SINOCLOUD GROUP LIMITED

(Incorporated in Bermuda on 13 August 2003)

(Company Registration No: 34050)

PROPOSED PLACEMENT OF AN AGGREGATE OF 1,567,400,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S$0.0011 PER NEW ORDINARY SHARE

1. INTRODUCTION

1.1 The board of directors ("**Board**" or "**Directors**") of SinoCloud Group Limited ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had, on 17 December 2020, entered into a placement agreement ("**Placement Agreement**") with two (2) placees (each, a "**Placee**" and collectively, the "**Placees**"), details as set out in paragraph 1.3 below.

1.2 Subject to and upon the terms of the Placement Agreement, the Company has agreed to allot and issue, and the Placees have agreed to subscribe and pay for, an aggregate of 1,567,400,000 new ordinary shares in the capital of the Company ("**Placement Shares**") at an issue price of S$0.0011 per Placement Share ("**Placement Price**"), amounting to an aggregate consideration of S$1,724,140 (equivalent to approximately HK$10.0 million on the basis of an agreed exchange rate at S$1.00 : HK$5.80 as set out in the Placement Agreement ("**Agreed Exchange Rate**")) ("**Proposed Placement**").

1.3 Details of the Placees and their respective subscription for the Placement Shares, as well as their shareholdings in the Company before and after the Proposed Placement, are set out below.

			% shareholding in the Company[3]	
Name of Placee[1]	**Number of Placement Shares**	**Subscription consideration payable (S$)/(HK$)[2]**	**As at the date of the Placement Agreement and before completion of the Proposed Placement[4]**	**After completion of the Proposed Placement[5]**
Mr Hung Hon Man	783,700,000	S$862,070/ HK$5,000,000	-	4.94%
Mr Lam Nan Pan	783,700,000	S$862,070/ HK$5,000,000	-	4.94%
Total	**1,567,400,000**	**S$1,724,140/ HK$10,000,000**	**-**	**9.87%[6]**

Notes:

(1) Please refer to section 4 of this announcement for further information on the Placees.

(2) Based on the Agreed Exchange Rate.

(3) Including deemed interests (if any).

(4) Based on the existing issued and paid-up share capital of the Company as at the date of this announcement, comprising 14,310,670,617 Shares ("**Existing Share Capital**").

(5) Based on the enlarged issued and paid-up share capital of the Company comprising 15,878,070,617 Shares, after taking into account the Existing Share Capital and 1,567,070,000 Placement Shares ("**Enlarged Share Capital**").

(6) Percentages in the table above does not add up due to rounding.

1.4 The Placement Shares shall be issued as fully paid and free from all claims, mortgages, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company ("**Shares**"), save that the Placement Shares will not be entitled to any dividend, rights, allotments and/or other distributions, the record date of which falls on or before the date of allotment and issue of the Placement Shares.

1.5 As at the date of this announcement, the Company has (i) an Existing Share Capital of 14,310,670,617 Shares; (ii) no treasury shares or subsidiary holdings; and (iii) HK$31,060,000 outstanding convertible bond ("**Convertible Bond**") of which no adjustments to the outstanding convertible bond are required pursuant to the terms and conditions of the convertible bond agreement dated 7 October 2020 entered into between the Company and Mr. Lam Cho Ying, Terence Joe ("**Bondholder**") ("**Convertible Bond Agreement**") as a result of the Proposed Placement. Upon completion of the Proposed Placement (and assuming no further issuance and allotment of new Shares), the Company's issued and paid-up share capital will increase to 15,878,070,617 Shares, being the Enlarged Share Capital. The Placement Shares represent approximately 10.95% of the Existing Share Capital, and approximately 9.87% of the Enlarged Share Capital.

1.6 The Company will be making an application through its sponsor to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing of and quotation for the Placement Shares on the Catalist Board of the SGX-ST ("**Catalist**"). The Company will make the necessary announcement when the listing and quotation notice has been granted by the SGX-ST.

