. REDEEMABLE CONVERTIBLE BOND (Continued)

Reconciliation of liabilities arising from financing activities

2022	As at 1 July 2021	Financing cash flows	Accretion of interest	As at 30 June 2022
	$'000	$'000	$'000	$'000
Redeemable convertible bond				
- non-current	22,653	(1,443)	2,428	23,638

2021	As at 1 July 2020	Financing cash inflows	Financing cash outflows	Accretion of interest	Reclassification from loans / amount due to director to bond	As at 30 June 2021
	$'000	$'000	$'000	$'000	$'000	$'000
Redeemable convertible bond						
- non-current	-	5,000	(7,000)	(2,035)	26,688	22,653

17. LEASE LIABILITIES

	Group	
	2022	2021
	$'000	$'000
Lease liabilities		
- Non-current	56,768	63,818

In May 2014, a subsidiary, Guiyang Tech, entered into operating lease agreement with the landlord, a state-owned enterprise, to lease the IDC premises for 20 years. As set out in the lease agreement, rental charges for the first 10 years are fixed ("Fixed Rent") and rental charges for 11th year and beyond will be based on prevailing market rent and subject to mutual agreement ("Revised Rent"). In principle, the Revised Rent shall be no more than 50% higher than the Fixed Rent. In addition, Guiyang Tech is also entitled to a rental-free period since 2014 until receipt of notice from the landlord. The Group recognises right-of-use asset (Note 5) and corresponding lease liabilities according to IFRS16, based on management's best estimates which are revised half-yearly. As at 30 June 2022, management has yet to receive notice and expects the rent-free period to continue until 30 June 2023 (2021: 31 March 2022) onwards.

The lease expenses amounting to $192,000 (2021: $181,000) recognised in the profit or loss (Note 30) during the year represents low value asset lease contracts.

Other than above mentioned, there is no potential exposure of future cash flows that are not included in lease liabilities as at 30 June 2022.

17. LEASE LIABILITIES (Continued)

Reconciliation of liabilities arising from financing activities

2022	As at 1 July 2021	Financing cash flows	Non-cash changes: Accretion of interest	Non-cash changes: Lease reassessment	Non-cash changes: Foreign exchange movement	As at 30 June 2022
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities						
- non-current	63,818	-	4,747	(8,961)	(2,836)	56,768

2021	As at 1 July 2020	Financing cash flows	Non-cash changes: Accretion of interest	Non-cash changes: Lease reassessment	Non-cash changes: Foreign exchange movement	As at 30 June 2021
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities						
- non-current	57,006	-	4,145	(2,975)	5,642	63,818

18. SHARE CAPITAL

	Company			
	2022		2021	
Group and Company	Number of ordinary shares of $0.001 each	$'000	Number of ordinary shares of $0.001 each	$'000
Authorised				
At beginning and end of the financial year	100,000,000,000	100,000	100,000,000,000	100,000
Issued and fully paid				
At beginning of the financial year	15,878,070,617	15,878	14,310,670,617	14,311
Issuance during the year	-	-	1,567,400,000	1,567
At end of the financial year	15,878,070,617	15,878	15,878,070,617	15,878

The ordinary shares of the Company carry par value of $0.001 each. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

On 11 January 2021, the Company completed a share placement exercise to 2 individuals by issuing 1,567,400,000 ordinary shares for S$0.0011 each in cash for a total consideration of $ 9,916,000 with a resulting share premium of $8,349,000 (Note 19). The newly issued shares rank pari passu in all respects with previously issued shares. All issued ordinary shares are fully paid.

19. SHARE PREMIUM

	Company	
	2022	2021
	$'000	$'000
At beginning of the financial year	481,352	473,003
Issuance during the year	-	8,349
At end of the financial year	481,352	481,352

20. CONTRIBUTED SURPLUS

	Group and Company	
	2022	2021
	$'000	$'000
Capital Reorganisation 2010 (i)		
At beginning and end of the financial year	43,348	43,348
Capital Reorganisation 2015 (ii)		
At beginning and end of the financial year	(26,892)	(26,892)
Total contributed surplus	16,456	16,456

(i) Capital Reorganisation 2010

By a special resolution passed on 30 April 2010, the authorised share capital of the Company was changed from 900,000,000 shares at par value of $0.20 each to 3,600,000,000 shares at par value of $0.05 each. The issued and paid up share capital of the Company was reduced from $112,928,000 (564,640,474 shares at par value of $0.20 each) to $28,232,000 (564,640,474 shares at par value of $0.05 each). As a result of the capital reduction, the difference of $84,696,000 arising from the capital reorganisation was credited to the contributed surplus account of which $41,348,000 was utilised in 2010 to set off against the accumulated losses.

(ii) Capital Reorganisation 2015

By a special resolution passed on 7 November 2014, the authorised share capital of the Company was changed from 10,000,000,000 shares of par value of $0.05 each to 100,000,000,000 shares of par value of $0.001 each. The issued and paid up share capital of the Company was reduced from $263,476,000 (5,269,523,474 shares at par value of $0.05 each) to $5,270,000 (5,269,523,474 shares at par value of $0.001 each). As a result of the capital reduction, the difference of $258,206,000 arising from the capital reorganisation was credited to the contributed surplus account, resulting in a total amount of $301,554,000 in the contributed surplus account, of which approximately $285,098,000 was utilised to set off against accumulated losses.

21. TRANSLATION RESERVE

	Group	
	2022	2021
	$'000	$'000
At beginning of the financial year	4,243	(4,782)
Currency translation difference	2,730	12,305
Less: Non-controlling interests	(1,485)	(3,280)
At end of the financial year	5,488	4,243

22. STATUTORY RESERVE

	Group	
	2022	2021
	$'000	$'000
At beginning and end of the financial year	7,066	7,066

In accordance with the Company Law applicable to the subsidiaries in the PRC, the subsidiaries are required to make an appropriation to a statutory reserve ("SR"). At least 10% (2021: 10%) of the statutory after-tax profits, as determined in accordance with the applicable PRC accounting standards and regulations, must be allocated to the SR.

