

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

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 79,390,353 NEW CONSOLIDATED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT A POST-CONSOLIDATION ISSUE PRICE OF S\$0.05 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) CONSOLIDATED SHARES IN THE CAPITAL OF THE COMPANY HELD BY THE ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT A RECORD DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

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 30 September 2022 in relation to the proposed share consolidation of every one hundred (100) existing issued ordinary shares (collectively referred to as "**Shares**" and each, a "**Share**") in the capital of the Company into one (1) consolidated ordinary share (collectively referred to as the "**Consolidated Shares**" and each, a "**Consolidated Share**") (the "**Proposed Share Consolidation**").
- 1.2 The Directors wish to announce that subject to and conditional upon the completion of the Proposed Share Consolidation, the Company is proposing to undertake a renounceable non-underwritten rights issue (the "**Rights Issue**") of up to 79,390,353 new ordinary shares (post-share consolidation) in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.05 for each Rights Share (the "**Issue Price**"), on the basis of one (1) Rights Share for every two (2) Consolidated Shares held by the shareholders of the Company (the "**Shareholders**") as at a time and date to be determined by the Directors for the purpose of determining the entitlements of the Entitled Shareholders (as defined below) under the Rights Issue (the "**Record Date**"), fractional entitlements to be disregarded. For the avoidance of doubt, the Rights Issue cannot be withdrawn after the commencement of ex-rights trading.
- 1.3 The Directors wish to highlight that the Rights Issue will only be undertaken after, and is conditional upon the Company obtaining the approval of Shareholders for, the Proposed Share Consolidation at a special general meeting of the Company ("**SGM**") to be convened in due course as well as the completion of the Proposed Share Consolidation. The Company will not proceed with the Rights Issue if the resolution on the Proposed Share Consolidation is not passed by Shareholders at the SGM, and thereafter, the completion of the Proposed Share Consolidation.
- 1.4 The principal terms of the Rights Issue are summarised as follows:

Issue Price	S\$0.05 for each Rights Share on a post-consolidate basis.
Discount	The closing price per Share on 11 August 2022 (being the last trading day where there were Shares traded, preceding this announcement) was S\$0.001. Assuming that the Proposed Share Consolidation has been completed prior to the date of this announcement, the theoretical closing price per Consolidated Share would be S\$0.10. Accordingly, the Issue Price

	<p>of S\$0.05 for each Rights Share would represent a discount of:</p> <p>(a) 50% to the closing price of S\$0.10 (post-share consolidation) per Share for trades done on Catalist on 11 August 2022 (being the last trading day where there were Shares traded immediately prior to the date of this announcement); and</p> <p>(b) approximately 39.8% to the theoretical ex-rights price of S\$0.083 per Share, based on the closing price of S\$0.10 (post-share consolidation) per Share for trades done on Catalist on 11 August 2022 (being the last trading day where there were Shares traded immediately prior to the date of this announcement).</p> <p>The Issue Price and discount have been determined after taking into account the size of the Rights Issue, precedent transactions, and the Company's share price performance and volume in the past 12 months.</p>
Allotment Ratio	<p>The Rights Issue will be offered on a renounceable basis to Entitled Shareholders (as defined below) on the basis of one (1) Rights Share for every two (2) Consolidated Shares held by, or standing to the credit of the securities accounts of Entitled Shareholders with the CDP (as defined below) as at the Record Date, fractional entitlements to be disregarded.</p>
Use of Proceeds	<p>The Company is proposing the Rights Issue to raise proceeds for (i) partial redemption of the Convertible Bonds (as defined below); (ii) partial repayment of the outstanding shareholder's loan owing by the Company; and (iii) general corporate and working capital purposes, to further strengthen the financial position and cash position of the Group in view of the existing working capital requirements of the Company.</p> <p>Please refer to paragraph 7 of this announcement for further details.</p>
Purpose of Issue	<p>The Company is proposing to undertake the Rights Issue to raise funds towards improving the Company's working capital position, strengthen the Group's financial position and provide the Group with more flexibility and enhance its ability to formulate, strategise and execute its business plans.</p>
Number of Rights Shares	<p>Based on the issued and paid-up share capital of the Company of 158,780,706 Consolidated Shares after the Proposed Share Consolidation and the assumption that all Entitled Shareholders subscribe in full for their <i>pro-rata</i> Rights Shares under the Rights Issue, 79,390,353 Rights Shares will be issued under the Rights Issue.</p> <p>Please see paragraph 4.1 of this announcement for further details.</p>

2. SPECIFIC SHAREHOLDER APPROVAL FOR THE RIGHTS ISSUE

The Company will be seeking approval from the Shareholders for, among others, the allotment and issue of the Rights Shares at a SGM to be convened. A circular to Shareholders setting out, amongst other things, the details of, and other relevant information pertaining to the Rights Issue (the

“Circular”), together with the notice of the SGM, will be despatched to the Shareholders in due course.

