

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

ISSUANCE OF 12.0% UNSECURED CONVERTIBLE BONDS DUE 2019 OF AN AGGREGATE PRINCIPAL AMOUNT OF S\$2,256,000

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of SinoCloud Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 28 November 2017 entered into two separate convertible bonds agreements (the “**Convertible Bonds Agreements**”) with Lam Cho Ying Terence Joe (“**Mr Lam**”) and Soo Kok Beng Peter (“**Mr Soo**”) (together, the “**Investors**” or “**Bondholders**”) respectively, pursuant to which the Investors agreed to subscribe for bonds in aggregate principal amount of S\$2,256,000 to be issued by the Company (“**Bonds**”) (of which S\$1,728,000 is subscribed for by Mr Lam and S\$528,000 is subscribed for by Mr Soo) at a subscription price of 100% of the principal amount of the Bonds (“**Subscription Price**”), on the terms and subject to the conditions of the Convertible Bonds Agreements (“**Issuance of Bonds**”).

There is no placement agent appointed in connection with the Issuance of Bonds. The Issuance of Bonds is by way of a private placement pursuant to an exempted offer under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. Hence, no prospectus or offer information statement in connection with the Issuance of Bonds will be lodged with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) acting as agent on behalf of the Monetary Authority of Singapore.

2. THE ISSUANCE OF BONDS

2.1 Principal terms of the Bonds

The principal terms and conditions of the Bonds are summarised below as follows:

Principal Amount	:	S\$2,256,000 in aggregate, of which S\$1,728,000 is subscribed for by Mr Lam and S\$528,000 is subscribed for by Mr Soo.
Issue Price	:	100% of the principal amount of the Bonds.
Interest Rate	:	The Bonds bear interest at a rate of twelve per cent (12.0%) per annum, payable quarterly in arrears.
Interest Deferral	:	The Company may at its sole option elect to defer the payment of interest due on the due date by giving notice of such election to the Bondholders, provided that the Company shall satisfy all arrears of interest by the Redemption Date (as defined below) (in whole but not in part) or the Maturity Date (as defined below), as the case may be.

Maturity Date	:	The Bonds shall be redeemable at 100% of its principal amount at the end of two (2) years from the date of the issue of the Bonds (" Issue Date ").
Early Redemption at the option of the Company	:	The Company may, at any time within the period commencing the thirteenth (13 th) month from the Issue Date up until the Maturity Date, (i) having served at least fifteen (15) days' prior written notice (" Redemption Notice ") of the intended date of redemption (" Redemption Date ") to the Bondholders; and (ii) having not received any conversion notice from the Bondholder(s) within fourteen (14) days after the date of receipt of the Company's Redemption Notice (" Redemption Conversion Period "), redeem all (and not some only) of the Bonds then outstanding, at 100% of the principal amount, together with all accrued and unpaid interest that was scheduled to be paid up to (but excluding) the Redemption Date.
Purchase	:	The Company and/or any of its related corporations may at any time purchase Bonds from the Bondholders at any price. All Bonds purchased by or on behalf of the Company or any of its related corporations may be surrendered for cancellation by and, if so surrendered, shall together with all Bonds redeemed by the Company, be cancelled forthwith.
Conversion Price	:	S\$0.002 for each ordinary share.
Adjustments to the Conversion Price	:	<p>No adjustments to the Conversion Price shall be made in respect of any issue of shares and/or convertible securities and/or warrants by the Company, and/or in the event of any rights, bonus or other capitalisation issues by the Company, save as follows:</p> <p>(a) In the event that a consolidation or subdivision of shares of the Company ("Shares") ("Adjustment Event") occurs, the Conversion Price shall be adjusted in the following manner:-</p> $\begin{array}{rcl} \text{New} & & \text{Aggregate number of issued} \\ \text{Conversion} & & \text{and paid-up Shares} \\ \text{Price} & = & \text{immediately before such} \\ & & \text{Adjustment Event} & \times & X \\ & & \hline & & \text{Aggregate number of issued} \\ & & \text{and fully paid-up Shares} \\ & & \text{immediately after such} \\ & & \text{Adjustment Event} \end{array}$ <p>X = existing Conversion Price</p> <p>Such adjustments will be effective from the close of the day (other than a Saturday or Sunday) on which SGX-ST is open for securities trading, immediately preceding the date on which</p>