If the cumulative total of the SR reaches 50% (2021: 50%) of the subsidiaries' registered capital, the subsidiaries will not be required to make any further appropriation. Subject to approval from the relevant PRC authorities, the SR may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SR is not available for dividend distribution to shareholders. The SR is non-distributable and the transfer to the SR must be made before the distribution of dividends to shareholders.

For the financial year ended 30 June 2022, the subsidiaries in the PRC are in loss-making positions and are accordingly, not required to make an appropriation to the SR.

23. REVALUATION RESERVE

	Group	
	2022	2021
	$'000	$'000
At beginning and end of the financial year	98	98

24. OTHER RESERVES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At beginning of the financial year	22,384	15,120	-	-
Equity component of Bond (Note 16)	-	7,264	7,264	7,264
At end of the financial year	22,384	22,384	7,264	7,264

The reserves consist of equity reserve for the following:

a. The Group acquired additional equity interest of 19% in non-controlling interest of one of its indirect subsidiaries named SinoCloud 01 Limited in the financial year ended 31 March 2018. The transaction was completed on 6 October 2017 and become a wholly owned subsidiary of the Group; and

b. The equity component of the Bond (Note 16).

25. ACCUMULATED LOSSES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At beginning of the financial year	(409,052)	(396,296)	(483,335)	(468,528)
Loss for the financial year	(103,759)	(13,278)	(9,251)	(14,807)
Waiver of debts by a shareholder	-	522	-	-
At end of the financial year	(512,811)	(409,052)	(492,586)	(483,335)

26. REVENUE

(a) Disaggregation of revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major type of goods and services.

		Group	
		2022	2021
		$'000	$'000
Revenue from contracts with customers			
Revenue from data centre service	Over time	13,445	9,522
Other service fee	Over time	-	140
		13,445	9,662
Other revenue			
Operating lease income		-	18
		13,445	9,680

Contracts with customers are signed for contractual term of 12 to 24 months with fixed consideration, and are renewed or modified upon expiry, unless the contracts are terminated. Payment is typically due quarterly or half yearly when the service is provided. No upfront fee is received from customers.

All revenues are derived from PRC.

(b) Contract balances

Information about contract balances with customers is disclosed as follows:

	Group	
	2022	2021
	$'000	$'000
Trade receivables (Note 9)	1,592	674
Contract assets (i)	-	-
Contract liabilities (ii)	584	2,885

(i) Contract assets

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its business. The contract assets are transferred to trade receivables when the Group invoices the customer.

Management assessed that the gross balance of $41,632,000 (2021: $39,108,000) is credit-impaired and full ECL allowance has been made (Note 37(iii)).

26. REVENUE (Continued)

(b) Contract balances (Continued)

(ii) Contract liabilities

Contract liabilities are mainly advances received from customers.

The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in the contract liabilities during the financial period are as follows:

	Group	
	2022	2021
	$'000	$'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year	2,885	152

27. REVERSAL OF IMPAIRMENT LOSS OF FINANCIAL ASSETS AND CONTRACT ASSETS

	Group	
	2022	2021
	$'000	$'000
Reversal of impairment losses		
- Individual impaired under IFRS 9	(353)	(460)
- Amount due from associate (Note 11)	-	(170)
	(353)	(630)

28. EMPLOYEE BENEFIT EXPENSES

	Group	
	2022	2021
	$'000	$'000
Directors' fees	360	360
Salaries and allowances *	3,115	1,759
Contributions to defined contribution plans *	143	18
Other welfare and benefits	309	83
	3,927	2,220

* Employee benefit expenses include directors' remuneration as disclosed in Note 34.

29. OTHER INCOME

	Group	
	2022	2021
	$'000	$'000
Waiver of liabilities [(1)]	5,262	1,115
Reversal for impairment of prepayment	8,898	-
Waiver of debt from bandwidth supplier	551	-
Reversal of provision for warranty upon expiry (Note 14)	-	866
Fair value gain on derivative asset	-	191
Government grants [(2)]	-	53
Others	15	33
	14,726	2,258

[(1)] This includes the waiver of amounts due to directors in relation to salary of key management personnel, directors' salary and directors' fees amounting to $127,000 (2021: $720,000) as 5 (2021: 4) of the Group's key management personnel and directors have agreed to reduce their remuneration for prior years. In addition, other payables and accruals amounting to $5,135,000 (2021: $395,000) were waived by the counterparties during the financial year ended 30 June 2022.

[(2)] This related to Employment Support Scheme (ESS) introduced by the Hong Kong government to provide financial support to employers for retention of employees which represents cash grants for gross monthly wages of eligible employees.

30. OTHER EXPENSES

	Group	
	2022	2021
	$'000	$'000
Entertainment expenses	560	8
Legal and professional fees	1,110	1,651
Travelling expenses	-	140
Audit fees		
- auditors of the Company	955	859
- other auditors	-	116
Utilities	2,773	6,842
Purchase of equipment	2,114	-
Low value asset lease expenses	192	181
Bad debt written off	359	-
Others	394	1,558
	8,457	11,355

31. FINANCE COST

	Group	
	2022	2021
	$'000	$'000
Interest expense on		
- Redeemable convertible bonds	2,428	2,035
- Borrowings	527	1,808
- Lease liabilities (Note 17)	4,747	4,145
	7,702	7,988

32. INCOME TAX CREDIT

Major components of income tax credit for the financial year ended were:

	Group	
	2022	2021
	$'000	$'000
Current income tax		
- current year	-	-
Deferred tax (Note 8)		
- current year	-	(2,918)
	-	(2,918)

The reconciliation of the income tax credit and the product of accounting loss multiplied by the applicable rate is as follows:

	Group	
	2022	2021
	$'000	$'000
Loss before tax	(166,373)	(20,016)
Tax at the applicable tax rate of 16.5% (2021: 16.5%)	(27,452)	(3,303)
Tax effect of:		
- different tax rates in other countries	(12,708)	(940)
- losses incurred in tax free jurisdiction	1,537	1,203
- expenses non-deductible for tax purposes	40,248	746
- non-taxable income	(2,136)	(624)
- deferred tax assets not recognised	511	-
Tax credit	-	(2,918)

32. INCOME TAX CREDIT (Continued)

The Company was incorporated under the laws of Bermuda. It has received an undertaking from the Ministry of Finance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax Protection Act, 1966. This Act 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, at least until year 2035.

