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

SETTLEMENT AGREEMENT IN RELATION TO THE CONVERTIBLE LOAN

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 previous announcements dated 29 May 2014, 19 June 2014, 14 August 2014, 15 March 2015 and 30 May 2016 relating to the convertible loan agreement dated 25 March 2014 (as amended and supplemented from time to time by written agreement between the relevant parties) entered into between the Company, Mr Lu Zhen Dong and a Zhuhai Entity. The Board further refers to the Company's announcements dated 15 June 2016 (the "**MOU Announcement**") and 14 July 2016 relating to the binding Memorandum of Understanding ("**MOU**") dated 14 June 2016 with Mr Lu Zhen Dong for the repayment of the Convertible Loan, as well as the Company's annual report ("**AR2016**") for the financial year ended 31 March 2016 ("**FY2016**").

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning ascribed to them in the aforementioned announcements.

1. INTRODUCTION

The Board wishes to inform that the Company had, on 12 December 2016, entered into a settlement agreement with Mr Lu Zhen Dong ("**Mr Lu**" or the "**Borrower**") and Mr Gao Xiangjun ("**Mr Gao**" or the "**Trustee**") (as the trustee of Mr Lu, holding his entire equity interest in the Zhuhai Entity) (each a "**Party**", and collectively, the "**Parties**") for the repayment of the Convertible Loan (the "**Settlement Agreement**").

Pursuant to the Settlement Agreement and subject to the terms and conditions set out therein, as full and final settlement of the aggregate outstanding amount due and owing by the Borrower to the Company under the Convertible Loan of HK$78,084,000 (comprising an outstanding principal amount of HK$72,000,000 and total unpaid and accrued interest charge as of 31 March 2016 of HK$6,084,000), the Company and the Borrower agreed to the following:-

(a) the interest on the Convertible loan will accrue up until 31 March 2016 and no further interest will be charged thereafter;

(b) the Company shall waive and forgive HK$42,084,000; and

(c) the remaining HK$36,000,000 shall be repayable by the Borrower to the Company ("**Settlement Cash Proceeds**") within six (6) months from the date of approval by the Company's shareholders ("**Shareholders**") in respect of the Proposed Settlement, and in any event, not later than one (1) month from the date of disposal of all of (and not part of) the Company's effective interests in either of (i) the Zhuhai Entity (the "**Zhuhai Entity Effective Interest**") or (ii) the PRC Project Company ("**PRC Project Company Effective Interest**"),

(the "**Proposed Settlement**").

2. BACKGROUND INFORMATION

2.1 The Convertible Loan

As disclosed in the Company's announcement dated 29 May 2014, the Company had, since 2013, made several refundable deposits ("**Deposits**") in respect of a potential telecommunication project in the PRC (the "**PRC Project**"). The initial intention of the Deposits was to facilitate the Company's participation in the PRC Project via either the (i) provision of services or supply of products; or (ii) acquisition of direct equity interest in the PRC Project upon fulfilment of certain milestones ("**Milestones**"), including but not limited to, obtaining a certain telecommunication project operating licence ("**Licence**") from the relevant PRC authorities. However, due to the prevailing PRC government's policy restriction on foreign ownership in the telecommunication industry, the Company was not able to acquire a direct equity interest in the PRC Project. As such, the Deposit was restructured as a Convertible Loan pursuant to the Convertible Loan Agreement, entered into between the Company, the Borrower and the Zhuhai Entity on 25 March 2014. Under the Convertible Loan Agreement (and as supplemented on 23 July 2014), the Company extended an aggregate loan amount of HK$84,000,000 to the Borrower, which the Company has the right (but not the obligation) to convert the outstanding loan amounts into a maximum of 94.5% direct equity interest in the Zhuhai Entity, which in turn holds approximately 44.3% equity interest in the PRC Project Company (being the company that is undertaking the PRC Project). In the event the Company converted the outstanding loan of HK$84,000,000 into 94.5% equity in the Zhuhai Entity (and assuming that such conversion was allowed under the PRC regulations), the Company would have an effective interest of approximately 41.9% in the PRC Project Company.

