

SINOCLOUD GROUP LIMITED
(Company Registration No: 34050)
(Incorporated in Bermuda on 13 August 2003)

CLARIFICATION ANNOUNCEMENT ON

- (1) INTERESTED PERSON TRANSACTION PURSUANT TO RULE 905(2) OF THE CATALIST RULES ANNOUNCED ON 13 OCTOBER 2020**
(2) CIRCULAR TO SHAREHOLDERS DATED 14 OCTOBER 2020 IN RELATION TO, INTER ALIA, THE PROPOSED BOND ISSUANCE (“CIRCULAR”)
-

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of SinoCloud Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to (i) the Company’s announcement dated 13 October 2020 (“**Announcement**”) in relation to the interested person transaction between the Group and Mr Lam Cho Ying Terence Joe (“**Mr Lam**” or the “**Subscriber**”) pursuant to Rule 905(2) of the Catalist Rules (Announcement Reference SG201013OTHRYO91); and (ii) the Circular issued to Shareholders on the SGXNet and the Company’s website at <https://www.sinocloudgroup.com/>.
- 1.2 Unless otherwise defined, all capitalised terms used herein shall bear the same meaning ascribed to them in the Circular.

2. AMOUNT AT RISK OF THE INTERESTED PERSON TRANSACTION

- 2.1 As stated in the Announcement and the Circular, the Proposed Bond Issuance constitutes an “interested person transaction” under Chapter 9 of the Catalist Rules. The Board wishes to clarify that the amount at risk in respect of the Proposed Bond Issuance should be HK\$34,787,200 (being the aggregate of the principal amount of up to HK\$31,060,000 and the total interest payable on the Bond of up to HK\$3,727,200 from the Issue Date up to the Maturity Date), instead of just the interest payable on the Bond (as set out in the Announcement and the Circular).
- 2.2 In view of the above, the amount at risk in respect of the Proposed Bond Issuance of HK\$34,787,200 will represent approximately 31.76% of the Group NTA, which exceeds the relevant threshold of 5.0% under Rule 906(1) of the Catalist Rules. Accordingly, the Proposed Bond Issuance is subject to the approval of independent Shareholders as an interested person transaction.
- 2.3 The aggregate amount at risk in respect of all transactions (excluding transactions that are less than S\$100,000) entered into between the Group and Mr Lam and his associate (Alternus Capital) since the beginning of the current financial year ending 30 June 2021 amounted to HK\$35,687,200 (“**Aggregate IPTs**”), comprising the following:
- (i) the value of the Bond of HK\$34,787,200 (as set out in paragraph 2.1 above); and
- (ii) interest payable of HK\$900,000 on a one-year non-convertible bond of HK\$15 million issued by the Company to Mr Lam on 18 August 2020. This non-convertible bond is interest bearing at 6% per annum and repayable on 18 August 2021.
- 2.4 Saved as disclosed above, all other information contained in the Announcement and the Circular remain unchanged.

- 2.5 Rule 921(4)(b)(i) of the Catalist Rules states that an opinion of an independent financial adviser is not required for an interested person transaction in respect of an issue of shares pursuant to Part IV of Chapter 8 of the Catalist Rules. Instead, an opinion from the audit committee in the form set out under Rule 917(4)(a) of the Catalist Rules must be disclosed in the circular to shareholders. In this regard, the Audit Committee of the Company is of the view that the Proposed Bond Issuance (an interested person transaction which involves an issue of Shares under Part IV of Chapter 8 of the Catalist Rules) is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders, after taking into consideration the terms of the Convertible Bond Agreement, the rationale and the benefit for the Proposed Bond Issuance. The aforesaid opinion as required pursuant to Rule 921(4)(b)(i) of the Catalist Rules has been duly disclosed in section 3.14 of the Circular.
- 2.6 All requisite information required to be disclosed pursuant to Rule 921 of the Catalist Rules had been duly set out in the Circular.

3. SHAREHOLDERS' APPROVAL FOR THE PROPOSED BOND ISSUANCE

- 3.1 On 14 October 2020, the Company issued the Notice of SGM dated 14 October 2020 to convene the SGM (to be conducted by way of electronic means) on Friday, 30 October 2020 at 11 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company held on the same day at 10:30 a.m.) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions relating to, *inter alia*, the Proposed Bond Issuance. As set out in the Circular, as the Subscriber is a Controlling Shareholder, the Company is seeking specific Shareholders' approval for the Proposed Bond Issuance pursuant to Rule 812 of the Catalist Rules and Section 161 of the Companies Act. Please refer to the Circular and the Notice of SGM dated 14 October 2020 for details on the SGM.
- 3.2 Shareholders should note that the Proposed Bond Issuance is also subject to approval of Shareholders as an "interested person transaction" pursuant to Rule 906(1) of the Catalist Rules (due to reasons set out in paragraph 2.2 above).

BY THE ORDER OF THE BOARD

Chan Andrew Wai Men

Chairman and Chief Executive Officer

18 October 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Catalist Rules.

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

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.