Hong Kong

The Group's profits derived in Hong Kong are subject to Hong Kong statutory tax at 16.5% (2021: 16.5%). No tax provision for Hong Kong profits was made, as there was no assessable profit derived in Hong Kong in the current and preceding years.

PRC

The subsidiaries in PRC are subject to corporate income tax of 25% (2021: 25%).

BVI

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

33. LOSS PER SHARE

(i) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year (Note 19):

	Group	
	2022	2021
Net loss attributable to equity holders of the Company ($'000)	(103,759)	(13,278)
Weighted average number of ordinary shares outstanding for basic loss per share for the financial year ('000)	15,878,071	15,094,371
Basic loss per share (cents)	(0.65)	(0.09)

(ii) Diluted loss per share

For the purpose of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. There are no dilutive potential ordinary shares issued and / or granted during the current financial year.

There have been no transactions involving ordinary shares or potential ordinary shares subsequent to reporting date and before the authorisation of these financial statements.

34. RELATED PARTY INFORMATION

Some of the arrangements with related parties (as defined in Note 3 above) and the effects of these bases determined between the parties are reflected elsewhere in this report. Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this Note. Details of transactions between the Group and other related parties are disclosed below.

	Group	
	2022	2021
	$'000	$'000
Payment on behalf of a related party *	5	4
Advances to a key management personnel	-	59
Advances from / (Repayment to) directors, net	677	(271)
Repayment to a related party *, net	(2,249)	(3,133)
Waiver of liabilities from directors	127	720
Waiver of debts from a shareholder	-	522

	Group	
	2022	2021
	$'000	$'000
Key management personnel compensation		
Directors of the Company		
- Salary and related costs	299	297
- Contribution to defined contribution plans	14	18
- Directors' fee	360	360
Other key management personnel		
- Salary and related costs	1,080	1,002
- Contribution to defined contribution plans	16	-
	1,769	1,677
Categories of total compensation:		
- Short-term employment benefits	1,739	1,659
- Post-employment benefits	30	18
	1,769	1,677

* Related parties pertain to companies controlled by a key management personnel of one of the subsidiaries for the Group.

The remuneration of directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. All directors of the Company and certain key employees of the Group are considered key management personnel.

35. COMMITMENTS

(i) Future capital expenditure

Capital expenditures contracted for at the reporting date but not recognised in the financial statements, are as follows:

	Group	
	2022	2021
	$'000	$'000
In respect of property, plant and equipment		
- less than one year	-	841
- later than one year but not later than two years	-	133,475
	-	134,316

(ii) Other contractual commitments

<u>As lessee</u>
The Group is committed to the following lease payments not included in lease liabilities:

	Group	
	2022	2021
	$'000	$'000
Short term leases	60	269

<u>As lessor</u>
The Group leases out servers under non-cancellable operating leases. The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables or contract assets are as follows:

	Group	
	2022	2021
	$'000	$'000
Future minimum lease receivables		
- Not later than 1 year	3,923	20
- Later than 1 year and not later than 5 years	372	90
	4,295	110

36. SEGMENT INFORMATION

The Group has 1 reportable segment, as described below, which is the Group's strategic business unit. The Group's chief operating decision maker ("CODM") reviews internal management reports on a quarterly basis. The following summary describes the operation in the Group's reportable segments:

- Internet data centre services: Provision of a high-performance internet data centre, cloud computing and big data services in the PRC.
- Other business operations include investment holding and is categorised as "All other segments".

Information regarding the results of each reportable segment is included below. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's CODM. All other segments' items include the followings:

- Expenses comprise mainly head office expenses.
- Assets comprise mainly other receivables and amount due from related parties.
- Liabilities comprise mainly borrowings, redeemable convertible bond, amount due to directors and salary and other head office expenses payables.

Business segments

2022	Internet data centre services	All other segments	Total
	$'000	$'000	$'000
Revenue from external parties	13,445	-	13,445
Segment loss	(151,434)	(7,237)	(158,671)
Finance costs			(7,702)
Loss before tax			(166,373)
Income tax credit			-
Loss for the financial year			(166,373)
Segment assets	69,690	6,089	75,779
Segment liabilities	84,269	36,644	120,913
Other segment items			
Depreciation of property, plant and equipment	5,556	-	5,556
Depreciation of right-of-use asset	2,289	-	2,289
Reversal / (Impairment loss) of:			
- financial assets and contract assets	353	-	353
- prepayment	(11,767)	-	(11,767)
- property, plant and equipment	(140,936)	-	(140,936)
Waiver of liabilities	5,686	127	5,813
Fair value loss on derivative asset	-	3,200	3,200

36. SEGMENT INFORMATION (Continued)

Business segments (Continued)

2021	Internet data centre services	All other segments	Total
	$'000	$'000	$'000
Revenue from external parties	9,680	-	9,680
Segment loss	(10,435)	(1,593)	(12,028)
Finance costs			(7,988)
Loss before tax			(20,016)
Income tax credit			2,918
Loss for the financial year			(17,098)
Segment assets	258,820	5,674	264,494
Segment liabilities	116,644	25,426	142,070
<u>Other segment items</u>			
Capital expenditure	54	-	54
Depreciation of property, plant and equipment	5,732	-	5,732
Depreciation of right-of-use asset	2,451	-	2,451
Reversal / (Impairment loss) of			
- financial assets and contract assets	630	-	630
- prepayment	(235)	-	(235)
Fair value gain on derivative asset	-	191	191
Oher income - waiver of liabilities	-	720	720
Reversal of provision for warranty	866	-	866

36. SEGMENT INFORMATION (Continued)

Information about major customers – Internet data centre services segment

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Group	
	2022	2021
	$'000	$'000
Customer A	4,116	3,935
Customer B	6,070	3,935
	10,186	7,870

Geographical information

The Group's two business segments operate in the following geographic areas:

- Hong Kong – The operations in this area include investment holding, treasury functions and provision of administrative and management services.
- PRC – The operations in this area are the provision of internet data centre service.