3. IRREVOCABLE UNDERTAKING

3.1 As an indication of his support for the Rights Issue and to demonstrate his commitment to and confidence in the Company, Mr Lam Cho Ying Terence Joe (“**Mr Lam**”), a substantial Shareholder of the Company and the father of Mr Lam Chun Hei Justin, the Company’s Executive Director and Chief Operating Officer, has given an irrevocable undertaking to the Company in respect of the Rights Issue (the “**Irrevocable Undertaking**”). Details of the Irrevocable Undertaking are set out below.

3.2 As at the date of this announcement:

(a) Alternus Capital Holdings Limited (“**Alternus**”) holds an aggregate of 783,700,000 Shares (or 7,837,000 Consolidated Shares) (“**Alternus Shares**”), representing 4.94% of the existing issued and paid-up share capital of the Company. Accordingly, Alternus will be entitled to subscribed for an aggregate of 3,918,500 Rights Shares (“**Alternus Entitled Rights Shares**”). Alternus is an investment company wholly owned by Mr Lam; and

(b) Mr Lam holds an aggregate of 63,503,168 Shares (or 635,031 Consolidated Shares) (the “**LCYTJ Shares**”), representing 0.40% of the existing issued and paid-up share capital of the Company. Accordingly, Mr Lam will be entitled to subscribe for an aggregate of 317,515 Rights Shares (the “**LCYTJ Entitled Rights Shares**”).

3.3 Pursuant to the Irrevocable Undertaking dated 30 September 2022 to the Company, Mr Lam has provided the following undertaking to the Company, *among others*;

(a) to subscribe and pay for and/or procure the subscription for and payment of the LCYTJ Entitled Rights Shares and the Alternus Entitled Rights Shares; and

(b) within such time and date to be informed by the Company (to the extent permitted by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Central Depository (Pte) Limited (“**CDP**”) or any relevant authority), and in accordance with the terms of the Rights Issue, to make excess applications and payment for up to 31,661,420 Excess Rights Shares (as defined below) (the “**LCYTJ Excess Rights Shares**”) that remain unsubscribed for by the Entitled Shareholders at the closing date of the Rights Issue after satisfying all applications and excess applications (if any) for the Rights Shares, provided that his total shareholding in the Company and those of parties acting in concert with him remain less than 30% of the total enlarged issued and paid-up share capital of the Company, following the completion of the Proposed Share Consolidation and the Rights Issue.

3.4 The Irrevocable Undertaking provides that the Company may reduce the subscription of the Rights Shares by Mr Lam to avoid placing him and parties acting in concert with him in a position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers (the “**Code**”). For the avoidance of doubt, Mr Lam and parties acting in concert with him will not trigger an obligation under the Code to make a general offer based on the Irrevocable Undertaking and in the event none of the other Shareholders subscribe for the Rights Shares.