1.7 The Proposed Placement will be undertaken pursuant to the private placement exemption under Section 272B of the Securities and Futures Act (Cap. 289) ("**SFA**") of Singapore. As such, no prospectus or offer information statement will be lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore in connection with the Proposed Placement.

1.8 Pursuant to Rule 803 of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Company has confirmed that it will not, pursuant to the Proposed Placement, issue the Placement Shares to transfer a controlling interest of the Company without the prior approval of shareholders of the Company ("**Shareholders**") in a general meeting. The Placement Shares will not be issued to any person who is a Director or a substantial Shareholder, or any other entity/person falling within the categories set out in Rule 812(1) of the Catalist Rules.

1.9 No placement agent has been appointed in respect of the Proposed Placement.

2. PRINCIPAL TERMS OF THE PROPOSED PLACEMENT

2.1 Placement Price

The Placement Price of S$0.0011 represents a premium of 10% to the volume weighted average price of S$0.0010 per share, based on trades done on Catalist on 16 December 2020, being the last full market day preceding the Placement Agreement was signed.

The Placement Price was commercially agreed between the Company and the Placees, taking into consideration, among others, historical trading performance of the Company and prevailing market conditions.

2.2 General Mandate

The Placement Shares will be allotted and issued pursuant to the general share issue mandate ("**General Mandate**") obtained from Shareholders at the annual general meeting of the Company held on 30 October 2020 ("**2020 AGM**").

Pursuant to the General Mandate, the Directors are authorized to, *inter alia*, allot and issue new Shares not exceeding 100% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings of the Company, if any) as at 2020 AGM, whether on a *pro rata* or non *pro rata* basis, after adjusting for:

(a) new Shares arising from the conversion or exercise of the instruments or any convertible securities outstanding;

(b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards, provided that such share options or share awards (as the case may be), were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares,

adjustments in accordance with sub-paragraph (a) or (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting as at 2020 AGM.

As at the date of 2020 AGM, being the date the General Mandate was approved by Shareholders, the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) was 14,310,670,617 Shares. As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate. Accordingly, the total number of Shares that may be issued pursuant to the General Mandate is 14,310,670,617 Shares, and the proposed allotment and issuance of the 1,567,400,000 Placement Shares will fall within the limit of the General Mandate.

For the avoidance of doubt, the proposed allotment and issuance of up to 5,647,272,727 new Shares to the Bondholder ("**Conversion Shares**") pursuant to the Convertible Bond Agreement had been specifically approved by independent Shareholders at the special general meeting of the Company convened on 30 October 2020. As such, the proposed allotment and issuance of the Conversion Shares will not affect the limit of the General Mandate.

2.3 Conditions Precedent

Pursuant to the terms and conditions of the Placement Agreement, the Proposed Placement is conditional upon, *inter alia:*

(a) approval in-principle for the listing and quotation of the Placement Shares on the SGX-ST being obtained from the SGX-ST ("**Listing Approval**") and not having been amended, withdrawn, revoked, rescinded or cancelled and, where such approval is subject to conditions and to the extent that such conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before the completion date, they are so fulfilled;

(b) the approval of the Directors and Shareholders (where necessary) being obtained in respect of the issue and allotment of the Placement Shares, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to either the Company or the Placees (collectively the "**Parties**") hereto;

(c) the approval of SGX-ST (if necessary) being obtained in respect of the Proposed Placement;

(d) there not having been any event or discovery of any fact or circumstance which would affect, render untrue, incorrect or inaccurate or give rise to a material breach in any respect of any of the representations, warranties, agreements or undertakings on the part of the Placees contained or referred to in this Placement Agreement deemed to be repeated on each day hereafter, down to completion in all respects with reference to the facts and circumstances existing on each such day;

(e) the subscription, issue and allotment, and offering (if any) of the Placement Shares being in compliance with the SFA in connection with offers of securities and not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority of Singapore, Bermuda or elsewhere which is applicable to the Company and/or the Placees, save that if the allotment, issue or placement of the Placement Shares is so prohibited against one or more of the Placees, the Company may at its discretion choose to proceed with this Placement Agreement with the other Placees; and

(f) the exemption under Section 272B(1) of the SFA being applicable to the Proposed Placement.