All the revenue and non-current assets are derived from and held by a subsidiary located in PRC.

37. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is the Group's policy not to trade in derivative contracts.

(i) Market risk

(a) Foreign exchange risk

The Group operates mainly in Hong Kong and PRC and the Group has transactional currency exposures arising from borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily with respect to Singapore dollar.

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Currently, the PRC government imposes control over foreign currencies. Chinese Renminbi, the official currency in the PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations mainly in China. The Group's net investments in China are not hedged as currency position in Chinese Renminbi are considered to be long term in nature.

Group **30 June 2022**	Hong Kong dollar	Chinese Renminbi	Singapore dollar	United States dollar	Total
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Trade and other receivables	111	8,910	-	-	9,021
Cash and bank balances	27	123	-	-	150
Derivative asset	1,733	-	-	-	1,733
	1,871	9,033	-	-	10,904
Financial liabilities					
Trade and other payables	2,419	26,944	943	-	30,306
Borrowings	-	9,255	-	-	9,255
Lease liabilities	-	56,768	-	-	56,768
Redeemable convertible bond	23,638	-	-	-	23,638
	26,057	92,967	943	-	119,967
Net financial liabilities	(24,186)	(83,934)	(943)	-	(109,063)
Less: Net financial liabilities denominated in the respective entities' functional currencies	24,186	83,934	-	-	108,120
Foreign currency exposure	-	-	(943)	-	(943)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) *Foreign exchange risk (Continued)*

Group 30 June 2021	Hong Kong dollar	Chinese Renminbi	Singapore dollar	United States dollar	Total
	$'000	$'000	$'000	$'000	$'000
<u>Financial assets</u>					
Trade and other receivables	179	3,339	-	-	3,518
Cash and bank balances	450	10	-	1	461
Derivative asset	4,933	-	-	-	4,933
	5,562	3,349	-	1	8,912
<u>Financial liabilities</u>					
Trade and other payables	1,796	37,621	62	-	39,479
Borrowings	-	4,792	-	-	4,792
Lease liabilities	-	63,818	-	-	63,818
Redeemable convertible bond	22,653	-	-	-	22,653
	24,449	106,231	62	-	130,742
Net financial (liabilities) / assets	(18,887)	(102,882)	(62)	1	(121,830)
Less: Net financial liabilities denominated in the respective entities' functional currencies	18,887	102,882	-	-	121,769
Foreign currency exposure	-	-	(62)	1	(61)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company **30 June 2022**	Hong Kong dollar	Singapore dollar	Total
	$'000	$'000	$'000
Financial assets			
Derivative asset	1,733	-	1,733
Financial liabilities			
Trade and other payables	5,981	943	6,924
Redeemable convertible bond	23,638	-	23,638
	29,619	943	30,562
Net financial liabilities	(27,886)	(943)	(28,829)
Less: Net financial liabilities denominated in the Company's functional currency	27,886	-	27,886
Foreign currency exposure	-	(943)	(943)

Company **30 June 2021**	Hong Kong dollar	Singapore dollar	Total
	$'000	$'000	$'000
Financial assets			
Derivative asset	4,933	-	4,933
Financial liabilities			
Trade and other payables	1,825	62	1,887
Redeemable convertible bond	22,653	-	22,653
	24,478	62	24,540
Net financial liabilities	(19,545)	(62)	(19,607)
Less: Net financial liabilities denominated in the Company's functional currency	19,545	-	19,545
Foreign currency exposure	-	(62)	(62)

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit/loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(b) Interest rate risk

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 30 June 2022, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Other than the cash and bank balances, borrowings, and lease liabilities, the Group and the Company do not have financial instruments exposed to interest rate risk as at 30 June 2022. The Group adopts a policy of ensuring that over 90% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. The Group's finance lease obligations are on fixed rate basis for the financial year presented.

The following table sets out the carrying amount, of the Group's financial instruments, that are interest bearing:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Later than 5 years – fixed rates				
Financial liabilities				
Lease liabilities (Note 17)	47,055	53,406	-	-
Between 2 to 5 years – fixed rates				
Financial liabilities				
Borrowings (Note 15)	4,584	2,390	-	-
Lease liabilities (Note 17)	9,713	10,412	-	-
Redeemable convertible bond (Note 16)	-	22,653	-	22,653
Within 1 year – fixed rates				
Financial liabilities				
Borrowings (Note 15)	4,671	2,402	-	-
Redeemable convertible bond (Note 16)	23,638	-	23,638	-
Within 1 year – floating rates				
Financial assets				
Cash and bank balances	150	461	-	-

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(b) Interest rate risk (Continued)

Interest in financial instruments subject to floating interest rates is repriced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

As the impact of changes in interest rates on the Group's floating rate financial instruments is minimal, sensitivity analysis is not being prepared.

(ii) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Management monitors rolling forecasts of the Group's and the Company's liquidity reserve, cash and bank balances on the basis of expected cash flows.

As at 30 June 2022, the Group has cash and bank balances deposited with banks in the PRC denominated in RMB amounting to $123,000 (equivalent to RMB 105,000) (2021: $10,000 (equivalent to RMB 9,000)). The RMB is not freely convertible into other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of settlement, sale and payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct currency exchange business.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay.