To safeguard the interests of the Company in respect of the Convertible Loans, Mr Gao (who was then an Executive Director of the Company) is the sole nominee shareholder and director, as well as a legal representative, of the Zhuhai Entity, holding such interests as a trustee of Mr Lu. As at the date of this announcement, Mr Gao (who has resigned from the Board and the Group since 1 January 2015) remains as the sole nominee shareholder and director, as well as a legal representative, of the Zhuhai Entity, as further explained in the MOU Announcement.

On 13 March 2015, the Company assigned HK$12,000,000 of the Convertible Loan to the vendors as partial consideration for the Group's acquisition of 63% equity interest in SinoCloud 01 Limited ("**2015 Assignment**"). Subsequent to the 2015 Assignment and as at the date of the Settlement Agreement, the principal sum of the Convertible Loan was reduced from HK$84,000,000 to HK$72,000,000. Consequently, the Company has the right (but not the obligation) to convert the outstanding loan amounts into a maximum of 81.0% direct equity interest in the Zhuhai Entity, which in turn holds approximately 44.3% equity interest in the PRC Project Company. In the event the Company converted the outstanding loan of HK$72,000,000 into 81.0% equity in the Zhuhai Entity (and assuming that such conversion was allowed under the PRC regulations), the Company would have an effective interest of 35.9% in the PRC Project Company.[1]

For the avoidance of doubt, as at the date of the Settlement Agreement, (i) the Zhuhai Entity Effective Interest means 81.0% of the entire equity interest in the Zhuhai Entity being held by the Trustee (on behalf of the Borrower) which is attributable to the Company; and (ii) the PRC Project Company Effective Interest means 35.9% of the entire equity interest in the PRC Project Company being held by the Zhuhai Entity which is attributable to the Company.

[1] The Company refers to its announcement dated 15 June 2016 titled "Update on Repayment of Convertible Loan and Signing of Binding Memorandum of Understanding", first paragraph on page 2. The Company would like to clarify that the statement should read as "*After the 2015 Assignment, the Company would still have the right (but not the obligation) to convert the amounts outstanding under the Convertible Loan Agreement (i.e. HK$72,000,000) into a maximum of 81.0% direct equity interest in Zhuhai Entity which, if they were legally allowed under PRC laws to do so, would represent an indirect interest of 35.88% in the PRC Project Company*".

As set out in the Company's audited consolidated financial statements for FY2016, the aggregate outstanding amount receivable from Mr Lu pursuant to the Convertible Loan Agreement (as from time to time supplemented), taking into account the 2015 Assignment, amounted to HK$78,084,000 (comprising an outstanding principal amount of HK$72,000,000 plus total unpaid accrued interest charge as of 31 March 2016 of HK$6,084,000). It is stated in the Independent Auditor's Report in the AR2016 that the Company had proposed a settlement of HK$36,000,000 and to waive the remaining amount of HK$42,084,000 ("**Waived Amount**") of the outstanding Convertible Loan and total unpaid accrued interest charge, as the Company was of the view that the Waived Amount was unrecoverable and deemed it as an investment loss. Accordingly, the Group provided an impairment of HK$42,084,000 for the Convertible Loan in FY2016, with the resultant net book value of the Convertible Loan amounting to HK$36,000,000 as at 31 March 2016, based on the audited consolidated financial statements of the Company for FY2016. The Parties had agreed that the interest on the Convertible Loan will accrue up until 31 March 2016 and no further interest will be charged thereafter.

2.2 Mr Lu

Mr Lu, a PRC national, is an experienced and successful businessman in the IT industry in the PRC, and has long established business and personal relationship with the senior management of various telecommunication operators in the PRC. As at the date of the Settlement Agreement, Mr Lu is the beneficial owner of the entire equity interests of the Zhuhai Entity. His shares in the Zhuhai Entity are held on trust by the Trustee pursuant to a trust agreement. Pursuant to the Convertible Loan Agreement (and as supplemented from time to time), 94.5% of the Borrower's equity interest in the Zhuhai Entity had been pledged to the Company as security for the Convertible Loan (the "**Share Pledge**").

