

SINOCLOUD GROUP LIMITED
(Company Registration Number: 34050)
(Incorporated in Bermuda on 13 August 2003)

ISSUANCE OF CONVERTIBLE BOND

– EXECUTION OF A FOURTH SUPPLEMENTAL AGREEMENT TO THE CONVERTIBLE BOND AGREEMENT DATED 7 OCTOBER 2020 BETWEEN SINOCLOUD GROUP LIMITED AND LAM CHO YING TERENCE JOE (THE “CONVERTIBLE BOND AGREEMENT”)

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of SinoCloud Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to:

- (i) the Company’s circular to shareholders dated 14 October 2020 (the “**Circular**”), in relation to, *among others*, the issuance of bond in principal amount of up to HK\$31.06 million (the “**Bond**”) to Mr. Lam Cho Ying Terence Joe as the subscriber (“**Mr. Lam**”);
- (ii) the Company’s announcement dated 26 October 2022, in relation to the notification on the Maturity Date of the Bond;
- (iii) the Company’s announcement dated 18 November 2022, in relation to the first supplemental agreement to the Convertible Bond Agreement dated 18 November 2022 (the “**First Supplemental Agreement**”);
- (iv) the Company’s announcement dated 20 January 2023, in relation to the results of the special general meeting of the Company held on 20 January 2023, whereby shareholders’ approval for, *inter alia*, the amendments pursuant to the First Supplemental Agreement has been obtained;
- (v) the Company’s announcement dated 22 March 2023, in relation to the second supplemental agreement to the Convertible Bond Agreement dated 21 March 2023 (the “**Second Supplemental Agreement**”); and
- (vi) the Company’s announcement dated 27 June 2023 (the “**Announcement**”), in relation to the third supplemental agreement to the Convertible Bond Agreement dated 27 June 2023 (the “**Third Supplemental Agreement**”).

Unless otherwise stated or the context otherwise requires, all capitalised terms used herein shall have the same definitions ascribed to them in the Circular.

2. **FOURTH SUPPLEMENTAL AGREEMENT**

- 2.1 As of the date of this announcement, there is outstanding Bond in the principal amount of HK\$16,060,000 (equivalent to approximately S\$2,867,857, based on an agreed fixed exchange rate of S\$1.00:HK\$5.60 under the Convertible Bond Agreement).
- 2.2 Further to the Announcement, the Company wishes to update shareholders that the Company has, on 29 August 2024, entered into a fourth supplemental agreement to the Convertible Bond Agreement (the “**Fourth Supplemental Agreement**”) with Mr. Lam to further amend the Maturity Date of the Bond.
- 2.3 Pursuant to the Fourth Supplemental Agreement:
- (a) the Maturity Date of the Bond is extended (the “**Fourth Extension**”) by a further period of twelve (12) months from 22 June 2024 to 22 June 2025 (being a total of 55 months from the date of the issue of the Bond);
 - (b) the Bond which is not previously redeemed or cancelled by the Company shall be redeemed by the Company at 100% of their Principal Amount together with all accrued and unpaid interest on the revised Maturity Date, being 22 June 2025; and
 - (c) for the avoidance of doubt, the Bond shall bear simple interest of 6.0% per annum (as per the simple interest rate charged on the Bond under the Convertible Bond Agreement) from 23 June 2024 up to and including the revised Maturity Date.
- 2.4 Save as described above, all other terms and conditions of the Convertible Bond Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement shall remain intact and shall continue to have full force and effect.
- 2.5 Rationale for the Fourth Extension. Based on the Group’s unaudited consolidated financial statements for the third quarter ended 31 March 2024, the Group reported a negative working capital of approximately HK\$62.7 million and a cash and bank balances of approximately HK\$31,000 as at 31 March 2024. The Fourth Extension will allow the Group to conserve its cash resources and apply the same towards the Group’s general corporate and working capital purposes. Accordingly, the Board is of the view that the Fourth Extension is in the best interest of the Company and its shareholders.

3. **INTERESTED PERSON TRANSACTION (“IPT”)**

- 3.1 As at the date of this announcement, Mr. Lam holds 45,264,766 ordinary shares in the capital of the Company under the name of nominee, DBS Vickers Securities (Singapore) Pte Ltd, representing approximately 21.49% of the paid up and issued share capital of the Company. In addition, as at the date of this announcement, Mr. Lam is the sole shareholder of Alternus Capital Holdings Limited (“**ACHL**”), which holds 11,755,500 ordinary shares in the capital of the Company under the name of nominee, DBS Vickers Securities (Singapore) Pte Ltd, representing approximately 5.58% of the paid

up and issued share capital of the Company and is deemed to be interested in the ordinary shares of the Company held by ACHL by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore. Accordingly, Mr. Lam is deemed to be a controlling shareholder of the Company pursuant to the Catalist Rules and is therefore an “interested person” of the Company. The Fourth Extension therefore constitutes an “interested person transaction” under Chapter 9 of the Catalist Rules, and the amount at risk arising from the Fourth Extension is the additional interest payable on the outstanding Bond, amounting to HK\$963,600 for the period from 23 June 2024 to 22 June 2025 (being the revised Maturity Date of the Bond).

