

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

PROPOSED PLACEMENT OF AN AGGREGATE OF 1,377,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.0035 PER NEW ORDINARY SHARE

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of SinoCloud Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 16 October 2015, entered into a placement agreement (the “**Placement Agreement**”) with four (4) placees as set out in paragraph 2 below (each, a “**Placee**” and collectively, the “**Placees**”) in relation to the placement of an aggregate of 1,377,000,000 new ordinary shares of par value HK\$0.001 each in the capital of the Company (“**Placement Shares**”) at an issue price of S\$0.0035 (“**Issue Price**”) for each Placement Share, raising gross proceeds of approximately S\$4.82 million (equivalent to approximately HK\$27 million based on the exchange rate of HK\$5.60 : S\$1.00) (the “**Proposed Placement**”).

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

Pursuant to Rule 803 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), the Company has confirmed that it will not, pursuant to the Proposed Placement, issue the Placement Shares to transfer a controlling interest of the Company without the prior approval of shareholders of the Company (“**Shareholders**”) in a general meeting. The Placement Shares will not be issued to any person who is a Director or a substantial Shareholder, or any other entity/person falling within the categories set out in Rule 812(1) of the Catalist Rules.

2. THE PROPOSED PLACEMENT

The Issue Price of S\$0.0035 represents a premium of 75% to the volume weighted average price of S\$0.0020 per share of the Company (“**Share**”) based on trades done on Catalist board of the SGX-ST on 15 October 2015, being the full market day on which Shares were traded up to the date on which the Placement Agreement was signed. The Issue Price was arrived at on a willing-buyer, willing-seller basis. In agreeing to the Issue Price, the Directors have taken into consideration, among others, the general market conditions and the value of the existing issued Shares.

The Placement Shares will be allotted and issued to, and subscribed and paid for, by each of the Placees in the following proportion:

Name of Placee	Number of Placement Shares	Number of Placement Shares as a percentage of Existing Issued Share Capital ⁽¹⁾	Number of Placement Shares as a percentage of Enlarged Issued Share Capital ⁽²⁾	Total interests in the Company after completion of the Proposed Placement ⁽³⁾
Mr. Huang Min	500,000,000	5.24%	4.58%	4.58%
Mr. Cou Tzi Meng	500,000,000	5.24%	4.58%	4.75%
Mr. Chui Keung Wah, Alexander	224,000,000	2.35%	2.05%	2.05%
Alternus Capital Holdings Limited (“Alternus”) ⁽⁴⁾	153,000,000	1.60%	1.40%	1.40%
Total	1,377,000,000	14.43% ⁽⁵⁾	12.61% ⁽⁵⁾	12.78% ⁽⁵⁾

Notes:

- (1) Based on the existing issued and paid-up share capital of the Company as at the date of this announcement, comprising 9,540,813,474 Shares (“**Existing Issued Share Capital**”).
- (2) Based on the enlarged issued and paid-up share capital of the Company comprising 10,917,813,474 Shares, after taking into account the Existing Issued Share Capital and 1,377,000,000 Placement Shares (“**Enlarged Issued Share Capital**”).
- (3) Taking into account existing Shares (if any) held by each Placee as at the date of this announcement, and assuming no further issuance of Shares by the Company up to completion of the Proposed Placement. As at the date of this announcement, save for Mr. Cou Tzi Meng who has total interests in 19,020,000 Shares, none of the Placees has any interests in the Shares.
- (4) Alternus is a company incorporated in the British Virgin Islands, and its sole director and shareholder is Mr. Lam Cho Ying Terence Joe (“**Mr. Lam**”). Mr. Lam had entered into a convertible bond agreement with the Company on 30 April 2015 for the issue of 12.0% unsecured convertible bonds due 2017 (“**CB**”) of a principal amount of S\$1,728,000 at a conversion price of S\$0.006 for each Share. Please refer to the Company’s announcement on 30 April 2015 for further details. As at the date of this announcement, Mr. Lam has total (direct and deemed) interests in 351,737,700 Shares. Upon completion of the Proposed Placement (assuming no early conversion of the CB), Mr. Lam will have total (direct and deemed) interests in 504,737,700 Shares, representing approximately 4.62% of the Enlarged Issued Share Capital.
- (5) Percentages in the table above may not add up due to rounding.