Mr Lu is not, and was not, related to the Company's Directors, chief executive officer or controlling shareholders or their respective associates (as defined in the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**")) since the date of the Convertible Loan Agreement up to the date of this announcement.

2.3 The Zhuhai Entity

The Zhuhai Entity was established in June 2013 in Zhuhai, Guangdong Province, the PRC, as a special purpose investment vehicle solely for the holding of 44.3% equity interest of the PRC Project Company. The Trustee is the legal representative of the Zhuhai Entity.

2.4 The PRC Project Company

The PRC Project Company is established in the PRC, and is principally engaged in the operation of telecommunication business under restricted operating license in the PRC. As at the date of the Convertible Loan Agreement and the Settlement Agreement, the Zhuhai Entity has direct equity interest of 44.3% in the PRC Project Company.

Due to confidentiality and non-disclosure obligations imposed on the Company by the PRC Project Company, the Company was unable to, and is still unable to disclose the names and details of the Zhuhai Entity and the PRC Project Company. Notwithstanding this, the Directors confirm that the controlling shareholder of the PRC Project Company (other than the Zhuhai Entity) is a subsidiary of a large and reputable state owned enterprise in the PRC that has, amongst others, business activities in the telecommunication industry.

3. THE SETTLEMENT AGREEMENT

3.1 Salient terms

Prior to arriving at the Proposed Settlement, the Board had used its best endeavours to seek other means to recover the entire outstanding principal sum of the Convertible Loan from the Borrower. The Company recognises that in order for the Borrower to fulfil his payment obligations under the Settlement Agreement and repay the Settlement Cash Proceeds, the Borrower shall, or shall procure the Trustee to, cause the disposal of the Zhuhai Entity Effective Interest or the PRC Project Company Effective Interest (the "**Disposal**").

Pursuant to the Settlement Agreement, the Parties have agreed to the following:-

(a) the terms of the Disposal (including but not limited to, the sale price for the Disposal ("**Disposal Consideration**"), expenses related to the Disposal, and all terms stated in any agreements, notices, deeds and documents in connection with the Disposal) shall be subject to, and conditional upon the final approval of the Company in writing;

(b) the execution of any sale and purchase agreement in connection with the Disposal ("**Disposal SPA**") shall be conditional upon the Company's written approval of (i) the buyer proposing to purchase the entirety of the Zhuhai Entity Effective Interest or the PRC Project Company Effective Interest (as applicable) (the "**Buyer**"); and (ii) the Disposal SPA and all related transaction documentation; and

(c) at the option of the Company, the Buyer shall (i) deposit the Disposal Consideration into a bank account designated by the Company; or (ii) enter into an escrow arrangement jointly with the Company (the "**Escrow Arrangement**") on terms to be mutually agreed between them and pursuant to which the Buyer shall deposit, no later than the date of execution of the Disposal SPA, the entire Disposal Consideration, into an escrow account to be held jointly between the Buyer and the Company.

Upon fulfilment of the above conditions, the Company will release the Share Pledge on the date of completion of the Disposal in order to allow the Borrower, through the Trustee, to sell his equity interests in the Zhuhai Entity free from encumbrances.

3.2 Undertakings by the Borrower and the Trustee

The Borrower and the Trustee have undertaken, and in the event that the Disposal involves sale of the PRC Project Company Effective Interest, each of the Borrower and the Trustee shall procure that Zhuhai Entity undertakes, that:

(a) in the event that the amount of the Disposal Consideration is higher than the Settlement Cash Proceeds, the entire Disposal Consideration proceeds shall nonetheless be due and payable to the Company;

(b) the Zhuhai Entity Effective Interest or the PRC Project Company Effective Interest, whichever forms the subject of the Disposal, shall not be disposed of for less than HK$36,000,000, net of expenses;

(c) in carrying out the Disposal, all of (and not part of) the Zhuhai Entity Effective Interest or the PRC Project Company Effective Interest (as applicable) shall be disposed of;