		<p>the Adjustment Event becomes effective.</p> <p>(b) The Company may also, in consultation with the Bondholders, effect such other adjustments to the Conversion Price as may be required to comply with mandatory provisions of Singapore law and/or the requirements of the SGX-ST.</p> <p>The Company will update its shareholders and release the necessary announcements as required under Section B: Rules of Catalist of the Listing Manual of the SGX-ST (“Catalist Rules”) for any adjustments pursuant to an Adjustment Event.</p>
Voluntary Conversion	:	<p>The Bondholders may convert all or part of the principal amount of the outstanding Bonds (excluding any accrued and unpaid interest) in respect of each Bond into new Shares (“Conversion Shares”) at the Conversion Price at any time within the period commencing seven (7) months from the Issue Date up until the Maturity Date, provided always that (i) the Bondholders shall not have a conversion right in the event that the Company serves a Redemption Notice and the Redemption Conversion Period has expired; and (ii) the minimum aggregate principal amount of the Bonds to be converted in any single conversion of the Bonds shall be S\$120,000.</p>
Mandatory Conversion	:	None.
Status of the Bonds	:	<p>The Bonds constitute unsecured, direct, subordinated and unconditional obligations of the Company which shall at all times rank <i>pari passu</i> and without any preference or priority among themselves.</p>
Status of the Conversion Shares	:	<p>The Bonds will be converted into Shares of the Company, which have the rights set out in the Bye-laws of the Company. The new Shares shall rank <i>pari passu</i> with ordinary Shares in issue on the conversion date and shall carry the right to receive all dividends and other distributions declared after the conversion date.</p>
Governing Law	:	Singapore law.

Any material alteration to the terms of the Bonds after issue, to the advantage of the Bondholders, will need to be approved by shareholders of the Company (“**Shareholders**”), except where the alterations are made pursuant to the terms of the Issuance of Bonds. There shall not be any extension of the exercise period or replacement of the Bonds and/or changing of the Conversion Price and/or ratio of the Bonds other than in compliance with the Catalist Rules.

2.2 Details of the Investors

Mr Lam has over 30 years of experience in the finance industry. He started his career in the banking division of Chase Manhattan Bank, and later ventured into investment banking with other institutions. He has held numerous chief executive roles in Socgen-Crosby Securities (HK) Limited, Yuanta Securities (Hong Kong) Company Limited, and Value Convergence Holdings Limited. He is now working for his own investment company. Mr Lam has invested in the Bonds for private investment purposes. As at the date of this announcement, Mr Lam has total interests in 266,978,500 Shares, representing approximately 1.87% of the existing issued and paid-up share capital of the Company.

Mr Soo had a very successful career with AIG Global Investment (Asia) for over 30 years. Until his departure, he was the head of Asia portfolio management of AIG Global Investment (Asia). He is a business partner of Mr Chan Andrew Wai Men, Chairman and Chief Executive Officer of the Company, and is currently running his own investment company. Mr Soo has invested in the Bonds for private investment purposes. As at the date of this announcement, Mr Soo has total interests in 118,000,000 Shares, representing approximately 0.82% of the existing issued and paid-up share capital of the Company.

Mr Lam and Mr Soo were the bondholders of the May 2015 Convertible Bonds (as defined below), and had been approached by the Company to subscribe for the Bonds. The Investors do not fall within the categories set out in Rule 812(1) of the Catalist Rules. No commission or other payment is to be made to anyone for introducing Mr Lam and Mr Soo to subscribe for the Bonds.

As announced by the Company on 30 April 2015, the Investors had previously subscribed for bonds in aggregate principal amount of S\$2,256,000 issued by the Company at a subscription price of 100% of the principal amount of the bond ("**May 2015 Convertible Bonds**"). The May 2015 Convertible Bonds had expired on 26 May 2017 and no conversion has taken place as of the date of this announcement.