The Placees were introduced to the Company by Mr. Luk Chung Po, Terence (“**Mr. Luk**”), who is an Executive Director of the Company. There is no introduction fee or commission paid or to be paid to Mr. Luk. There are no share borrowing arrangements to facilitate the Proposed Placement. Each of the Placees has represented to the Company that he/she/it is subscribing for the Placement Shares purely for investment purpose.

Pursuant to the Placement Agreement, each of the Placees had represented, warranted and undertaken to and for the benefit of the Company, *inter alia*, that:

- (a) (only in the case of a Placee who is a natural person) he/she is not an associate (as defined under the Catalist Rules) of, or otherwise related to any of the Directors (including any alternate director), the chief executive officer or any controlling shareholder of the Company, nor is the Placee related to China Satellite Mobile Communications Group Limited (“**CSMCG**”, a 45% associated company of the Group), Guiyang Zhongdian Gaoxin Digital Technologies Limited (“**Guiyang Zhongdian**”, a company in which the Group has a 63% effective interest), shareholders of CSMCG or shareholders of Guiyang Zhongdian and specifically that he/she is not an immediate family of any of the Directors or substantial shareholders of the Company;

- (b) (only in the case of a Placee which is a corporation) none of its directors or shareholders are an associate (as defined under the Catalist Rules) of, or otherwise related to any of the Directors (including any alternative director), the chief executive officer or any controlling shareholder of the Company, or any other Placee of the Company, nor is the Placee related to CSMCG, Guiyang Zhongdian, shareholders of CSMCG or shareholders of Guiyang Zhongdian;
- (c) each of the Placees is not any of the persons specified in Rule 812(1) of the Catalist Rules;
- (d) each of the Placees is not acting in concert with any other party in relation to the Shares and/or any Placement Shares, including but not limited to, the shareholders of CSMCG or shareholders of Guiyang Zhongdian;
- (e) each of the Placees is not acting in accordance with the instructions of or under any direction or obligation from any other Placee, or any of the Directors or substantial shareholders of the Company, CSMCG, Guiyang Zhongdian, shareholders of CSMCG or shareholders of Guiyang Zhongdian; and
- (f) no commission nor discount in connection with the placement of the Placement Shares other than as disclosed in the Placement Agreement will be received, directly or indirectly by any of the Placees.

3. THE PLACEMENT SHARES

The Placement Shares represent approximately 14.43% and 12.61% of the Existing Issued Share Capital and the Enlarged Issued Share Capital, respectively.

The 1,377,000,000 Placement Shares will be allotted and issued pursuant to a general share issue mandate (the "**General Mandate**") obtained from Shareholders at the annual general meeting of the Company held on 27 July 2015 ("**2015 AGM**"). The General Mandate authorises the Directors to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) whether on a pro-rata or non pro-rata basis as at the date of the 2015 AGM. As at the date of the 2015 AGM, the Company has 7,540,813,474 issued Shares ("**2015 Issued Shares**") and does not have any treasury shares.

As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate and has S\$2,256,000 outstanding convertible bonds to be converted to 376,000,000 new Shares ("**New Shares**"). The Placement Shares, and together with the New Shares, represent approximately 23.2% of the 2015 Issued Shares. Accordingly, the proposed allotment and issuance of the Placement Shares falls within the limit of the General Mandate.

The Placement Shares, when issued and fully paid, shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank *pari passu* in all respects with the existing issued Shares, except that they will not rank for any dividends, distributions or entitlements, the record date for which falls on or before their respective date(s) of issue.

The completion of the Proposed Placement is conditional, *inter alia*, upon the listing and quotation notice (the "**LQN**") for the dealing in, listing of and quotation for the Placement Shares on Catalist being obtained from the SGX-ST and not having been revoked or amended and, where such LQN is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares on Catalist are required to be fulfilled on or before relevant completion date, they are so fulfilled. The Proposed Placement is not made in contemplation of any transfer of controlling interest.

An application for the dealing in, listing of and quotation for the Placement Shares on Catalist will be made to the SGX-ST through the sponsor of the Company. The Company will make the necessary announcement upon receipt of the LQN from the SGX-ST.

4. **RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS**

The net proceeds from the Proposed Placement, after deducting estimated expenses in connection with the Proposed Placement (the “**Net Proceeds**”), will amount to approximately HK\$26.7 million.