Group	On demand or not later than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
2022					
Non-derivative instruments					
Trade and other payables	4,136	14,013	12,157	-	30,306
Borrowings	4,965	4,698	-	-	9,663
Redeemable convertible bond	24,637	-	-	-	24,637
Lease liabilities	-	4,308	25,850	60,318	90,476
	33,738	23,019	38,007	60,318	155,082

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk (Continued)

Group	On demand or not later than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
2021					
Non-derivative instruments					
Trade and other payables	23,065	16,414	-	-	39,479
Borrowings	2,689	2,519	-	-	5,208
Redeemable convertible bond	-	27,002	-	-	27,002
Lease liabilities	4,420	8,840	26,521	64,092	103,873
	30,174	54,775	26,521	64,092	175,562

Company	On demand or not later than 1 year	Between 1 and 2 years	Total
	$'000	$'000	$'000
2022			
Non-derivative instruments			
Trade and other payables	6,924	-	6,924
Redeemable convertible bond	24,637	-	24,637
	31,561	-	31,561
2021			
Non-derivative instruments			
Trade and other payables	1,887	-	1,887
Redeemable convertible bond	-	27,002	27,002
	1,887	27,002	28,889

(iii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The carrying amounts of contract assets, trade and other receivables, and cash and bank balances, represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Cash and bank balances are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's trade receivables are non-interest bearing and are generally on 30 days (2021: 30 days) term.

The Group's major concentration of credit risk relates to the amounts owing by 2 customers (2021: 2 customer) which constituted approximately 100% (2021: 97%) of its trade receivables (including related parties) at the end of the reporting period.

The Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the statement of financial position.

The credit risk for trade receivables, contract assets and other receivables (excluding prepayments), net of allowance for impairment loss, based on the information provided to key management is as follows:

	Group	
	2022	2021
	$'000	$'000
By geographical areas		
- Hong Kong	111	142
- People's Republic of China	8,910	3,376
	9,021	3,518

Expected Credit Losses

The Group manages credit losses based on Expected Credit Losses (ECL) model.

(A) Trade receivables, contract assets and amount due from associate

The Group's exposure to credit risk from trade receivables and contract assets are linked to the individual characteristics of each customer, and also influenced by the default risk specific to the industry brought about by the general economic condition.

The Group uses qualitative and quantitative information like historical credit loss experience, profile of customers and historical repayment trends and adjusted with forward-looking factors, to assess ECL for individual customers / counterparties.

A summary of the Group's exposures to credit risk for trade receivables, contract assets and amount due from associate is as follows:

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(A) Trade receivables, contract assets and amount due from associate (Continued)

Group	Gross carrying amount					
	Trade receivables	Contract assets	Total	Probability of default rate	ECL allowance	Total
	$'000	$'000	$'000	%	$'000	$'000
30 June 2022						
Trade						
Major customers (credit impaired)						
- Customer A	7,493	37,868	45,361	100	(45,361)	-
- Customer B (related party)	5,923	3,764	9,687	100	(9,687)	-
- Customer C	6,249	-	6,249	100	(6,249)	-
- Customer D	3,415	-	3,415	100	(3,415)	-
Other customers	3,816	-	3,816	58	(2,224)	1,592
	26,896	41,632	68,528		(66,936)	1,592
Non-trade						
Amount due from associate			22,549	100	(22,549)	-
			91,077		(89,485)	1,592
30 June 2021						
Trade						
Major customers (credit impaired)						
- Customer A	7,687	35,247	42,934	100	(42,934)	-
- Customer B (related party)	6,427	3,861	10,288	100	(10,288)	-
- Customer C	6,411	-	6,411	100	(6,411)	-
- Customer D	3,503	-	3,503	100	(3,503)	-
Other customers	674	-	674	-	-	674
	24,702	39,108	63,810		(63,136)	674
Non-trade						
Amount due from associate			22,549	100	(22,549)	-
			86,359		(85,685)	674

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(A) Trade receivables, contract assets and amount due from associate (Continued)

Customer A

In June 2019, the Group entered into a repayment plan with the Customer A to settle the total balance due from this customer of $45,361,000 (2021: $42,934,000), comprise of trade receivables of $7,493,000 (2021: 7,687,000) and contract assets of $37,868,000 (2021: 35,247,000) by 30 June 2020 ("Repayment Agreement"). Due to the negative impact of COVID-19 and financial difficulties suffered by Customer A, Customer A defaulted on the repayment schedule since February 2020. As of date of this report, there are no receipts from this customer subsequent to year end, and the Group is in the process of negotiating a revised repayment schedule and has not reached an agreement with Customer A. Accordingly, management provided full impairment on the credit impaired balances due from Customer A amounting to $45,361,000 (2021: $42,934,000) as at 30 June 2022.

Customer B

As at 30 June 2022 and date of this report, balance due from Customer B, a related party, amounted to $9,678,000 (2021: $10,288,000), comprise of trade receivables of $5,923,000 (2021: $6,427,000) and contract assets of $3,764,000 (2021: $3,861,000). In March 2020, as a result of COVID-19 impact, the Group entered into a termination contract and ended the Group's Internet data centre services on 31 March 2020. The progress of recovery is unsatisfactory and the Group and Customer B have yet to agree on a definite date for repayment. Consequently, management provided full impairment on the credit impaired balances due from Customer B amounting to $9,687,000 (2021: $10,288,000) as at 30 June 2022. There is minimal repayment from Customer B during the year and as of date of this report, there are no receipts from this customer subsequent to year end.

Customer C and Customer D

Both Customer C and Customer D have exceeded historical collection trend and failed to engage in repayment plans with the Group. There is minimal repayment from Customer C during the year and as of date of this report, there are no receipts from these customers subsequent to year end.

Other customers

Other customers represent customers which have exceeded historical collection trend and failed to engage in repayment plans with the Group. There are no receipts from two of the other customers during and subsequent to financial year end.