- 3.5 In addition to the above, pursuant to the terms of the Irrevocable Undertaking, Mr Lam has also provided the following undertakings in favour of the Company, *among others*, that:
- (a) none of the LCYTJ Shares and the Alternus Shares will be sold, transferred or otherwise disposed of during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares without the prior written consent of the Company;
 - (b) he will not exercise any rights of conversion of the Convertible Bonds (as defined below) under the Convertible Bond Agreement (as defined below) during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares without the prior written consent of the Company;
 - (c) he will not disclose to any person any information concerning or in connection with the Rights Issue or any matters relating thereto and shall make every effort to prevent the use or disclosure thereof, except where such disclosure is required pursuant to any applicable laws or any requirement of any competent governmental or statutory authority; and
 - (d) he shall do and/or procure the doing of all such acts and things, provide all such information, confirmations, undertakings and/or certificates and execute and/or procure the execution of all such documents as may be reasonably required to give effect to the undertaking contained in the Irrevocable Undertaking (including but not limited to such information, confirmations, undertakings, certificates and/or documents as may be required by the SGX-ST, the Monetary Authority of Singapore, the Securities Industry Council and/or any other regulatory authorities in Singapore), and acknowledges that in not making any underwriting arrangements in respect of the Rights Shares, the Company will be relying on the representations, warranties and undertaking contained in the Irrevocable Undertaking and that time of performance on his part shall be of the essence in respect of the aforesaid and his other obligations under the Irrevocable Undertaking.
- 3.6 The Irrevocable Undertaking shall lapse and cease to have any effect whatsoever in the event that the Rights Issue is not completed within one (1) year from the date of the Irrevocable Undertaking (or such other date as Mr Lam and the Company may mutually agree in writing).
- 3.7 As at the date of this announcement, there is:
- (a) an amount of HK\$5,374,000 owing to Mr Lam by the Company is outstanding ("**Loan**"); and
 - (b) outstanding convertible bonds issued by the Company with principal amount of HK\$24,060,000 ("**Convertible Bonds**") and HK\$1,278,210.06 accrued interest payable in respect of the Convertible Bonds, which are convertible into an aggregate of 4,113,345,788 new existing Shares pursuant to the convertible bond agreement dated 7 October 2020 ("**Convertible Bond Agreement**") entered into by the Company with Mr Lam.
- 3.8 Pursuant to the Irrevocable Undertaking, the Company and Mr Lam have agreed that the entire subscription monies payable by (i) Alternus for the Alternus Entitled Rights Shares; and (ii) Mr Lam for the LCYTJ Entitled Rights Shares and the LCYTJ Excess Rights Shares, will be set off against the amount owed by the Company under the Loan and the Convertible Bonds. Accordingly, both Alternus and Mr Lam will not be required to provide any confirmation of financial resources in connection with the Irrevocable Undertaking to the Company.

3.9 In addition, pursuant to the Irrevocable Undertaking, Mr Lam has undertaken that he will not exercise the right of conversion in respect of the Convertible Bonds prior to the completion of the Rights Issue.

4. PRINCIPAL TERMS OF THE RIGHTS ISSUE

4.1 Issue Size

As at the date of this announcement and on the assumption that the Proposed Share Consolidation has been completed, the Company has an issued and paid-up share capital of 158,780,706 Consolidated Shares after the Proposed Share Consolidation, and taking into account the Irrevocable Undertaking from Mr Lam mentioned under paragraph 3 above:

- (a) assuming that (i) none of the Entitled Shareholders subscribes for their Rights Shares under the Rights Issue; (ii) only Mr Lam and Alternus subscribe for the LCYTJ Entitled Rights Shares and the Alternus Entitled Rights Shares, respectively; and (iii) Mr Lam make excess application for the LCYTJ Excess Rights Shares, an aggregate of 35,897,435 Rights Shares will be issued under the Rights Issue (“**Minimum Subscription Scenario**”), and the issued and paid-up share capital of the Company will increase from 158,780,706 Consolidated Shares to 194,678,141 Consolidated Shares (the “**Minimum Enlarged Share Capital**”) following the completion of the Rights Issue; and
- (b) assuming that the total Rights Shares of 79,390,353 are fully subscribed (“**Maximum Subscription Scenario**”), the issued and paid-up share capital of the Company will increase from 158,780,706 Consolidated Shares to 238,171,059 Consolidated Shares (the “**Maximum Enlarged Share Capital**”) following the completion of the Rights Issue.

4.2 Status of the Rights Shares

The Rights Shares are payable in full upon acceptance and/or application by Entitled Shareholders. The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Consolidated Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares. For this purpose, “**Record Date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the CDP, as the case may be, in order to participate in such dividends, rights, allotments or distributions.

4.3 Provisional allotments

Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue (the “**Excess Rights Shares**”).

Fractional entitlements to the Rights Shares will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of Excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots. Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation on the Board (whether direct or through a nominee) will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The Company will also not make any allotments or issuance of any Excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

4.4 Offer Information Statement

The terms and conditions of the Rights Issue are subject to such changes and such other terms and conditions as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement (the “**Offer Information Statement**”) (including the accompanying application forms) to be lodged with the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore and despatched by the Company to the Shareholders in due course after, *among others*, the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on Catalist of the SGX-ST.

4.5 Non-Underwritten Rights Issue

In light of the Irrevocable Undertaking and the savings in costs by the Company in respect of underwriting fees and commission, the Directors have decided to proceed with the Rights Issue on a non-underwritten basis.

