

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

ISSUANCE OF CONVERTIBLE BOND

- EXECUTION OF A THIRD 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, *inter alia*, 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; and
- (v) the Company’s announcement dated 22 March 2023 (the “**Announcement**”), in relation to the second supplemental agreement to the Convertible Bond Agreement dated 21 March 2023 (the “**Second 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. THIRD SUPPLEMENTAL AGREEMENT

- 2.1 As of the date of this announcement and subsequent to the completion of the recent rights issue undertaken by the Company (the “**Rights Issue**”), there is outstanding Bond in the principal amount of HK\$16,060,000 (equivalent to S\$2,868,000, 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 27 June 2023, entered into a third supplemental agreement to the Convertible Bond Agreement (the “**Third Supplemental Agreement**”) with Mr. Lam to further amend the Maturity Date of the Bond.

- 2.3 Pursuant to the Third Supplemental Agreement:
- (a) the Maturity Date of the Bond is extended (the “**Third Extension**”) by a further period of twelve (12) months from 22 June 2023 to 22 June 2024 (being a total of 43 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 Maturity Date, being 22 June 2024; 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 2023 up to and including the Maturity Date.
- 2.4 Save as described above, all other terms and conditions of the Convertible Bond Agreement, the First Supplemental Agreement and the Second Supplemental Agreement shall remain intact and shall continue to have full force and effect.
- 2.5 Rationale for the Third Extension. Notwithstanding that the outstanding Bond has been reduced to a principal amount of HK\$16,060,000 after the Rights Issue by way of a set-off against the subscription monies payable by Mr. Lam and his associate, ACHL (defined below), for their subscription of rights shares pursuant to and under the Rights Issue, the Third Extension will allow the Group to conserve its cash resources and apply the same towards the Group’s general corporate and working capital purposes and is in the interest of the Company.
- 3. INTERESTED PERSON TRANSACTION (“IPT”)**
- 3.1 As at the date of this announcement, Mr. Lam holds 33,229,666 ordinary shares in the capital of the Company under the name of nominee, DBS Vickers Securities (Singapore) Pte Ltd, representing approximately 15.78% 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 Third Extension therefore constitutes an “interested person transaction” under Chapter 9 of the Catalist Rules, and the amount at risk is the additional aggregate interest payable on the outstanding Bond, amounting to HK\$963,600 from 23 June 2023 to 22 June 2024 (being the Maturity Date of the Bond).
- 3.2 For the avoidance of doubt, (i) shareholders’ approval had been 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); and (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 has been waived by Mr. Lam in its entirety.
- 3.3 Based on the latest audited financial statements of the Group for the financial year ended 30 June 2022, the audited net tangible assets of the Group (“**Group NTA**”) was approximately HK\$35,911,000.

In view of the above, the amount at risk in respect of the Third Extension of HK\$963,600 represents approximately 2.68% of the Group NTA, 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.

3.4 The aggregate amount at risk in respect of all transactions (excluding transactions that are less than S\$100,000 and 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 2023 amounted to HK\$1,572,032, comprising the following:

(i) interest payable in respect of the Third Extension of HK\$963,600 (as set out in paragraph 3.1 above); and

(ii) interest payable in respect of loans from Mr. Lam of HK\$608,432.

This represents approximately 4.38% of the Group NTA, which exceeds the relevant threshold of 3.0% under Rule 905(2) of the Catalist Rules but does not exceed the relevant threshold of 5.0% under Rule 906(1)(b) of the Catalist Rules.

3.5 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 Third Supplemental Agreement and the Third Extension (other than in their capacity as Director or shareholder of the Company, as the case may be).

3.6 For the current financial year ending 30 June 2023, 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 Third Extension and the aforementioned loans from Mr. Lam) entered into between the Group and all interested persons for the current financial year ending 30 June 2023.

4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company has reviewed the Third Extension and is of the view that the Third Extension had been transacted on normal commercial terms and on arm's length basis and is not prejudicial to the interests of the Company and its minority shareholders.

5. FURTHER ANNOUNCEMENTS

5.1 The Company will make further announcements on any material developments to update shareholders of the Company as and when appropriate.

5.2 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
27 June 2023

*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.