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(A) Trade receivables, contract assets and amount due from associate (Continued)

The movement of the ECL on trade receivables, contract assets and amount due from associate are as follows:

	Group		
	Individual impairment - Not credit impaired $'000	Individual impairment - Credit impaired $'000	Total $'000
As at 1 July 2020	-	80,684	80,684
ECL allowance recognised during the financial year			
- reversal due to collection	-	(630)	(630)
Currency translation differences	-	5,631	5,631
As at 30 June 2021	-	85,685	85,685
As at 1 July 2021	-	85,685	85,685
ECL allowance recognised during the financial year			
- bad debt written off	-	(359)	(359)
- reversal due to collection	-	(353)	(353)
Currency translation differences	-	4,512	4,512
As at 30 June 2022	-	89,485	89,485
<u>Allowance for impairment loss consist of:</u>			
- trade receivables (Note 9)	-	24,028	24,028
- amount due from associate (Note 11)	-	22,549	22,549
- contract assets (Note 26)	-	39,108	39,108
As at 30 June 2021	-	85,685	85,685
- trade receivables (Note 9)	-	25,304	25,304
- amount due from associate (Note 11)	-	22,549	22,549
- contract assets (Note 26)	-	41,632	41,632
As at 30 June 2022	-	89,485	89,485

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Expected Credit Losses (Continued)

(B) Amount due from subsidiaries

The table below details the credit quality of the amount due from subsidiaries of the Company:

Company	Stage 2 / Stage 3 ECL	Gross carrying amount	Loss allowance	Net carrying amount
		$'000	$'000	$'000
2022				
Amount due from Guiyang Tech and its intermediate holding companies	Stage 3	200,571	(200,571)	-
Amount due from other subsidiaries	Stage 3	15,417	(15,417)	-
		215,988	(215,988)	-
2021				
Amount due from Guiyang Tech and its intermediate holding companies	Stage 3	200,571	(200,571)	-
Amount due from other subsidiaries	Stage 3	26,240	(26,240)	-
		226,811	(226,811)	-

Due to significant deterioration of financial performance and / or net current liabilities position, the amounts due from all subsidiaries are considered credit-impaired as at 30 June 2022.

(C) Other receivables and cash and bank balances

Management assessed that other receivables and cash and bank balances have minimal credit risks and the ECL on these financial assets are insignificant for both 30 June 2022 and 30 June 2021.

37. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iv) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at amortised cost	9,171	3,979	-	-
Financial assets at FVTPL	1,733	4,933	1,733	4,933
	10,904	8,912	1,733	4,933
Financial liabilities				
Financial liabilities at amortised cost	119,967	130,742	30,562	24,540

Capital risk management policies and objectives

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowings, redeemable convertible bond and lease liabilities disclosed in Note 15, Note 16 and Note 17, net of cash and bank balances, and equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses as disclosed in Note 18 to Note 25. The Group's and Company's strategies, which were unchanged from 2021, are to maintain a strong capital base so as to maintain market confidence and to sustain future development of the business.

The Board of Directors reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debts.

Except as mentioned above and disclosed in Note 22, neither the Company nor any of the subsidiaries are subject to externally imposed capital requirements.

38. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

38. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table shows an analysis of financial instruments measured at fair value by the level of fair value hierarchy:

	Group and Company				Carrying
	Level 1	Level 2	Level 3	Total	Amount
	$'000	$'000	$'000	$'000	$'000
2022					
Financial assets:					
Recurring fair value					
Derivative asset (Note 12)	-	-	1,733	1,733	1,733
2021					
Financial assets:					
Recurring fair value					
Derivative asset (Note 12)	-	-	4,933	4,933	4,933

For financial instruments not measured at fair value, their carrying amount are a reasonable approximation of fair value.

There have been no transfers from Level 1 and Level 2 to Level 3 during the reporting period.

38. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value of financial instruments that are carried at fair value (Continued)

Fair value hierarchy (Continued)

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and make assumptions that are based on market conditions existing at each reporting date as follows:

Derivatives (Note 12): the redemption option is measured using the trinomial tree option pricing model to value the embedded derivatives, with and without the redemption option, and the difference of both amounts is attributed to the redemption option.

Where a valuation technique for the financial instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

Borrowing (Note 15) and non-listed convertible bonds (Note 16): Fair value is estimated by using a discounted cash flow model based on market incremental borrowing rate for similar types of borrowing arrangement at reporting date.

39. SIGNIFICANT SUBSEQUENT EVENT

a. On 30 September 2022, the Company proposed to undertake a share consolidation of every one hundred existing shares (“Proposed Share Consolidation”) in the capital of the Company held by the shareholders of the Company as at the record date to be determined by the Directors. As of that date, the Company further proposed renounceable non-underwritten rights issue of up to 79,390,353 new consolidated ordinary shares in the capital at a post consolidation issue price of S$0.05 for each rights share, on the basis of 1 right issue share for every 2 consolidated shares in the share capital of the Company. As of the report date, these proposals are pending approval of the Singapore Exchange.

b. On 18 November 2022, the Company entered into a supplementary agreement to the convertible bond agreement dated 7 October 2020 with a significant shareholder (“Shareholder A”) to extend the maturity date of the convertible bonds by a period of four months from 22 November 2022 to 22 March 2023 (“Extension Period”) and the conversion price to be changed from S$0.0011 to S$0.000825 for each conversion share. The amendments shall be conditional upon the approval of the shareholders of the Company. In addition, the amendment to the conversion price shall be conditional upon the completion of the Proposed Share Consolidation, as announced by the Company on 30 September 2022. As of 18 November 2022, Shareholder A agreed to waive the interest payable under the convertible bond agreement during the Extension Period.