2.4 Completion

The completion of the Proposed Placement is the date falling five (5) market days, which SGX-ST is open for securities trading, after the date on which the conditions precedent in aforesaid clause 2.3 are satisfied (or such other date as may be agreed in writing between the Parties) in the following manner:

(i) each of the Placees shall pay to the Company his respective Consideration payable for such number of Placement Shares subscribed, by way of a bank transfer to the designated bank account of the Company, no later than three (3) business days prior to completion date;

(ii) each of the Placees shall deliver to the Company, no later than three (3) business days prior to completion date, a confirmation letter signed by the Placees;

(iii) allot and issue to each Placee, or, if so notified by any Placee to the Company not later than three (3) business days prior to completion date of that Placee's Securities Account, to Central Depository (Pte) Limited ("**CDP**") for the Securities Account of that Placee, the respective Placement Shares; and

(iv) deliver or procure to be delivered to each of the Placees or CDP, as the case may be, the share certificate registered in the name of the Placee or CDP, as the case may be, for such number of Placement Shares subscribed.

3. INTRODUCER

The Placees were introduced to the Company by a business associate of Mr Luk Siu Fung, Mark ("**Mr Luk**"). Mr Luk is the Executive Director and Chief Operating Officer of the Company. There is no introducer fee or commission paid or to be paid by the Company and/or the Group to Mr Luk or any third parties. There are no share borrowing arrangements to facilitate the Proposed Placement. Each of the Placees has represented to the Company that he is subscribing for the Placement Shares purely for investment purpose.

4. INFORMATION ON THE PLACEES

4.1 Mr Hung Hon Man, is the chairman, chief executive officer and founder of Get Nice Holdings Limited, and chairman of Get Nice Financial Group Limited. Both companies are listed on the main board of The Stock Exchange of Hong Kong Limited. Mr Hung possesses over 25 years of experience in the securities and real estate industries in Hong Kong and Taiwan. He is a private investor and is subscribing for the Placement Shares for investment purposes.

4.2 Mr Lam Nan Pan, is an experienced private investor focusing on value investment. He was in the hotel and restaurant businesses in China and Hong Kong for many years. He is a private investor and is subscribing for the Placement Shares for investment purposes.

4.3 The Placees (i) are not related to each other; (ii) have no existing connection with the Company, the Group, the Directors, substantial Shareholders and controlling Shareholder of the Company; (iii) are not persons to whom the Company is prohibited from issuing Shares to, as set out under Rule 812 of the Catalist Rules. As at the date of the Placement Agreement and date of this announcement, none of the Placees holds Shares in the Company.

5. RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS

5.1 The Company had, (i) in its announcement dated 12 October 2020, stated its key assumptions on the Group's ability to continue as a going concern, regardless of its negative working capital position of HK$31.7 million as at 30 June 2020; (ii) on 30 October 2020, obtained the approval from Shareholders in a special general meeting for a proposed diversification of the Group's business, to broaden its stream of revenue and income; and (iii) on 13 November 2020, announced its first quarter unaudited results for the financial period ended 30 September 2020, that the Group recorded a negative working capital position of HK$41.6 million, and that the Group is exploring various alternatives to further strengthen its financial positions. The Proposed Placement will enable the Group to improve its financial position, cash flow and working capital, in addition to its current cost cutting measures to reduce operating costs and expenses, and will enable the Group to expand and diverse its business in order to improve Shareholders' long-term return. The Directors are of the view that the Proposed Placement is in the best interests of the Company and Shareholders.

5.2 The estimated net proceeds from the Proposed Placement (after deducting professional fees and related expenses of approximately HK$120,000) amount to approximately HK$9,880,000 (the "**Net Proceeds**").

