

RESPONSE TO QUERIES FROM SGX

The board of directors (the “**Board**”) of SinoCloud Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), refers to the Company’s announcement dated 30 September 2020 in relation to the independent auditor’s opinion on the audited financial statements of the Group for the financial year ended 30 June 2020 (“**Audited Financial Statements**”) (the “**Announcement**”). The Board wishes to inform that the Singapore Exchange Regulation Pte Ltd (“**SGX**”) had raised some queries on the Announcement and the Company would like to announce its responses below.

Unless otherwise defined, all capitalised terms in the Company’s response shall have the same meaning as ascribed to them in the Announcement.

SGX Query 1

Please provide the Board of Directors’ assessment of the Group’s ability to continue operating as a going concern and the bases for the said assessment.

Company’s Response

As set out in the Announcement, the Audited Financial Statements have been prepared on a going concern basis, and the Board’s assessment of the Group’s and the Company’s ability to continue as a going concern includes but are not limited to certain key assumptions, duly set out in the Announcement. The bases for the said assessment are as follows:

- (a) the Board is of the view that the Group’s key operating subsidiary in the People’s Republic of China, Guiyang Tech, is able to continue as a going concern, having considered factors including, but not limited to, the ability of Guiyang Tech to (i) enjoy rent-free period extension from its landlord; and (ii) continuous deferment of payments to its key suppliers, in particular, those providing bandwidth and utilities to its IDC business, to extend its credit terms and to defer payments by at least 12 months from the date of Audited Financial Statements;
- (b) the Group continues to rely on the uninterrupted funding from its related party, controlled by a key management personnel of the Group, to enable the Group to operate as a going concern and to meet its obligations as and when they fall due. The balance owing to this key management personnel and companies controlled by him (“**Relevant Parties**”) amounted to HK\$4,333,000 as at 30 June 2020, and the Relevant Parties had not demanded for repayment from the Group;
- (c) the Group continues to receive funding support from the Company’s controlling shareholder, Mr Lam Cho Ying, Terence Joe (“**Mr Lam**”) who has aggregate interests of approximately 23.82% in the capital of the Company as at the date of this announcement. An aggregate amount of HK\$20,960,000 was owing by the Group to Mr Lam (including a company controlled by him) as at 30 June 2020, and is repayable in November 2021. Subsequently in August 2020, Mr Lam extended further funding to the Group, by way of a non-convertible bond of HK\$15 million for working capital purpose. On 7 October 2020, the Company entered into a convertible bond agreement with Mr Lam whereby Mr Lam agreed to subscribe for a principal amount of up to HK\$31.06 million, at an interest rate of 6% per annum (the “**Bond**”). The subscription of the Bond will be by way of discharge of amounts owing by the Group to Mr Lam. Please refer to the Company’s announcement on 11

October 2020 for further information on the convertible bond; and

- (d) the Group is able to postpone the development projects including the Phase II development, the construction of a call centre, and certain software development projects, hence postponing the associated capital commitment of HK\$121,770,000.

Based on the abovementioned, the Board is of the view that the Group will be able to continue operating as a going concern.

SGX Query 2

Please provide the Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) and the basis for such opinion.

Company's Response

The Board is of view that the Group is able to operate as a going concern, after taking into account the assumptions set out in the Announcement as well as the bases for the assessment as set out in the Company's response to SGX Query 1 above. Accordingly, the Board is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner and confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

SGX Query 3

Please provide the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's Response

The Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner, taking into account that all material disclosures have been provided for trading of the Company's shares to continue.

By Order of the Board

Chan Andrew Wai Men
Chairman and Chief Executive Officer
12 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 Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

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.