5. **SCALING DOWN OF SUBSCRIPTIONS**

- 5.1 The Code regulates the acquisition of ordinary shares of, *among others*, corporations with a primary listing on the SGX-ST, including the Company. Except with the consent of the Securities Industry Council, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting rights in the Company or if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1.0% of the voting rights in the Company in any six (6)-month period, must extend a mandatory general offer for the remaining Shares in the Company in accordance with the provisions of the Code.
- 5.2 Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders (if such Shareholder chooses to subscribe for its *pro-rata* Rights Shares entitlement and/or apply for Excess Rights Shares) to avoid placing the relevant Shareholder and parties acting in concert with such Shareholder (as defined in the Code) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares entitlements fully.

6. POTENTIAL TRANSFER OF CONTROLLING INTEREST

- 6.1 For illustrative purposes only, based on the terms of the Rights Issue and the Irrevocable Undertaking:
- (a) assuming the Minimum Subscription Scenario, Mr Lam and Alternus will hold an aggregate of 44,369,466 Consolidated Shares following the completion of the Rights Issue, representing approximately 22.79% of the Minimum Enlarged Share Capital; and
 - (b) assuming the Maximum Subscription Scenario, Mr Lam and Alternus will hold an aggregate of 12,708,046 Consolidated Shares following the completion of the Rights Issue, representing approximately 5.34% of the Maximum Enlarged Share Capital.
- 6.2 Accordingly, a controlling interest in the Company may be transferred to Mr Lam arising from the allotment and issue of such Rights Shares. Rule 803 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) provides that an issuer must not issue securities to transfer a controlling interest without the prior approval of shareholders in a general meeting. Accordingly, the Rights Issue is conditional upon the approval of Shareholders for the potential transfer of controlling interests in the Company to Mr Lam being obtained at a SGM to be convened. The Circular containing further information on the potential transfer of controlling interest to Mr Lam will be despatched to Shareholders in due course.

7. RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

- 7.1 The Company has not undertaken any fund-raising exercise in the past 12 months.

As at the date of this announcement, there are outstanding Convertible Bonds with principal amount of HK\$24,060,000 (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). 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.

The Company is proposing the Rights Issue to raise proceeds for (i) partial redemption of the Convertible Bonds; (ii) partial repayment of the outstanding Loan; and (ii) general corporate and working capital purposes, including but not limited to operating costs and making strategic investments and/or acquisitions if such opportunities arise, to further strengthen the financial position and cash position of the Group in view of the existing working capital requirements of the Company.

- 7.2 The estimated net proceeds from the Rights Issue (the “**Net Proceeds**”), after deducting estimated expenses in connection with the Rights Issue of approximately S\$0.12 million, is expected to be approximately S\$3.85 million under the Maximum Subscription Scenario and S\$1.72 million under the Minimum Subscription Scenario. The entire Net Proceeds from the Rights Issue under both the Maximum Subscription Scenario and the Minimum Subscription Scenario is intended to be utilised for the following purposes:

Maximum Subscription Scenario

Use of Net Proceeds	Amount (S\$'million)	Percentage Allocation (%)
Partial redemption of the Convertible Bonds	1.47	38.18
Partial repayment of the Loan	0.37	9.61
General corporate and working capital purposes	2.01	52.21
Total	3.85	100.0

Minimum Subscription Scenario

Use of Net Proceeds	Amount (S\$'million)	Percentage Allocation (%)
Partial redemption of the Convertible Bonds	1.47	85.47
Partial repayment of the Loan	0.25	14.53
Total	1.72	100.0

- 7.3 Pending the deployment of the Net Proceeds for general corporate and working capital purposes, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group. The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the such proceeds are materially disbursed and whether such disbursements are in accordance with the use of Net Proceeds as stated in the Offer Information Statement, and provide a status report on the use of the Net Proceeds in the Company's interim and full year financial results announcement(s) and annual report(s) until such time the Net Proceeds have been fully utilised. Where the Net Proceeds have been used for general corporate and working capital purposes, the Company will also provide a breakdown with specific details on the use of the Net Proceeds for general corporate and working capital in the announcements and status reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.
- 7.4 Based on the reasonable opinion of the Directors as at the date of this announcement, a minimum amount of S\$1.84 million must be raised from the Rights Issue taking into consideration the Irrevocable Undertaking and the use of the Net Proceeds under the Minimum Subscription Scenario.
- 7.5 As at the date of this announcement, the Directors are of the opinion that, after taking into account, and barring unforeseen circumstances:
- (a) the operating cash flows of the Group and the continued financial support from Mr Lam, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Rights Issue shall be undertaken for the reasons stated above under paragraph 7 of this announcement; and

