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

UPDATE ON LITIGATION ON GUIYANG ZHONGDIAN GAOXIN DIGITAL TECHNOLOGIES LIMITED ("GUIYANG ZHONGDIAN")

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1. Introduction

1.1. The Board of Directors (the "Board" or "Directors") of SinoCloud Group Limited (the "Company", and together with its subsidiaries, the "Group") refers to the Company's announcement dated 16 October 2023 regarding the update on the litigation on Guiyang Zhongdian Gaoxin Digital Technologies Limited (Guiyang Zhongdian), a principal investment of the Group.

2. Update on legal proceedings against Guiyang Zhongdian

2.1. The Company has been closely monitoring and actively seeking updates from Guiyang Zhongdian. In August 2024, the Company was notified by Guiyang Zhongdian's legal representative, Mr. Zhang Dai, and subsequently we have commissioned a report by a third-party, Central Business Information Limited, dated 15 April 2025 (the "**Report**"). Based on the Report:

(a) the legal proceedings initiated by Lianyuan City Chuangyi Technology Micro Credit Company Ltd. ("Chuangyi" 連雲港市創億科技小額貸款股份有限公司) had been marked as "Execution Terminated" (withdrawn) on 24th December 2024. For reference, the official explanation of this term is available at the Chinese government website: zbzy.sdcourt.gov.cn.

(b) it was identified that there had been an undisclosed legal proceeding initiated by Jincheng Economic and Technological Development Zone State-owned Capital Operation Co., Ltd. (晋城经济技术开发区国有资本运营有限公司) on 8th April 2024 against Guiyang Zhongdian in relation to [guarantee contract dispute]. The report further confirmed that this case was marked as "Execution Terminated" (withdrawn) on 18 March 2025. The Legal Representative did not notify the Board in a timely manner and the Board was only aware of the said undisclosed legal proceeding upon reviewing the report. Moving forward, the Board will implement stronger communication protocols to ensure more effective and immediate coordination and flow of information between the Company and its Legal Representative.

2.2 The Company has not suffered any material damages throughout the process and arising from the above legal proceedings and the Company is not aware that there has been any financial or operational implication on Guiyang Zhongdian.

2.3 As of the report dated 15 April 2025 and save for the above legal proceedings, we are not aware of any additional claims that have not yet been disclosed. We have engaged in ongoing consultations with our legal representative and have been promptly informed that there has not been any additional claims.

3. Share Pledge Arrangement for Guiyang Zhongdian

3.1 The Company affirms that the share pledge arrangement remains in effect, and discussions are ongoing with Bird & Bird, the law firm responsible for drafting the arrangement, to obtain additional legal confirmation. The Company is in active discussions with Bird & Bird and Beijing DaCheng Law Offices, LLP to obtain a formal legal confirmation and any necessary clarifying documentation. As Bird & Bird is unable to confirm which mainland Chinese law firm they engaged a decade ago for the share pledge, we have resolved to engaging Beijing Dacheng Law Offices, LLP as well to assist with the matter, as we have worked with them previously and maintain a positive professional relationship. Pending receipt of Bird & Bird and/or Beijing DaCheng Law Offices, LLP's written confirmation, the Company relies on the original share pledge documentation and its internal records as the basis for stating that the pledge remains effective. For shareholders' reference, the circular relating to the share pledge and related matters dated **24 August 2015** is available here: https://links.sgx.com/FileOpen/SC-Circular%20dated%2024%20August%202015.ashx?App=ArchiveAnnouncement&FileID=366650&AnncID=VRTWX5H18NOYR8LB

4. Going Concern Assessment

4.1. The Board has carefully reviewed the financial position, operational performance, and future prospects of the Company and the Group. Based on this review, the Board is of the opinion that the Company and the Group are able to continue as a going concern.

4.2 The Board of Directors acknowledges the Disclaimer of Opinion from our auditors, Crowe Horwath First Trust LLP, on the FY2023 financial statements, which cited uncertainties regarding the Group's ability to continue as a going concern.

Despite this, the Board is confident in the Group's operational and financial viability. Our conclusion is based on the following decisive measures:

1. **Financial Support:** We are actively engaging with prospective shareholders to secure sufficient financial resources that will enable us to meet all obligations well into the future. Following the suspension of the listing, we have already obtained HKD 1.3 million in loans. We have also spoken with our controlling shareholder, who has indicated a willingness to provide financial undertaking once the company is relisted.

2. **Operational Turnaround:** Further personnel have been allocated to the data centre to enhance communication effectiveness.

The company feels that data centre and AI has an unequivocal bond. AI demands drives capacity growth. Our primary objective is to acquire new clients in order to expand our service usage.

These actions provide a clear path for the Group to meet its obligations. Therefore, the Board maintains that the Group's ability to continue on a going concern basis is appropriate.

4.3 The Expansion Project was terminated because, during the COVID-19 pandemic, the Group was unable to secure the necessary external funding as market and operating conditions were highly uncertain, and management chose to conserve cash and halt further capital expenditure.

An independent PRC-qualified valuer later applied the depreciated replacement cost approach and estimated a salvage value of $20,671,000 as at 30 June 2023, as disclosed in the Company's FY2023 annual report.

Since termination, the Company has not received any claims, demands or notices for compensation from counterparties in respect of the Expansion Project. Based on the absence of any claims or other developments over the subsequent two years, management confirms that there are currently no known undisclosed liabilities or contingent exposures arising from the Expansion Project beyond those already recognised or disclosed in the Group's financial statements.

5. Further Announcements

5.1. The Company will make further announcements on any material developments as appropriate to keep shareholders informed.

5.2. Shareholders and potential investors are advised to read this announcement and any further communications from the Company carefully. They should exercise caution when dealing in the Company's shares and consult with their professional advisers if uncertain about any actions to take.

BY ORDER OF THE BOARD

Chan Andrew Wai Men

Executive Chairman

10th February 2026