

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

RESPONSE TO SGX QUERIES REGARDING THE COMPANY'S ANNOUNCEMENT ON INTERESTED PERSON TRANSACTION ON 29 SEPTEMBER 2019

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 the following in response to queries raised by Singapore Exchange Securities Trading Limited ("**SGX-ST**") with respect to the Company's announcement on 29 September 2019 ("**Announcement**") in relation to an interested person transaction entered into by Guiyang Zhongdian Gaoxin Digital Technologies Limited ("**Guiyang Zhongdian**"), a subsidiary of the Company, with 贵州中云宽带数据科技有限公司 (Guizhou Zhongyun Broadband Data Technology Limited) ("**Guizhou Zhongyun**").

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as ascribed to them in the Announcement.

SGX Query 1: When and how did Sinocloud get to know about the IPTs which culminated in this announcement?

Company's response:

Crowe Horwath First Trust LLP ("**Crowe**") (the auditors of the Company) first raised the issue leading to the IPT to the management of the Company ("**Management**") in August 2019. During the year-end audit, in the review of the Group's related party transactions for the financial year ended 30 June 2019, Crowe noted that Zhang Dai's effective interest in Guizhou Zhongyun had changed since the Effective Date (on 11 January 2019) ("**Change in Interest**"). The Management was not aware of the Change in Interest until then.

The Management immediately requested for further information on the Change in Interest from Zhang Dai and based on such information, the Management computed Zhang Dai's effective interest in Guizhou Zhongyun which worked out to be 49%. Concurrently, the Management obtained the requisite internal documents/agreements relating to transactions entered into between the Group and Guizhou Zhongyun since the Effective Date, which would have constituted as "interested person transactions" under Chapter 9 of the Catalist Rules. In mid September 2019, upon receiving all required information, the Management consulted its sponsor on the requirements of the Catalist Rules in respect of the IPT. The Company was then aware that the value of the 2019 Service Contract (which constitute an IPT) had exceeded 3% (but less than 5%) of the Group's audited NTA as at 31 March 2018 (being the latest audited NTA when the 2019 Service Contract was entered into), and that an announcement pursuant to Rule 905 of the Catalist Rules is required. Accordingly, the Management proceeded to prepare the announcement in accordance with Rule 905 of the Catalist Rules, leading up to the Announcement on 29 September 2019.

Subsequent to the Announcement, Zhang Dai informed the Management that the Company's earlier computation of his effective interest in Guizhou Zhongyun (being 49%) was incorrect. Pursuant to further clarification with Zhang Dai, the Management noted certain miscommunication with Zhang Dai earlier, and that there was unintentional and inadvertent oversight in its calculation of Zhang Dai's effective interest in Guizhou Zhongyun. Zhang Dai had informed that in January and April 2019, the shareholders of Guizhou Zhongyun had undertaken internal restructuring of their shareholdings, which resulted in Zhang Dai's effective interest in Guizhou Zhongyun to change. However, there was no time that Zhang Dai's effective interest in Guizhou Zhongyun had reached and/or exceeded 30% ("**Amended Disclosure**"), and was not 49% as set out in the Announcement. The Company has since reviewed Zhang Dai's computation of his effective interest in Guizhou Zhongyun (together with relevant supporting documents on respective changes in shareholdings), and noted that the Amended Disclosure is in order.

The Company had on 24 October 2019 released a clarification announcement on the SGXNET regarding the above.

SGX Query 2: Are there controls in place in Sinocloud that would prompt announcements of IPT to be made once the thresholds are triggered? If yes, were the controls effective? Else, are there plans to put in new controls to ensure prompt disclosures moving forward?

Company's response:

The Audit Committee of the Company ("AC") and the Board are of the view that the Group has controls in place that would prompt announcements of IPTs to be made once the thresholds are triggered. These controls include, as amongst others, the maintenance by the Executive Director and Chief Financial Officer of a list of Interested Persons (based on the declarations of the Directors) and the IPT Register, which are submitted to the AC for review and approval on a quarterly basis. The AC will review and approve all interested person transactions to ensure that they are on normal commercial terms and on arm's length basis and are not prejudicial to the interests of the Group and the minority shareholders in any way. The Board and the AC are satisfied that the Company has sufficient systems, procedures, controls and resources to comply with the Catalist Rules.

By Order of the Board
SinoCloud Group Limited

Chan Andrew Wai Men
Chairman and Chief Executive Officer
24 October 2019

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 Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

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.