

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

INTERESTED PERSON TRANSACTION PURSUANT TO RULE 905(2) OF THE CATALIST RULES

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 the following interested person transaction entered into by Guiyang Zhongdian Gaoxin Digital Technologies Limited (“**Guiyang Zhongdian**”), a subsidiary of the Company established in the People’s Republic of China (the “**PRC**”), with 贵州中云宽带数据科技有限公司 (Guizhou Zhongyun Broadband Data Technology Limited) (“**Guizhou Zhongyun**”), an interested person defined under Chapter 9 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“the “**Catalist Rules**”).

Rule 905(2) of the Catalist Rules provides that if the aggregate value of all transactions entered with the same interested person during the same financial year amounts to 3% or more of the Group’s latest audited net tangible assets (“**NTA**”), the Company must (i) make an immediate announcement of the latest transaction; and (ii) all future transactions entered into with that same interested person during that financial year.

2. DETAILS OF THE INTERESTED PERSON

Guizhou Zhongyun, a company established in the PRC, is principally engaged in the provision of broadband services in the PRC. On 11 January 2019 (“**Effective Date**”), Zhang Dai (Executive Director of the Company and a substantial shareholder of the Company who holds approximately 13.33% interest in the shares of the Company as at the date of this announcement) increased his effective interest in Guizhou Zhongyun to 49% (from below 30%), and accordingly, from the Effective Date, Guizhou Zhongyun is considered as an associate of Zhang Dai.

Pursuant to Chapter 9 of the Catalist Rules, Guizhou Zhongyun, being an associate of Zhang Dai, is considered as an “interested person” of the Company. Accordingly, all transactions entered into between Guizhou Zhongyun and the Group from the Relevant Date would constitute “interested person transactions” under Chapter 9 of the Catalist Rules.

3. DETAILS OF THE INTERESTED PERSON TRANSACTION (“IPT”)

On 10 December 2016, Guiyang Zhongdian and Guizhou Zhongyun entered into a service agreement pursuant to which Guiyang Zhongdian will provide rack rental to Guizhou Zhongyun for annual rental charge of RMB7.5 million (equivalent to approximately HK\$8.25 million) (“**Service Contract**”), which took effective on 10 June 2017. The annual contract value of the Service Contract was arrived at based on the number of racks to be utilised by Guizhou Zhongyun, taking into account market reference price. The Service Contract is and shall be automatically renewed on 10 June of each year, unless terminated by either party in writing. The Service Contract, renewed on 10 June 2019 (the “**2019 Service Contract**”), shall constitute an IPT. For the avoidance of doubt, the Service Contract did not constitute an IPT up until the Effective Date.

For the purpose of determining whether the relevant thresholds under Chapter 9 of the Catalist Rules have been triggered, transactions between the Group and interested persons who are members of the same group are deemed to be transactions between the Group and the same interested person.

As at the date of this announcement, save for the 2019 Service Contract, there are no other transactions (excluding transactions that are less than S\$100,000) entered into between the Group and any of its interested persons for the financial period ended 30 June 2019 (“**FP2019**”) and the current financial year ending 30 June 2020 (“**FY2020**”). The aggregate value of all transactions (excluding transactions that are less than S\$100,000) entered into between the Group and Zhang Dai (together with his associates) amounted to

approximately RMB7.5 million (equivalent to approximately HK\$8.25 million). This represents approximately 3.8% of the Group's last audited net tangible assets ("NTA") as at 31 March 2018 (being the latest audited NTA when the 2019 Service Contract was entered into) of HK\$214.4 million, which exceeded the relevant threshold of 3.0% under Rule 905(2) of the Catalist Rules.

4. RATIONALE FOR THE IPT

Guiyang Zhongdian is principally engaged in the business of operating IDC services, cloud computing and big data services, with a hosting capacity of up to 5,000 racks in Guiyang city, Guizhou Province, the PRC. Guizhou Zhongyun is a customer of Guiyang Zhongdian since the Service Agreement was entered into in December 2016. The terms of the Service Contract remained unchanged, and no discounts and special or preferential terms were accorded to Guizhou Zhongyun after it became an associate of Zhang Dai on the Effective Date. It is in the commercial interests of the Group to ensure the continuity of the Service Contract.

5. TOTAL VALUE OF ALL IPTS

As at the date of this announcement, the aggregate value of all transactions (excluding transactions that are less than S\$100,000) entered into between the Group and all interested persons for each of FP2019 and FY2020 amounted to approximately HK\$8.25 million, representing approximately 3.8% of the Group's audited NTA as at 31 March 2018 (being the latest audited NTA when the 2019 Service Contract was entered into).

6. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Service Contract and is of the view that the Service Contract is carried out on normal commercial terms, and is not prejudicial to the interests of the Company and the minority shareholders.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and other than through their respective shareholdings in the Company (if any), none of the Directors or substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the IPT.

By Order of the Board
SinoCloud Group Limited

Chan Andrew Wai Men
Chairman and Chief Executive Officer
29 September 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.