

SINOCLOUD GROUP LIMITED

(Company Registration No.: 34050)
(Incorporated in Bermuda on 13 August 2003)

PROPOSED CONSOLIDATION OF EVERY ONE HUNDRED (100) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of SinoCloud Group Limited (the “**Company**”) wishes to announce that the Company is proposing to undertake a share consolidation of every one hundred (100) existing issued ordinary shares (“**Shares**”) in the capital of the Company (“**Existing Shares**”), including treasury shares (if any), held by the shareholders of the Company (“**Shareholders**”) as at a record date to be determined by the Directors (“**Record Date**”) into one (1) ordinary share in the capital of the Company (collectively referred to as the “**Consolidated Shares**” and each, a “**Consolidated Share**”), fractional entitlements to be disregarded (the “**Proposed Share Consolidation**”).
- 1.2 As a result of the Proposed Share Consolidation, each Shareholder will receive one (1) Consolidated Share for every one hundred (100) Existing Shares held prior to the Proposed Share Consolidation at the Record Date.
- 1.3 Pursuant thereto, the Company is proposing a special general meeting (“**SGM**”) to seek Shareholders’ approval for the Proposed Share Consolidation. The Company will be despatching a Shareholders’ circular (“**Circular**”) in relation to the Proposed Share Consolidation and the notice of SGM in due course, via announcement on the Singapore Exchange’s website and the Company’s website.

2. INFORMATION ON THE PROPOSED SHARE CONSOLIDATION

- 2.1 Subject to Shareholders’ approval being obtained for the Proposed Share Consolidation at the SGM, Shareholders’ holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Record Date. After the Record Date, every one hundred (100) Existing Shares (including treasury shares, if any) registered in the name, or standing to the credit of the Securities Account¹, each Shareholder or Depositor² (as the case may be) as at the Record Date will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded.

¹ A securities account maintained by a Depositor with The Central Depository (Pte) Limited but does not include a securities sub-account maintained with a Depository Agent (as defined in Section 81SF of the Singapore Securities and Futures Act 2001 (“**SFA**”))

² As defined in Section 81SF of the SFA.

- 2.2 Each Consolidated Share will rank *pari passu* in all respects with each other, except that the Consolidated Shares which are held as treasury shares by the Company (if any) will be subject to the provisions of the Singapore Companies Act 1967 on treasury shares. Trading in the Consolidated Shares on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) will be in board lots of one hundred (100) Consolidated Shares.
- 2.3 Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of Existing Shares as at the Record Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Share arising from the Proposed Share Consolidation will be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in its absolute discretion, deem fit in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractions of Consolidated Share which are disregarded.
- 2.4 **Shareholders who hold less than one hundred (100) Existing Shares as at the Record Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of one hundred (100) Shares as at the Record Date.**
- 2.5 As at the date of this announcement, the Company has an issued and paid-up share capital of HK\$15,878,070.62, comprising 15,878,070,617 Existing Shares. The Company has no treasury shares or subsidiary holdings. On the assumption that there will be no new Shares issued by the Company up to the Record Date and no fractions of Consolidated Shares arising from the Proposed Share Consolidation, and subject to Shareholders’ approval being obtained for the Proposed Share Consolidation at the SGM, the issued and paid-up share capital of the Company will be HK\$15,878,070.62, comprising 158,780,706 Consolidated Shares, following the completion of the Proposed Share Consolidation.
- 2.6 The Proposed Share Consolidation will have no theoretical impact on the dollar value of the issued and paid-up capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the equity of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding and the disregard of fractional entitlements.

