

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

MEMORANDUM OF UNDERSTANDING IN RELATION TO PROPOSED ACQUISITION

1. INTRODUCTION

- 1.1 The board of directors (“**Board**” or “**Directors**”) of SinoCloud Group Limited (“**Company**”, and together with its subsidiaries, “**Group**”) wishes to announce that the Company had, on 8 March 2024, entered into a non-binding Memorandum of Understanding (“**MOU**”) with Mr Luk Siu Fung, Mark (“**Vendor**”), to acquire 60% shareholding interests of two investment holding companies to be incorporated in Hong Kong (“**Targets**”) by the Vendor (“**Proposed Acquisition**”).
- 1.2 Pursuant to the MOU, the total consideration for the Proposed Acquisition, subject to an independent valuation to be performed by an independent business valuer, shall be HK\$27.0 million. The final purchase consideration for the Proposed Acquisition shall be determined pursuant to the independent business valuation, and further discussion and negotiation between the Company and the Vendor, at the time of signing of the definitive sales and purchase agreement in respect of the Proposed Acquisition (“**Definitive Agreement**”).
- 1.3 The MOU is non-binding and has been executed to demonstrate the sincerity and the agreement of the Company and the Vendor (collectively, the “**Parties**”) to commence further discussions in respect of the Proposed Acquisition.

2. INFORMATION ON THE VENDOR AND THE TARGETS

- 2.1 As at the date of the MOU, the Vendor is the controlling shareholder of several operating companies (“**Target Subsidiaries**”) that own certain food and beverage (“**F&B**”) businesses in Hong Kong and China. The Target Subsidiaries specialize in providing authentic foreign cuisine in Hong Kong and China, with businesses include restaurants, franchising F&B brands and the trading of catering related products and raw materials. The brands include Yakiniku Kakura, Yakiniku 801, Utufu Café and Nafafa Thai restaurant.
- 2.2 The Vendor previously served as an Executive Director and Chief Executive Officer of the Company, from April 2020 to June 2021. The Vendor is not related to the Directors or substantial shareholders of the Company, and the Group, and their respective associates.
- 2.3 The Vendor intends to incorporate the two Targets in Hong Kong, each as an investment holding company of the Target Subsidiaries, with the Vendor holding 60% shareholding interests and the balance shareholding interests will be held by other third parties. The Vendor will undertake a restructuring exercise to rationalize and streamline the group structure pertaining to the Target Subsidiaries and consolidate them to be held by the Targets, prior to the signing of the Definitive Agreement.

3. RATIONALE FOR THE PROPOSED ACQUISITION

- 3.1 The Company has been exploring potential opportunities since obtaining approval from the Company's shareholders ("**Shareholders**") for diversification of the Group's existing business to include new businesses which comprise tourism, F&B, and entertainment. The Board is of the view that there are business potentials in achieving substantial economic benefits from the Proposed Acquisition as part of the Company's business diversification strategy with a view to expand revenue streams and maximize the economic return and long-term interest of Shareholders.

4. SALIENT TERMS OF THE MOU

- 4.1 The MOU sets out the preliminary intentions of the Parties in respect of the Proposed Acquisition and is subject to certain conditions precedent, including but not limited to, satisfactory due diligence by the Company of the Target Subsidiaries, execution of the Definitive Agreement, setting out definitive terms and conditions (including but not limited to the purchase consideration, number of shares of the Targets to be acquired by the Company, and terms of payment, etc.) to be agreed by the respective Parties, the approval of the Board and Shareholders being obtained in relation to the Proposed Acquisition (where applicable), as well as such other approvals or consents as may be required and applicable from such other regulatory authorities of the Parties.
- 4.2 Following the execution of the MOU, the Company (and its designated agents and/or advisers) shall be granted full access to any personnel and properties and shall review the relevant documents, books and records related to the Proposed Acquisition in the course of a due diligence exercise to be performed and completed by the Company no later than three months from the date of execution of the MOU, and the Vendor agrees to provide all reasonably necessary support to the Company during the process of such legal and financial due diligence exercise.
- 4.3 The Vendor undertakes to the Company that:
- (a) the Vendor will undertake a restructuring exercise to rationalize and streamline the group structure pertaining to the Target Subsidiaries with the objective of consolidating them to be held by the Targets, prior to the signing of the Definitive Agreement;
 - (b) the Vendor shall not initiate, solicit, encourage, directly or indirectly, or accept any offer or proposal, with respect to the acquisition of the shares or assets of the Targets and the Target Subsidiaries by any person other than the Company including, without limitation, by way of a purchase of shares, purchase of assets or merger, of all or any substantial part of the Targets' and the Target Subsidiaries' equity securities or assets, for the period of three months from the date of execution of the MOU; and
 - (c) the Vendor agrees to reimburse all the necessary fees incurred by the Company for the MOU and finalization of the Definitive Agreement.
- 4.4 The Parties shall use their best endeavors to execute the Definitive Agreement and shall, at all times, treat as confidential and not disclose to any third party or use on its own behalf or on behalf of any person any confidential information which either Party may obtain under the MOU, except that either Party may use such information to the extent necessary for the performance of the MOU or as when required by law or regulatory authority including, but not limited to, the Singapore Exchange Securities Trading Limited ("**SGX-ST**").
- 4.5 This MOU shall remain valid for a period of three months from the date of execution of the MOU, or such further period as may be agreed by the Parties in writing.

5. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 5.1 None of the Directors, substantial Shareholders and their respective associates has any interest, direct or indirect, in the Proposed Acquisition other than in their capacity as a Director or through their shareholdings in the Company.

6. CAUTIONARY STATEMENT

- 6.1 Shareholders and potential investors of the Company should note that the MOU is non-binding and is subject to execution of the Definitive Agreement with terms and conditions to be agreed by the Company and the Vendor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. There is no certainty or assurance that the Definitive Agreement will be entered into, or that the Proposed Acquisition will be completed.
- 6.2 The Company will make the necessary announcements in compliance with the requirements of the SGX-ST Listing Manual Section B: Rules of Catalist, as and when there are material developments in respect of the Proposed Acquisition and other matters contemplated in this announcement. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

7. DIRECTORS' RESPONSIBILITY STATEMENT

- 7.1 The Directors (including those who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.
- 7.2 Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

By Order of the Board

Chan Andrew Wai Men
Executive Chairman
8 March 2024

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 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 Mr Alex Tan, Chief Executive Officer, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.