Save as set out above, each of the Investors has no connection with each other or with the Company, its Directors and substantial Shareholders, or the associates of any Directors. Pursuant to the Convertible Bonds Agreements, each of the Investors has represented, warranted and undertaken to and for the benefit of the Company, *inter alia*, that it is not acting in concert with any other investor or Shareholder in relation to the Bonds and/or the ordinary shares in the capital of the Company (the "**Shares**") to be issued thereunder. The Investors will not be holding the Bonds in trust as a nominee for any entity or person.

2.3 Conversion Shares

As of the date of this announcement, the Company has an issued and paid-up share capital of 14,310,670,617 Shares ("**Existing Issued Share Capital**") and has no treasury Shares. In the event of the Voluntary Conversion (as set out in section 2.1 above), assuming full conversion of the Bonds into Conversion Shares at the Conversion Price, 1,128,000,000 Conversion Shares will be issued. The Conversion Shares will represent (i) approximately 7.88% of the Existing Issued Share Capital; and (ii) approximately 7.31% of the enlarged issued and paid-up share capital of the Company after the issue of the Conversion Shares. The full conversion of the Bonds into Conversion Shares will not result in a transfer of controlling interest.

Assuming that Voluntary Conversion takes place prior to the conclusion of the next annual general meeting of the Company in July 2018, whereby the Bondholders convert all of the outstanding Bonds into the maximum number of Conversion Shares of 1,128,000,000, the issue of the

Conversion Shares shall be made pursuant to the general mandate obtained from the Company's shareholders at its annual general meeting held on 28 July 2017 ("**2017 AGM**"), pursuant to which authority was granted to the Directors of the Company to, *inter alia*, allot and issue Shares whether by way of rights, bonus or otherwise, provided that the aggregate number of Shares to be issued does not exceed 100% of the total number of issued Shares whether on a *pro rata* or non *pro rata* basis ("**2017 Share Issue Mandate**"). At the 2017 AGM, the Company had 10,917,813,474 Shares in issue. Pursuant to the 2017 Share Issue Mandate, the Company can issue up to 10,917,813,474 new Shares from the 2017 AGM until the conclusion of the next annual general meeting of the Company. Since the 2017 AGM, the Company had, on 6 October 2017, allotted and issued 3,392,857,143 new Shares under the 2017 Share Issue Mandate in connection with the acquisition of the additional 19% equity interests in SinoCloud 01 Limited. Accordingly, the maximum number of Shares that can be issued under the 2017 Share Issue Mandate is 7,524,956,331 Shares. The maximum number of Conversion Shares of 1,128,000,000 is within the limit of the 2017 Share Issue Mandate.

An application will be made through the sponsor of the Company for the listing of and quotation for the Conversion Shares on the Catalist. An announcement will be made via the SGXNet by the Company upon receipt of the listing and quotation notice from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing of and quotation for the Conversion Shares on the Catalist.

The Conversion Shares, when issued and fully-paid, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the Shares as at the date of the issue of the Conversion Shares save that they will not rank for any dividend, rights, allotments or other distributions, the record of which falls on or before the date of completion of the allotment and issuance of the Conversion Shares.

2.4 Conversion Price

The Conversion Price of S\$0.002 represents the volume weighted average price ("**VWAP**") of S\$0.002 per Share, based on trades done on the SGX-ST on 28 November 2017, being the full market day on which the Shares were traded prior to the signing of the Convertible Bonds Agreements. The Conversion Price was agreed upon based on arm's length negotiations between the Investors and the Company, taking into account, among others, the VWAP of the Shares quoted on the SGX-ST on 28 November 2017.

3. **RATIONALE FOR THE ISSUANCE OF BONDS AND USE OF PROCEEDS**

As at the date of this announcement, as set out under section 2.2 above, the Company has issued an aggregate of S\$2,256,000 bonds to Mr Lam and Mr Soo pursuant to the May 2015 Convertible Bonds. The aggregate amount outstanding, including interest accrued and payable up to the date of this announcement, pursuant to the May 2015 Convertible Bonds, amounted to approximately S\$2,456,000.