3. RATIONALE OF THE PROPOSED SHARE CONSOLIDATION

The Board believes that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders for the following reasons:

(i) Satisfaction of the minimum bid size prescribed by the SGX

The Company may from time to time undertake corporate actions and such corporate actions may involve the issue of new Shares. The volume weighted average price of the Shares for the period of six (6) months prior the date of this announcement was S\$0.001, being the minimum bid size of S\$0.001 prescribed by the SGX-ST. The commercial terms of any corporate action which the Company may undertake in the near future may require the issue of new Shares at a discount to the prevailing trading price of the Shares. Accordingly, to facilitate any such corporate action, the Company proposes to carry out the Proposed Share Consolidation on a 100:1 basis.

(ii) Reduction of volatility of the Share price

The absolute price of the Shares of the Company traded on the Catalist have been closing at a low level, with last traded Share price of S\$0.001 in the past six (6) months before the date of this announcement.

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), trading in lowly-priced shares may translate to higher transaction costs, relative to the trading price, for each trading of one board lot of Shares. In addition, lowly-priced shares are generally more prone to speculation and market manipulation, which may result in excessive share price volatility. The Board believes that the Proposed Share Consolidation may serve to (i) reduce the volatility of the Share price and reduce fluctuations in the Company's market capitalisation; and (ii) reduce the percentage transaction cost for trading in each board lot of Shares.

Shareholders should note however that there can be no assurance that the Proposed Share Consolidation will achieve the desired results as stated above, nor is there assurance that such results (if achieved) can be sustained in the longer term.

4. APPROVALS AND CONDITIONS

4.1 The Proposed Share Consolidation is subject to, *among others*:

- (i) receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Catalist of the SGX-ST; and
- (ii) approval of the Shareholders by ordinary resolution of the Proposed Share Consolidation at an SGM to be convened.

4.2 An application will be made to the SGX-ST, via the Company's sponsor, to obtain its approval-in-principle for the dealing in, listing of and quotation for the Consolidated Shares arising from the Proposed Share Consolidation. An announcement on the outcome of the application will be made in due course. The listing approval from the SGX-ST is not to be taken as an indication of the merits of the Consolidated Shares, the Company and/or its subsidiaries.

5. ADJUSTMENTS TO CONVERTIBLE SECURITIES

(i) Adjustment to the SinoCloud Performance Share Plan 2013 (“SinoCloud PSP”)

As at the date of this announcement, there are no Shares granted by the Company pursuant to the SinoCloud PSP which have not been vested. As such, there are no adjustments to be made as a result of the Proposed Share Consolidation.

(ii) Adjustment to the outstanding Convertible Bonds (“Convertible Bonds”)

As at the date of this announcement, there are outstanding convertible bonds with principal amount of HK\$24,060,000 (“Convertible Bonds”) (equivalent to S\$4,296,428.57, based on an agreed fixed exchange rate of S\$1.00 : HK\$5.60 (“Agreed Exchange Rate”) under the convertible bond agreement dated 7 October 2020 (“Convertible Bond Agreement”). Pursuant to the terms and conditions in the Convertible Bond Agreement, the Convertible Bonds are convertible into 3,905,844,155 new Shares. As at the date of this announcement, there also accrued interest payable in respect of the Convertible Bonds of HK\$1,278,210.06 (equivalent to S\$228,251.80, based on the Agreed Exchange Rate), which may be convertible into 207,501,633 new Shares.

Pursuant to the Convertible Bond Agreement, the conversion price of the Convertible Bond shall be adjusted as a result of the Proposed Share Consolidation.

Details of such adjustments will be provided in the Circular, to be despatched in due course.

6. CIRCULAR

The Circular containing further details of the Proposed Share Consolidation, together with a notice of the SGM of the Company, will be despatched to Shareholders in due course.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders and their respective associates have any interest, direct or indirect, in the Proposed Share Consolidation (other than through their respective shareholdings in the Company).

8. 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 Share Consolidation, 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.

9. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in trading their Shares. The Proposed Share Consolidation is subject to numerous conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Share Consolidation will be completed or that no changes will be made to the terms thereof. Shareholders are advised to read this announcement and any past and future announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Chan Andrew Wai Men
Executive Chairman

30 September 2022

*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.