- 3.2 For the avoidance of doubt, (i) shareholders’ approval was obtained during the Company’s special general meeting held on 30 October 2020 for, *inter alia*, the Proposed Bond Issuance as an “interested person transaction” pursuant to Chapter 9 of the Catalist Rules, whereby the amount at risk in respect of the Proposed Bond Issuance was HK\$34,787,200 (being the aggregate of the principal amount of up to HK\$31,060,000 and the total interest payable on the Bond of up to HK\$3,727,200 from the date of the issue of the Bond to the initial Maturity Date of the Bond of 22 November 2022); (ii) all interest payable under and in accordance with the Convertible Bond Agreement (as amended by the First Supplemental Agreement and the Second Supplemental Agreement) in respect of the outstanding Bond during the first and second extension periods from 23 November 2022 to 22 June 2023 was waived by Mr. Lam in its entirety; and (iii) shareholders’ approval was not required for the Third Supplemental Agreement as the amount at risk in respect of the Third Supplemental Agreement, on its own or when aggregated with other transactions entered into with Mr. Lam, does not exceed the relevant threshold of 5.0% under Rule 906(1)(b) of the Catalist Rules.
- 3.3 As of the date of this announcement, the aggregate interest payable under and in accordance with the Third Supplemental Agreement of HK\$966,240 remains outstanding to Mr. Lam from the Company (“**Outstanding Interest Payable**”).
- 3.4 On 1 July 2024, the Company and its wholly-owned subsidiary, SinoCloud Group (HK) Limited (“**SinoCloud HK**”), entered into a loan agreement with Mr. Lam, whereby all parties mutually agreed that the Outstanding Interest Payable, along with an aggregate outstanding interest of HK\$625,780 payable in respect of the existing loans from Mr. Lam to SinoCloud HK (totalling HK\$1,592,020), be converted into a loan from Mr. Lam to the Company and SinoCloud HK, with an interest of 10.0% per annum, commencing from 1 July 2024 and maturing on 1 July 2025 (“**Converted Loan**”).
- 3.5 In addition, on 1 July 2024, SinoCloud HK, entered into a loan extension agreement with Mr. Lam, whereby all parties mutually agreed that the maturity date of the existing outstanding loans from Mr. Lam to SinoCloud HK (totalling HK\$6,500,621), be extended from 1 July 2024 to 1 July 2025, with an interest of 10.0% per annum (“**Extended Loan**”).
- 3.6 Based on the latest audited financial statements of the Group for the financial year ended 30 June 2023, the audited net tangible assets of the Group (“**Group NTA**”) was approximately HK\$37,693,000.

In view of the above, (i) the amount at risk in respect of the Fourth Extension, being the interest payable, of HK\$963,600 represents approximately 2.56% of the Group NTA; (ii) the amount at risk in respect of the Converted Loan of HK\$159,202, being the interest payable, represents approximately 0.42% of the Group NTA; and (iii) the amount at risk in respect of the Extended Loan of HK\$650,062, being the interest payable, represents approximately 1.72% of the Group NTA, all of which does not exceed the relevant thresholds of 3.0% and 5.0% under Rule 905(1) and Rule 906(1)(a) of the Catalist Rules respectively.

3.7 The aggregate amount at risk in respect of all transactions (excluding transactions which have been approved by shareholders) entered into between the Group and Mr. Lam and his associates since the beginning of the current financial year ending 30 June 2025 amounted to HK\$1,772,864, comprising the following:

- (i) interest payable in respect of the Fourth Extension of HK\$963,600 (as set out in paragraph 3.1 above);
- (ii) interest payable in respect of the Converted Loan of HK\$159,202 (as set out in paragraph 3.4 above); and
- (iii) interest payable in respect of the Extended Loan of HK\$650,062 (as set out in paragraph 3.5 above).

This represents approximately 4.70% of the Group NTA, which exceeds the relevant threshold of 3.0% under Rule 905(2) of the Catalist Rules, but within the relevant threshold of 5.0% under Rule 906(1)(b) of the Catalist Rules.

3.8 Save for Mr. Lam and his associates (being ACHL, who is a substantial shareholder of the Company, and Mr. Lam Chun Hei Justin, who is the Executive Director and Chief Operating Officer of the Company), none of the Directors and their respective associates, and to the best of the Directors' knowledge, none of the substantial shareholders of the Company and their respective associates, has any interest, whether direct or indirect, in the Fourth Supplemental Agreement, the Fourth Extension, the Converted Loan and the Extended Loan (other than in their capacity as Director or shareholder of the Company, as the case may be).

3.9 For the current financial year ending 30 June 2025, there are IPTs comprising loans and advances to the Group from other interested persons but these are interest-free and as such there is no amount at risk to the Group. Save as disclosed herein, there were no IPTs (excluding transactions that are less than S\$100,000 and other than the Fourth Extension, the Converted Loan and the Extended Loan from Mr. Lam) entered into between the Group and all interested persons for the current financial year ending 30 June 2025.

4. AUDIT COMMITTEE'S STATEMENT

Pursuant to Rule 917(4)(a) of the Catalist Rules, the Audit Committee of the Company (all of whom are considered independent for the purposes of considering the Fourth Extension), having

considered, among others, (i) the terms of the Fourth Supplemental Agreement; and (ii) the rationale for and benefits of the Fourth Extension, is of the view that the Fourth Extension is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

5. 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 Fourth Supplemental Agreement and the Fourth Extension, the Company and its subsidiaries, 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.

6. FURTHER ANNOUNCEMENTS

- 6.1 The Company will make further announcements on any material developments to update shareholders of the Company as and when appropriate.
- 6.2 Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully and exercise caution when dealing or trading in the shares of the Company. When in doubt as to the action they should take, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

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