(d) the Disposal shall not be made to any of (i) the associates of the Borrower or the Trustee; or (ii) the associates of the Company, the Group (comprising the Company and its subsidiaries), the Zhuhai Entity, or any directors or substantial shareholders of the Company or Zhuhai Entity or their respective associates (as defined in the Catalist Rules);

(e) the Borrower, the Trustee and the directors or substantial shareholders of the Company or the Zhuhai Entity shall not derive any personal gain or benefit from the Disposal; and

(f) upon the request of the Company, the Buyer shall forthwith deposit the Disposal Consideration in the manner as detailed in Section 3.1(c) of this announcement.

3.3 Condition Precedent

The Proposed Settlement is subject to and conditional upon the approval of Shareholders to be obtained on or before 31 March 2017, failing which the Settlement Agreement will lapse and cease to have effect, unless otherwise extended by the parties to the Agreement in writing. The Parties may further extend the Settlement Agreement for a further period of six (6) months.

The Company intends to seek Shareholders' approval for the Proposed Settlement at a special general meeting and a circular to Shareholders (the "**Circular**") setting out further information on the Proposed Settlement, together with a notice of the special general meeting to be convened, will be despatched to Shareholders in due course.

4. RATIONALE FOR THE PROPOSED SETTLEMENT

The Board is of the view that the Proposed Settlement is in the best interest of the Company and Shareholders, having considered the following factors:-

(i) Although the Board was initially of the view that the investment in the PRC Project Company was viable and may generate significant investment returns, such investment returns have not materialised as the PRC Project Company did not yield much profits since the date of the Convertible Loan Agreement. The Directors are of the view that there is no certainty that the PRC Project Company will become profitable, even with the additional funds it requires (as set out in part (iii) below).

(ii) The Company has been focusing on investing in internet data centres ("**IDCs**") since its first acquisition of an IDC in Guiyang, via the Company's acquisition of SinoCloud 01 Limited which was completed in October 2015. The Company intends to continue with this strategy in the foreseeable future. The business nature of the PRC Project Company provides little synergy to the Company's IDC business and is now therefore considered non-core to the Group's investment strategy.

(iii) The PRC Project Company has indicated to its shareholders that it requires additional capital for working capital purposes, and is looking to increase its paid up capital via further capital injection in the near future. Given the Company's strategy in the IDC investment and its limited resources, the Board is of the view that the Company should not further invest in the PRC Project Company.

The Proposed Settlement is part of the Company's continued efforts by the new management team, led by its Executive Chairman and Chief Executive Officer, Mr Chan Andrew Wai Men (who was first appointed as Non-Executive Chairman in November 2014, and re-designated to his current position in May 2015), to release the Company from loans and non-performing investments so that the Company can pursue other viable opportunities which are in line with its current business objectives, such as its investment in the IDC business.

Having carefully considered the above factors, the Board is of the view that the Proposed Settlement offers the Company an opportunity to exit from the PRC Project Company and recover as much funds as it can, which the Company can then utilise to invest in IDC business which the Board considers to offer better prospects.

5. BASES FOR CONSIDERATION IN ARRIVING AT THE PROPOSED SETTLEMENT

The Proposed Settlement was arrived at by the Company and the Borrower on an arm's length basis and on normal commercial terms, after taking into account various factors including, but not limited to, the following:-

(i) the telecommunication industry in the PRC continues to be highly regulated with limited market players. As such, there is a limited pool of potential Buyers for the Zhuhai Entity Effective Interest and/or the PRC Project Company Effective Interest;

(ii) potential investor sentiments through negotiations with various potential Buyers for the Zhuhai Entity Effective Interest Attributable to the Company and/or the PRC Project Company Effective Interest Attributable to the Company;

(iii) the net asset values ("**NAVs**") and the losses incurred by the PRC Project Company, which can be attributed to the Company and based on the PRC Project Company's audited financial statements for its financial years ended 31 December 2014 and 31 December 2015 are set out in the table below:

	Value attributed to the Company		
	As at 1 January 2014 (RMB' million)	**As at 31 December 2014 (RMB' million)**	**As at 31 December 2015 (RMB' million)**
NAV	20.0	35.9	22.2
Profit / (Loss)	-	0.2	(8.5)

(iv) the PRC Project Company did not yield much profit in 2014 and recorded substantial losses in 2015. Furthermore, competition has intensified in the telecommunication sector in the PRC. Hence, the Directors are of the view that there is no certainty that the PRC Project Company will become profitable, even with the additional funds it requires.

