

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

FURTHER INCREASE IN REGISTERED CAPITAL IN A PRINCIPAL SUBSIDIARY OF THE COMPANY

- MATERIAL DILUTION OF THE COMPANY'S EFFECTIVE EQUITY INTEREST

1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of SinoCloud Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 9 June 2017 as well as the circular to shareholders dated 12 June 2017 (the "**Circular**"), in respect of the potential material dilution ("**Potential Dilution**") of the Company's effective equity interest in its principal subsidiary, Guiyang Zhongdian Gaoxin Digital Technologies Limited ("**Guiyang Zhongdian**"). The Company had duly obtained its shareholders' approval for the Potential Dilution at the special general meeting held on 28 June 2017, as announced by the Company on the same date.

Unless otherwise defined herein, all capitalised terms shall have the meaning ascribed to them in the Circular.

2. INCREASE IN CAPITAL IN GUIYANG ZHONGDIAN

The Board wishes to announce that Guiyang Zhongdian and Shenzhen Co had, on 6 July 2017, entered into a second investment agreement with Guiyang Fund, pursuant to which Guiyang Fund agreed to invest an additional RMB66,000,000 in cash ("**Subscription Amount**") in Guiyang Zhongdian ("**New Guiyang Fund Investment**"). The Subscription Amount will increase Guiyang Zhongdian's registered and paid-up capital by RMB44,710,000 and the excess of RMB21,290,000 will be classified as Guiyang Zhongdian's share premium. Accordingly, upon completion of the New Guiyang Fund Investment, Guiyang Zhongdian's registered capital will increase from RMB121,950,000 (as at the date of this announcement) to RMB166,660,000, whereas its paid-up capital will increase from RMB44,710,000 (as at the date of this announcement) to RMB87,660,000.

Upon completion of the New Guiyang Fund Investment, Guiyang Fund and Shenzhen Co will hold 40.0% and 60.0% interests in Guiyang Zhongdian, respectively. Accordingly, through (i) the Company's 81.0%¹ interests in SinoCloud 01; (ii) the VIE Arrangements; and (iii) Shenzhen Co's reduced 60.0% interest in Guiyang Zhongdian, the Company's effective equity interest in Guiyang Zhongdian will be reduced from 66.42% (as at the date of this announcement) to 48.60% upon completion of the New Guiyang Fund Investment.

The Subscription Amount was negotiated on an arm's length basis and was arrived on a willing buyer willing seller basis, taking into account factors such as the growth prospects of Guiyang Zhongdian. The Subscription Amount will be satisfied fully in cash.

¹ As at the date of this announcement, SinoCloud 01 is a 81.0% subsidiary of the Company. As set out in the Company's announcement dated 7 June 2017 as well as in the Circular, the Company had entered into a sale and purchase agreement for the acquisition by the Company of the remaining 19.0% interest in SinoCloud 01 (the "**Third Acquisition**"). As at the date of this announcement, the Third Acquisition has not been completed. If and when the Third Acquisition is completed, the Company's effective equity interest in Guiyang Zhongdian will increase from 48.60% after the completion of the New Guiyang Fund Investment, to 60.0%. The Company will make the necessary announcements on SGXNET on the status of the Third Acquisition.

Please refer to the Circular for information on Guiyang Fund and further details on the Potential Dilution, including but not limited to, the financial effects of and rationale for the Potential Dilution.

3. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE POTENTIAL DILUTION

Save for Zhang Dai (Executive Director of the Company) who holds 32.5% equity interests in Shenzhen Co as at the date of this announcement, none of the Directors has, and to the best of the Directors' knowledge, there are no Controlling Shareholders of the Company, who have, any interest, direct or indirect, in the New Guiyang Fund Investment, save for their respective shareholdings in the Company.

4. SERVICE AGREEMENT

No person is proposed to be appointed as a Director of the Company in connection with the New Guiyang Fund Investment. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

5. 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 New Guiyang Fund Investment, 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 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 those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Chan Andrew Wai Men
Chairman and Chief Executive Officer

6 July 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 Catalyst. 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.