SHAREHOLDERS' INFORMATION

As at 24 November 2022

Share Capital

Authorised share capital	– HK$100,000,000
Issued and fully paid-up share capital	– HK$15,878,070.62
No. of ordinary shares (excluding treasury shares)	– 15,878,070,617
No. of treasury shares held	– Nil
No. of subsidiary holdings	– Nil
Class of shares	– Ordinary shares of HK$0.001 each
Voting rights	– On a show of hands: 1 vote for each shareholder
	– On a poll: 1 vote for each ordinary share

Percentage of Shareholdings in Hands of Public

Based on information available to the Company as at 24 November 2022, 58.19% of the issued ordinary shares of the Company were held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

Analysis of Shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	1	0.02	88	0.00
100 – 1,000	58	1.35	46,198	0.00
1,001 – 10,000	583	13.60	3,586,900	0.02
10,001 – 1,000,000	3,060	71.38	759,689,848	4.79
1,000,001 and above	585	13.65	15,114,747,583	95.19
	4,287	**100.00**	**15,878,070,617**	**100.00**

Top 20 Shareholders

No.	Name	No. of Shares	%
1	DBS Vickers Securities (S) Pte Ltd	5,566,178,802	35.06
2	Lim And Tan Securities Pte Ltd	2,396,246,732	15.09
3	Citibank Nominees Singapore Pte Ltd	900,995,200	5.67
4	Alternus Capital Holdings Limited	783,700,000	4.94
5	Phillip Securities Pte Ltd	315,849,434	1.99
6	Raffles Nominees (Pte) Limited	313,234,900	1.97
7	Zhang Dai	260,000,000	1.64
8	Qin Rupeng	217,500,000	1.37
9	Bi Wei Na	156,250,000	0.98
10	Maybank Securities Pte. Ltd.	138,526,200	0.87
11	Stephen Kang Yew Jin	100,500,000	0.63
12	Chan Wong Dora Wing May	100,000,000	0.63
13	Koh Wee Meng	90,000,000	0.57
14	UOB Kay Hian Pte Ltd	88,952,683	0.56
15	DBS Nominees Pte Ltd	86,555,951	0.55
16	Ong Puay Hoon Irene	85,900,000	0.54
17	Xu Yong	80,357,143	0.51
18	OCBC Securities Private Ltd	80,271,000	0.51
19	Low Poh Kuan	76,800,500	0.48
20	Xu Yu Chi	75,056,000	0.47
		11,912,874,545	**75.03**

SHAREHOLDERS' INFORMATION

As at 24 November 2022

Substantial Shareholders

	Direct Interest		Deemed Interest	
Name	No. of Shares	% of Issued Share Capital(1)	No. of Shares	% of Issued Share Capital(1)
Zhang Dai	3,697,557,250(2)	23.29	–	–
Lam Cho Ying Terence Joe	63,503,168	0.40	783,700,000(3)	4.94
Xu Hong Na	946,249,000(4)	5.96	–	–

Notes:
(1) Based on the Company's issued share capital of 15,878,070,617 shares as at 24 November 2022.
(2) Zhang Dai has a direct interest in 3,437,557,250 shares that are held under DBS Vickers Securities (S) Pte. Ltd.
(3) Lam Cho Ying Terence Joe is deemed to be interested in the 783,700,000 shares held by Alternus Capital Holdings Limited by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore.
(4) Xu Hong Na has a direct interest in the 946,249,000 shares that are held under DBS Vickers Securities (S) Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 Annual General Meeting of SinoCloud Group Limited (the "**Company**") will be held by way of electronic means (via LIVE WEBCAST and LIVE AUDIO STREAM) on Wednesday, 14 December 2022 at 10.30 a.m. (Singapore time) (the "**AGM**") to transact the following businesses:

As Ordinary Business

1 To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2022 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2 To re-elect Mr Wan Ngar Yin, David as a director of the Company ("**Director**"), who will retire by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws and who, being eligible, will offer himself for re-election as a Director.

See Explanatory Note (i) **(Resolution 2)**

3 To re-elect Mr Chau King Fai, Philip as a Director, who will retire by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws and who, being eligible, will offer himself for re-election as a Director.

See Explanatory Note (ii) **(Resolution 3)**

4 To approve the payment of Directors' fees of HK$360,000 for the financial year ending 30 June 2023, to be paid quarterly in arrears. (2022: HK$360,000) **(Resolution 4)**

5 To re-appoint Crowe Horwath First Trust LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6 To transact any other business that may be transacted at an Annual General Meeting of the Company.

As Special Business

7 To consider and if thought fit, pass the following as an ordinary resolution, with or without modifications:

Authority to allot and issue shares and make or grant instruments that might or would require shares to be issued with a sub-limit for non *pro rata* issues

"That pursuant to Rule 806(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the Directors to:

(a) (i) allot and issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution 6 may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority conferred by this Resolution 6 is in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution 6 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 6) does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution 6) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of passing this Resolution 6, after adjusting for:

   (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities outstanding at the time this Resolution 6 is passed;

   (b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards, provided that such share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

   (c) any subsequent bonus issue, consolidation or sub-division of Shares,

   adjustments in accordance with sub-paragraph 2(a) or 2(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution 6;

(3) in exercising the authority conferred by this Resolution 6, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act 1981 of Bermuda (as amended) and otherwise, and the Company's Bye-Laws for the time being; and

NOTICE OF ANNUAL GENERAL MEETING

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 6 shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution 6, until the issuance of such Shares in accordance with terms of the Instruments."

See Explanatory Note (iii) **(Resolution 6)**

8 To consider and if thought fit, pass the following as an ordinary resolution, with or without modifications:

Authority to grant awards and allot and issue Shares under the SinoCloud Group Limited Performance Share Plan

"That the Directors or a committee of the Directors be authorised and empowered to grant awards in accordance with the provisions of the SinoCloud Group Limited Performance Share Plan (formerly known as Armarda Group Limited Performance Share Plan) (the "**Share Plan**") and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the vesting of awards granted by the Company under the Share Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Share Plan and other share scheme which the Company may implement from time to time, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time and such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. For the avoidance of doubt, shareholders' pre-emptive right under Bye-Law 10 of the Company's Bye-Laws does not apply."

See Explanatory Note (iv) **(Resolution 7)**

9 To consider and if thought fit, pass the following as an ordinary resolution, with or without modifications:

The Proposed Extension of the Duration of the SinoCloud Group Limited Performance Share Plan

"That approval be and is hereby given to the Directors, pursuant to the rules of the Share Plan, for the extension of the duration of the Share Plan for a further period of 10 years from 26 July 2023 up to 25 July 2033 (both dates inclusive)."