No independent valuation was conducted on the Zhuhai Entity and/or the PRC Project Company for the purpose of the Proposed Settlement as the Company does not have management control over the PRC Project Company and as such does not have the readily available or necessary information to conduct an independent valuation of the PRC Project Company.

As set out in Section 2.1 of this announcement, the Group had already considered the MOU (leading to the Proposed Settlement) in its last financial year ended 31 March 2016, and had provided an impairment of HK$42,084,000 for the Convertible Loan ("**Impairment**") in its audited financial statements for FY2016. Accordingly, the Group's book value of the Convertible Loan currently amounted to HK$36,000,000, being the amount of the Settlement Cash Proceeds under the Proposed Settlement. It is set out in the AR2016 Independent Auditor's Report that in the event the Proposed Settlement is not approved at the SGM, there may be a possibility of further impairment of the Convertible Loan receivable of up to HK$36,000,000.

In the event the actual Disposal Consideration is higher than the Settlement Cash Proceeds, such surplus sum ("**Surplus**") shall be due and payable to the Company. In such an event, the Group will record the amount of Surplus as a reversal of the Impairment for the Convertible Loan in the financial year ending 31 March 2017. For the avoidance of doubt, save for the Surplus (if any), the Proposed Settlement will not have an impact on the net asset value and earnings/(loss) for the current financial year ending 31 March 2017.

Assuming that the Impairment had not been provided for in FY2016, the Proposed Settlement would have (a) resulted in a loss of HK$42,084,000 in FY2016, representing approximately 59.7% of the audited net loss for FY2016; and (b) represent approximately 11.7% of the adjusted audited net asset value of the Group (excluding non-controlling interest) as at 31 March 2016.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures of the Proposed Settlement computed based on the Group's latest unaudited consolidated financial results for the six (6) months ended 30 September 2016 ("**2QFY2017**"), in accordance with Rule 1006 of the Catalist Rules are as follows:-

Rule 1006	Bases	Relative figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	26.0%(1)
(b)	Net profit attributable to the assets disposed of, compared with the Group's net profits	Not applicable
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	30.2%(1)
(d)	Number of equity securities issued by the Company as consideration for a disposal, compared with the number of equity securities previously in issue	Not applicable
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's probable and proved reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not an acquisition of such assets	Not applicable

Notes:-

(1) Based on the aggregate amount outstanding under the Convertible Loan (plus total unpaid and accrued interest charge) of HK$78,084,000, and the adjusted audited net asset value of the Group (excluding non-controlling interest) (adjusted for the impairment made for the Convertible Loan of HK$42,084,000 in FY2016) of HK$300,099,000 as at 30 September 2016.

(2) Based on the Settlement Cash Proceeds of HK$36,000,000 (equivalent to approximately S$6.59 million based on the exchange rate of S$1 : HK$5.46 pursuant to the Settlement Agreement and the closing price of S$0.002 for the Company's shares traded on 8 December 2016 (being the last market day which shares of the Company were traded prior to the date of the Settlement Agreement), multiplied by the total number of 10,917,813,474 issued shares of the Company.

Pursuant to the Catalist Rules, in the case of a disposal, where any of the relative figures under Rule 1006 exceeds 5% but does not exceed 50%, such a transaction constitutes a "discloseable transaction". Where the relative figures under Rule 1006 are more than 50% in the case of a disposal, such transaction constitutes a "major transaction" which is subject to the approval of shareholders.