The net proceeds from the Issuance of Bonds of approximately S\$2,220,000 ("**Net Proceeds**"), after deducting estimated issue expenses of approximately S\$36,000, will be used to partially redeem the principal amount of the May 2015 Convertible Bonds. The balance of the principal amount and the interest accrued to the May 2015 Convertible Bonds of S\$236,000 will be settled by the Company by way of external funding resources.

4. FINANCIAL EFFECTS OF THE ISSUANCE OF BONDS

The pro forma financial effects of the Issuance of Bonds are presented for illustrative purposes only and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the completion of the Issuance of Bonds.

The pro forma financial effects of the Issuance of Bonds have been computed based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2017 (“FY2017”) and on the following bases and assumptions:

- (a) the financial effect on the Group’s consolidated net tangible asset (“NTA”) per Share is computed based on the assumption that the Issuance of Bonds was completed on 31 March 2017;
- (b) the financial effect on the Group’s loss per Share (“LPS”) is computed based on the assumption that the Issuance of Bonds was completed on 1 April 2016;
- (c) expenses to be incurred in respect of the Issuance of Bonds, being mainly professional fees, are estimated to be approximately HK\$211,000 (equivalent to approximately S\$36,000);
- (d) the consideration shares for the acquisition of additional 19% equity interest in SinoCloud 01 Limited, which was allotted and issued on 6 October 2017, are excluded from the calculation of financial effects; and
- (e) an exchange rate of S\$1.00:HK\$5.86.

NTA per Share

	Before the Issuance of Bonds	After the disbursement of the Bonds and before maturity of the Bonds	After maturity and conversion of the Bonds
NTA ⁽¹⁾ as at 31 March 2017 (HK\$'000)	84,858	84,858	97,943
Number of Shares	10,917,813,474	10,917,813,474	12,045,813,474
NTA ⁽¹⁾ per Share (HK cents)	0.78	0.78	0.81

Note:

(1) NTA means total assets less the sum of total liabilities, intangible assets and non-controlling interest.

LPS

	Before the Issuance of Bonds	After the disbursement of the Bonds and before maturity of the	After maturity and conversion of the Bonds
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		Bonds	
Net loss attributable to Shareholders for FY2017 (HK\$'000)	42,117	42,328	42,328
Weighted average number of Shares	10,917,813,474	10,917,813,474	12,045,813,474
LPS (HK cents)	0.39	0.39	0.35

5. CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that, barring unforeseen circumstances, after taking into account the existing bank balance and operating cash flow of the Group, the working capital available to the Group as at the date of this announcement is sufficient to meet its present requirements.

Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Issuance of Bonds will enable the Company to meet its present general corporate and working capital requirement (repayment of amounts due and outstanding in respect of the May 2015 Convertible Bonds).

The Directors are of the opinion that, barring unforeseen circumstances, after taking into consideration the Net Proceeds, the existing bank balance and operating cash flow of the Group, the working capital available to the Group is sufficient to meet its present requirements.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and their respective associates, and to the best of the Directors' knowledge, none of the substantial Shareholders of the Company (other than in their capacity as Directors or Shareholders), as well as their respective associates, has any interest, whether direct or indirect, in the Issuance of Bonds.

There are no directors proposed to be appointed to the Company in connection with the Proposed Issuance.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Issuance of Bonds, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this announcement in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Whilst the registered office of the Company is in Bermuda, the principal office of the Company is in Hong Kong and the office of the Company's share transfer agent is in Singapore. Taking into

account that Hong Kong and Singapore are more accessible locations than Bermuda, a copy of each of the Convertible Bond Agreement will be made available for inspection during normal business hours at the principal office of the Company at Room 1301A, 13/F, Kowloon Centre, 33 Ashley Road, Tsim Sha Tsui, Kowloon, Hong Kong, and the office of the Company's Singapore Share Transfer Agent, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, for a period of three (3) months from the date of this announcement.

9. TRADING CAUTION

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to exercise caution when trading in the Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

BY THE ORDER OF THE BOARD

Chan Andrew Wai Men

Chairman and Chief Executive Officer

28 November 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

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

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