See Explanatory Note (v) **(Resolution 8)**

By Order Of The Board

Fong Ho Yan
Company Secretary
29 November 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

(i) Mr Wan Ngar Yin, David ("**Mr Wan**") will, upon re-election as a Director, remain as an Independent Director of the Company, the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nominating Committee. As of the date hereof, Mr Wan holds 64,200,000 Shares of the Company, and is deemed interested in the 500,000 Shares of the Company held by his spouse, Mdm Yip Kit Tim, Kitty (representing an aggregate direct and deemed interest in 0.40% of the total issued and paid-up share capital of the Company). Save as disclosed above, there are no relationships (including family relationships) between Mr Wan and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. The Board considers Mr Wan to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information (including additional information as set out in Appendix 7F to the Catalist Rules pursuant to Rule 720(5) of the Catalist Rules) on Mr Wan can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's 2022 Annual Report.

(ii) Mr Chau King Fai, Philip ("**Mr Chau**") will, upon re-election as a Director, remain as an Independent Director of the Company and a member of the Audit Committee, the Remuneration Committee and the Nominating Committee. There are no relationships (including family relationships) between Mr Chau and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. The Board considers Mr Chau to be independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information (including additional information as set out in Appendix 7F to the Catalist Rules pursuant to Rule 720(5) of the Catalist Rules) on Mr Chau can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's 2022 Annual Report.

(iii) Resolution 6 (to be passed as an ordinary resolution) is to empower the Directors, from the date of the passing of Resolution 6 to the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to issue Shares and to make or grant instruments (such as options, warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such Instruments, up to an aggregate number not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) with a sub-limit of 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) for issues other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time that Resolution 6 is passed, after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time when Resolution 6 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares. In exercising the authority conferred by Resolution 6, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements and the Company's Bye-Laws.

(iv) Resolution 7 (to be passed as an ordinary resolution) is to empower the Directors or a committee of the Directors to grant awards and to allot and issue Shares pursuant to the Share Plan provided that the aggregate number of Shares to be issued pursuant to the Share Plan and other share scheme which the Company may implement from time to time, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time and such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(v) Resolution 8 (to be passed as an ordinary resolution) is to extend the duration of the Share Plan for a further period of 10 years from 26 July 2023 up to 25 July 2033 (both dates inclusive). Further information on the proposed extension of the duration of Share Plan is set out in the Appendix to shareholders dated 29 November 2022 issued by the Company.

In accordance with Rule 858 of the Catalist Rules, shareholders of the Company who are eligible to participate in the Share Plan shall, and shall procure that their respective associates shall, abstain from voting on Resolution 8 in respect of their respective shareholdings in the Company (if any) and shall not accept nomination as proxies unless specific instructions have been given in the proxy form by the shareholder(s) appointing them on how he/she/they wish(es) his/her/their vote(s) to be cast.

NOTICE OF ANNUAL GENERAL MEETING

Notes

(1) The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will NOT be sent to shareholders of the Company. Instead, the Notice of AGM will be sent to shareholders of the Company by electronic means via publication on SGXNet and the Company's website at the URL https://www.sinocloudgroup.com.

(2) Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast ("**LIVE WEBCAST**") or "live" audio stream ("**LIVE AUDIO STREAM**")) via mobile phones, tablets or computers, submission of questions in advance of, or "live" at, the AGM, addressing of substantial and relevant questions, voting at the AGM "live" by the shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means or by appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM are set out in the Company's Letter to Shareholders dated 29 November 2022 (the "**Letter**"), which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Letter may also be accessed on the Company's website at the URL https://www.sinocloudgroup.com. For the avoidance of doubt, the Letter is circulated together with and forms part of this Notice of AGM.

(3) Shareholders may vote "live" via electronic means at the AGM, appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on their behalf or appoint the Chairman of the Meeting as their proxy to vote on their behalf at the AGM. In appointing a proxy(ies), shareholders must give specific instructions as to voting, or abstentions from voting, in respect of each resolution to be proposed at the AGM in the form of proxy, failing which the appointment of proxy(ies) for that resolution will be treated as invalid.

(4) A proxy need not be a shareholder of the Company.

(5) The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

(a) if submitted by post, be lodged with the Company's Singapore Share Transfer Agent, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902; or

(b) if submitted electronically, be submitted:

(i) via email to the Company's Singapore Share Transfer Agent, M & C Services Private Limited, at gpb@mncsingapore.com; or

(ii) via the online process through the pre-registration website at the URL https://conveneagm.sg/sinocloud2022,

in each case, by **10.30 a.m. on 12 December 2022** (being not less than forty-eight (48) hours before the time appointed for the holding of the AGM).

The Company strongly encourages shareholders to submit completed proxy forms electronically.

(6) Investors who hold Shares under the Supplementary Retirement Scheme ("**SRS Investors**") and who wish to vote at the AGM should approach their SRS operators to submit their votes at least seven (7) working days before the date of the AGM (i.e. by **5.00 p.m. on 2 December 2022**). SRS Investors are requested to contact their SRS operators for any queries they may have with regard to the submission of their votes for the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy

By (a) submitting an instrument appointing a proxy(ies) to vote at the AGM and/or any adjournment thereof, and/or (b) registering to attend the AGM via LIVE WEBCAST or LIVE AUDIO STREAM, and/or (c) submitting any question prior to or at the AGM in accordance with this Notice of AGM, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(a) processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy(ies) for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(b) processing the pre-registration forms for purposes of granting access to shareholders (or their corporate representatives in the case of shareholders who are legal entities) to the LIVE WEBCAST or LIVE AUDIO STREAM to participate in the proceedings of the AGM and providing them with any technical assistance, where necessary;

(c) addressing relevant and substantial questions from shareholders received before or at the AGM and if necessary, following up with the relevant shareholders in relation to such questions;

(d) preparation and compilation of the attendance lists, proxy list, minutes and other documents relating to the AGM (including any adjournment thereof); and

(e) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a shareholder of the Company (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she propose/second) may be recorded by the Company for such purpose.

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*This notice 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 notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

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.

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