Although the relative figures computed under Rule 1006(c) is more than 5% but less than 50% and the Proposed Settlement would not constitute a "major transaction", the Company has nevertheless decided to subject the Proposed Settlement to the approval of Shareholders. As duly set out in Section 3.3 of this announcement, the Proposed Settlement is subject to and conditional upon the approval of Shareholders, failing which the Settlement Agreement will lapse and cease to have effect. Accordingly, the Company will convene a special general meeting of Shareholders to approve the Proposed Settlement and further information will be set out in the Circular, together with a notice of the extraordinary general meeting to be convened, to be despatched to Shareholders in due course.

7. USE OF PROCEEDS

Upon completion of the Proposed Settlement, the Company will receive the Settlement Cash Proceeds of HK$36,000,000 (assuming no Surplus). The Company intends to use the Settlement Cash Proceeds (including any Surplus) for the expansion of the Group's IDC business in the PRC and working capital purposes.

8. FINANCIAL EFFECTS

The proforma financial effects of the Proposed Settlement are presented for illustrative purposes only and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the completion of the Proposed Settlement.

The proforma financial effects of the Proposed Settlement have been computed based on the latest audited consolidated financial statements of the Group for FY2016 with the following bases and assumptions:

(i) no additional impairment to the Convertible Loan is provided for in conjunction with the Proposed Settlement, as the Impairment of HK$42,084,000 had already been provided for in the Group's audited financial statements for FY2016;

(ii) the Disposal Consideration is equal to the Settlement Cash Proceeds of HK$36,000,000;

(iii) the financial effect on the consolidated net tangible asset ("**NTA**") per Share is computed based on the assumption that the Proposed Settlement was completed on 31 March 2016;

(iv) the financial effect on the loss per Share ("**LPS**") is computed based on the assumption that the Proposed Settlement was completed on 1 April 2015; and

(v) expenses to be incurred in respect of the Proposed Settlement, being mainly professional fees, are estimated to be approximately HK$0.5 million.

8.1 NTA per Share

The effects of the Proposed Settlement on the NTA per Share are as follows:

	Before the Proposed Settlement	**After the Proposed Settlement**
NTA[(1)] of the Group as at 31 March 2016 (HK$'000)	156,780	156,280
Number of Shares	10,917,813,474	10,917,813,474
NTA[(1)] per Share (HK$ cents)	1.44	1.43

Note:

(1) NTA means total assets less the sum of total liabilities, intangible assets and non-controlling interest.

8.2 LPS

The financial effects of the Proposed Settlement on the LPS are as follows:

	Before the Proposed Settlement	**After the Proposed Settlement**
Net loss attributable to Shareholders of the Company for FY2016 (HK$'000)	111,615	112,115
Weighted average number of Shares	9,105,157,736	9,105,157,736
LPS (HK$ cents)	1.23	1.23

9. INTERESTS IN THE PROPOSED SETTLEMENT

None of the Directors and their respective associates, and to the best of the Directors' knowledge, none of the substantial shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the Proposed Settlement (other than through their respective shareholdings in the Company, if any).

10. SERVICE CONTRACTS

No person will be appointed to the Board in connection with the Proposed Settlement and no service contracts in relation thereto will be entered into by the Company.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Whilst the registered office of the Company is in Bermuda, the principal office of the Company is in Hong Kong and the office of the Company's Share Transfer Agent is in Singapore. Taking into account that Hong Kong and Singapore are more accessible locations than Bermuda, a copy of the Settlement Agreement will be made available for inspection during normal business hours at the principal office of the Company at Unit 1301A, 13/F, Kowloon Centre, 33 Ashley Road, Tsim Sha Tsui, Kowloon, Hong Kong and the office of the Company's Singapore Share Transfer Agent, M&C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 for a period of three (3) months from the date of this announcement.

12. 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 Settlement, 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.

The Company will update shareholders and make the appropriate announcements in the event that there are any further material developments regarding the above subject matter, including but not limited to, the entering of any Disposal SPA as well as the completion of the Proposed Settlement or Disposal, within six (6) months from the date of approval by Shareholders for the Proposed Settlement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, 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
Chairman and Chief Executive Officer

12 December 2016

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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**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

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.