The Company, after taking into account its working capital position, intends to utilise:

- (a) up to approximately HK\$8 million or 30% of the Net Proceeds to finance or fund any possible acquisitions, purchases or investments in relation to data centre projects or other potential business which the Group is exploring or may make or embark upon. This portion of the Net Proceeds may be used to, *inter alia*, (i) pay for fees and expenses incurred or to be incurred in connection with investigating, evaluating (including commissioning of business valuations on) and/or undertaking potential corporate actions, business opportunities or developments for the Group; (ii) fund project development and marketing expenses; (iii) satisfy the purchase price or consideration payable for any acquisitions, purchases or investments made or to be made by the Group; and (iv) pay for any professional fees or expenses or any other transaction costs or expenses to be incurred in connection with any of the foregoing; and
- (b) the balance of the Net Proceeds for the Group’s general corporate and working capital to strengthen its financial and working capital position. The Company intends to use the Net Proceeds for purposes including, but not limited to, financing its new subsidiary in relation to data centre asset management business in the PRC.

As at the date of this announcement, whilst the Company is exploring various opportunities as announced, there has been no definitive agreement on any acquisition or proposed acquisition. The Proposed Placement is not made in contemplation of any specific acquisition or proposed acquisition.

Pending the deployment of the Net Proceeds for the purposes mentioned above, such proceeds may be deposited with financial institutions or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit in the interest of the Company.

As and when any material amount of the Net Proceeds is disbursed or deployed, the Company will make the necessary announcements on the SGXNET corporate announcement system (the “**SGXNET**”) and subsequently provide a status report on the use of such Net Proceeds in its annual report. Where there is any material deviation from the stated use of proceeds, the Company will also announce the reasons for such deviation.

Where it is intended for the Net Proceeds to be used for working capital purposes, the Company does not have any specific details for its use, and will disclose a breakdown with specific details on how the Net Proceeds have been applied in subsequent announcements and status reports.

5. **CONFIRMATION BY THE DIRECTORS**

The Directors are of the opinion that, barring any unforeseen circumstances, after taking into consideration the Group’s internal resources and operating cash flow, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Proposed Placement will enable the Company and the Group to further supplement and augment the working capital available to the Group in view of the current uncertain and volatile economic conditions faced by the Group.

6. **FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT**

The proforma financial effects of the Proposed Placement are presented for illustrative purposes only and are not intended to be indicative or reflect the actual future financial situation of the Company and the Group after the completion of the Proposed Placement.

The proforma financial effects of the Proposed Placement have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2015 (“FY2015”) and the following assumptions:-

- (i) the financial effect on the consolidated net tangible asset (“NTA”) per Share is computed based on the assumption that the Proposed Placement was completed on 31 March 2015;
- (ii) the financial effect on the loss per Share (“LPS”) is computed based on the assumption that the Proposed Placement was completed on 1 April 2014;
- (iii) expenses relating to the Proposed Placement of approximately HK\$0.3 million and
- (iv) for the avoidance of doubt, the financial effects on the NTA per Share and LPS had taken into account for the issuance of new Shares by the Company subsequent to 31 March 2015 up to the date of this announcement.

Share capital and NTA per Share

	Before the Proposed Placement	After the Proposed Placement
Number of Shares as at 31 March 2015	9,540,813,474	10,917,813,474
Share capital (HK\$)	9,540,813.47	10,917,813.47
NTA of the Group (HK\$’000)	363,986	390,686
NTA per Share (HK\$ cents)	3.82	3.58

LPS

	Before the Proposed Placement	After the Proposed Placement
Loss after tax in FY2015 (HK\$’000)	42,511	42,511
Weighted average number of Shares	5,083,401,000	6,460,401,000
LPS (HK\$ cents)	0.84	0.66

7. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders and their respective associates has any interest, direct or indirect, in the Proposed Placement (other than through their shareholdings in the Company, if any).

8. 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 Proposed Placement, 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 or obtained from a named source, 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.

9. 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 the Placement Agreement will be made available for inspection during normal business hours at the principal office of the Company at Suite 605, 6/F, Ocean Centre, Harbour City, 5 Canton 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.

10. TRADING CAUTION

Shareholders and potential investors should exercise caution when trading in the Shares in relation to this announcement as there is no certainty that the Proposed Placement will be completed as it is subject to the fulfilment of terms and conditions set out in the Placement Agreement, and when in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

By Order of the Board

Chan Andrew Wai Men

Chairman and Chief Executive Officer

16 October 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). 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 and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 68546160.