

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

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**MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED  
ACQUISITION OF UNIVISION ENGINEERING LIMITED**

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**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 2 March 2021, entered into a non-binding Memorandum of Understanding (“**MOU**”) with Mr Koo Sin Mo, Stephen (“**Vendor**”) for the proposed acquisition by the Company from the Vendor of 52.4% equity interest (“**Sale Shares**”) held by the Vendor, directly and indirectly, in UniVision Engineering Limited (“**UniVision**” or “**Target**”) (“**Proposed Acquisition**”).
- 1.2 Pursuant to the MOU, the total consideration for the Proposed Acquisition, determined on a willing-buyer willing-seller and arm’s length basis, shall be HK\$89.08 million (“**Consideration**”). The Consideration shall be satisfied by way of a combination of cash and new ordinary shares of the Company to be issued, payable in tranches up to 36 months after completion of the Proposed Acquisition. The final purchase consideration for the Proposed Acquisition shall be determined pursuant to 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 TARGET**

- 2.1 As at the date of the MOU, the Vendor is the 72.9% legitimate shareholder of UniVision. The Vendor is a Hong Kong national and is currently in the executive chairman of UniVision. The Vendor is not related to the Directors or substantial shareholders of the Company, and the Group, and their respective associates.
- 2.2 UniVision, a company incorporated in Hong Kong in November 1979, is principally engaged in the provision of supply, design, installation and maintenance of closed circuit television (CCTV) and surveillance systems, and the sale of security related products. Its blue chip clients include numerous departments in the Hong Kong Government, and Hong Kong Mass Transit Railway. UniVision is currently listed on the AIM Board of the London Stock Exchange Plc (“**LSE**”) in the United Kingdom. As at the date of this announcement, the market capitalisation of the Target is GBp4.2 million (equivalent to HK\$45.6 million based on an exchange rate of GBp1: HK\$10.8). Further information on the Target can be found at the Target’s website at [www.uvel.com](http://www.uvel.com).

### **3. RATIONALE FOR THE PROPOSED ACQUISITION**

The Board is of the view that there are great business potentials in achieving substantial economic benefits in acquiring an absolute controlling interest of UniVision as part of the Company's business diversification strategy with a view to maximize the economic return and long-term interest of shareholders of the Company ("**Shareholders**"). In addition, the Board believes that the Company can add value to UniVision, to assist UniVision to grow by allowing it access to additional funds, introduced by the Company, to expand UniVision's business as well as providing data storage facilities (through the Group's Internet Data Centre business) for UniVision to offer alongside its current services.

### **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, execution of the Definitive Agreement, setting out definitive terms and conditions (including but not limited to the purchase consideration, number of shares of the Target 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 After signing of the MOU, the Company (and its designated agents and/or advisers) shall be entitled to full access to any personnel and properties and shall review the Target's relevant documents, books and records related to the Target in the course of a due diligence exercise to be performed and completed by the Company no later than 31 March 2021, and the Vendor would provide all reasonably necessary support to the Company during the process of such legal and financial due diligence exercise.
- 4.3 The Company undertakes to the Vendor and the Target that:
- (a) the Company will enter into a Relationship Agreement with the Target to govern its future relationship with the Target, conditional upon the Company acquiring the Sale Shares from the Vendor;
  - (b) the Company will use its best endeavours to ensure that the Target will continue to be able to comply with the QCA Corporate Governance Code in relation to its admission to trading on AIM Board of the LSE; and
  - (c) whilst the Company may seek board representation on the Target's board to be able to monitor its investment, the Company's current intention is to allow the Target to continue to trade as an independently operated business, with the current executive management, admitted to trading on AIM Board of the LSE.
- 4.4 The Company undertakes to the Vendor and the Target that the Definitive Agreement will include a term that, should the Proposed Acquisition complete, the Company agrees to make a minimum funding facility of HK\$10.0 million available to the Target within three months of acquiring the Sale Shares, by way of a loan facility on normal commercial terms to be agreed. The Company intends to seek such funding facility in due course.

- 4.5 The Vendor agrees that he 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 Target 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 Target's equity securities or assets, for the period from the signing of the MOU up to and including 31 March 2021.
- 4.6 All Parties shall use best endeavors to execute the Definitive Agreement earliest practical 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**") and the LSE.
- 4.7 This MOU shall remain valid for a period of three months from the date of execution (being, up to 1 May 2021) (or such further period as may be agreed by both parties in writing).

## **5. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors, substantial and controlling 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 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 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 Catalyst, as and when there are material developments in respect of the Proposed Acquisition 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.

## **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

**Luk Siu Fung, Mark**

Executive Director and Chief Executive Officer

3 March 2021

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*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.*