5.3 The Company, after taking into account its working capital position, intends to utilise:

(a) approximately HK$6.00 million or 61% of the Net Proceeds for the repayment of debt and outstanding interests in respect of the Convertible Bond, in order to reduce the Group's debt to capital ratio and exposure in cash deployment of interests payable in the future; and

(b) approximately HK$3.88 million or 39% of the Net Proceeds for the Group's general corporate and administrative purposes in order to strengthen its financial position, cash flow and working capital, including but not limited to, the settlement of its office overhead, staff costs, and professional fees.

5.4 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed or deployed, including whether the use was in accordance with the stated use and in accordance with the amount or percentage allocated as announced, and will provide a status report on the utilisation of such Net Proceeds in its interim and full year financial statements announcement(s) and annual report(s). Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the relevant announcements and annual report(s). Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

5.5 Pending the deployment of the Net Proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interest of the Company from time to time.

6. THE FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

The financial effects of the Proposed Placement as set out below are presented for illustrative purposes only and do not necessary reflect the actual results and financial position of the Group following completion of the Proposed Placement.

The *pro forma* financial effects of the Proposed Placement have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2020 ("**FY2020**") subject to the following assumptions:-

(a) the financial effect of the Proposed Placement on the consolidated net tangible asset value ("**NTA**") per Share is computed based on the assumption that the Proposed Placement had been completed on 30 June 2020;

(b) the financial effect of the Proposed Placement on the loss per Share ("**LPS**") is computed based on the assumption that the Proposed Placement had been completed on 1 July 2019; and

(c) the expenses to be incurred in respect of the Proposed Placement amounted to approximately HK$0.12 million.

6.1 NTA per Share

As at 30 June 2020	Before the Proposed Placement	After the Proposed Placement
NTA[(1)] attributable to Shareholders (HK$'000)	124,976	134,856
Number of issued Shares	14,310,670,617	15,878,070,617
NTA per Share (HK$ cents)	0.87	0.85

Note:
(1) NTA means total assets less the sum of total liabilities, intangible assets and non-controlling interest.

6.2 LPS

FY2020	Before the Proposed Placement	After the Proposed Placement
Net loss attributable to Shareholders (HK$'000)	105,385	105,505
Weighted average number of Shares	14,310,670,617	15,878,070,617
LPS (HK$ cents)	0.74	0.66

7. CONFIRMATION BY THE BOARD

The Directors are of the opinion that, as at the date of this announcement, after taking into consideration:

(a) the Group's present bank facilities, internal resources and operating cash flow, the working capital available to the Group is sufficient to meet its present requirements; and

(b) the Group's present bank facilities, internal resources and operating cash flow, and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Proposed Placement will enable the Company and the Group to raise funds for purposes as set out in section 5.3 of this announcement.

8. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in section 5.3(a) of this announcement on the use of Net Proceeds for, among others, the repayment of debt and outstanding interests in respect of the Convertible Bond (which is held by the controlling Shareholder who is the Bondholder), none of the Directors, substantial and controlling Shareholders and their respective associates has any interest, direct or indirect, in the Proposed Placement (other than through their respective and indirect shareholdings and/or directorships in the Company, if any).

9. FURTHER ANNOUNCEMENTS

The Company will make further announcements to update Shareholders on the Proposed Placement, as and when appropriate.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Whilst the registered office of the Company is in Bermuda, the principal office of the Company is in Hong Kong and the office of the Company's share transfer agent is in Singapore. Taking into account that Hong Kong and Singapore are more accessible locations than Bermuda, a copy of the Convertible Bond Agreement will be made available for inspection during normal business hours at the principal office of the Company at Unit 505, W50, 50 Wong Chuk Hang Road, Hong Kong, and the office of the Company's Singapore Share Transfer Agent, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, for a period of three (3) months from the date of this announcement. The Shareholders are required to make an appointment via email to sinocloud@mncsingapore.com prior to the inspection, in view of the social distancing measures currently in place in Singapore.

11. DIRECTORS' 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 Proposed Placement and the Group, 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.

12. CAUTIONARY STATEMENT

Shareholders and 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 Proposed Placement will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Placement and other matters contemplated in this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Chan Andrew Wai Men
Chairman and Chief Executive Officer
21 December 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 Catalist Rules.

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.