- (b) the operating cash flows of the Group, the continued financial support from Mr Lam and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

The Directors are further of the opinion that, after taking into consideration the rationale for the Rights Issue as set out above and the factors taken into consideration in arriving at the Issue Price as set out in paragraph 1.4 of this announcement, the Rights Issue is in the interest of the Company and the Group.

8. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

8.1 Entitled Shareholders

The Company proposes to provisionally allot the Rights Shares to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"), comprising Entitled Depositors and Entitled Scripholders (both as defined below).

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the CDP or the Share Transfer Agent (as defined below), as the case may be.

8.2 Entitled Depositors

Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts and whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) market days on which the SGX-ST is open for securities trading ("**Market Day**") prior to the Record Date, provided the CDP with addresses in Singapore for the service of notices and documents ("**Entitled Depositors**").

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Record Date.

Entitled Depositors must have registered addresses in Singapore with CDP as at the Record Date, or if they have registered addresses outside Singapore, they must provide CDP, with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Record Date, in order to receive their provisional allotments of Rights Shares entitlements.

Shareholders who hold Shares under the Supplementary Retirement Scheme ("**SRS**") or through a finance company and/or Depository Agent can only accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares through their relevant approved banks with which they hold their SRS accounts, or the respective finance companies and/or Depository Agents through which such Shareholders hold Shares. **ANY APPLICATION MADE BY THE ABOVE-MENTIONED SHAREHOLDERS DIRECTLY TO CDP OR THROUGH AUTOMATED TELLER MACHINES WILL BE REJECTED.** Such Shareholders should refer to the offer information

statement (which will be released in due course) for the details relating to the offer procedure in connection with the Rights Issue.

8.3 Entitled Scripholders

Entitled Scripholders are Shareholders whose share certificates are not deposited with CDP and persons who have tendered to the Company's share transfer agent, M & C Services Private Limited ("**Share Transfer Agent**"), valid transfers of their shares and the certificates relating thereto for registration up to the Record Date and whose registered addresses with the Share Transfer Agent are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date, provided the Share Transfer Agent with addresses in Singapore for the services of notices and documents ("**Entitled Scripholders**").

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Record Date by the Share Transfer Agent, in order to be registered to determine the transferee's provisional allotments of Rights Shares entitlements.

Entitled Scripholders must have registered addresses in Singapore with the Company as at the Record Date, or if they have registered addresses outside Singapore, must provide the Share Transfer Agent, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Record Date, in order to receive their provisional allotments of Rights Shares entitlements.

8.4 Foreign Shareholders

For practical reasons and to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at 5.00 p.m. (Singapore time) on the Record Date and who have not, by no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Record Date, provided to the Share Registrar or CDP, as the case may be, with registered addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**") and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE TRANSFER AGENT, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE RECORD DATE.

9. ADJUSTMENTS TO CONVERTIBLE SECURITIES

9.1 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 in respect of the SinoCloud PSP as a result of the Rights Issue.

9.2 Adjustment to the outstanding Convertible Bonds (“Convertible Bond”)

As described in paragraph 7.1 of this announcement, as at the date of this announcement, the Convertible Bonds with a principal amount of HK\$24,060,000 (equivalent to S\$4,296,428.57 convertible into 3,905,844,155 new Shares) and accrued interest payable in respect of the Convertible Bonds of HK\$1,278,210.06 (equivalent to S\$228,251.80 convertible into 207,501,633 new Shares) remain outstanding.

Pursuant to the Convertible Bond Agreement, the conversion price of the Convertible Bonds shall be adjusted as a result of the Rights Issue.

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

10. APPROVALS AND OTHER CONDITIONS TO THE RIGHTS ISSUE

10.1 The proposed Rights Issue is subject to, *among others*, the following:

- (a) the Proposed Share Consolidation being approved by Shareholders at a SGM to be convened;
- (b) the completion of the Proposed Share Consolidation;
- (c) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on Catalist of the SGX-ST and for any additional new Consolidated Shares to be issued upon conversion of the Convertible Bond arising from the adjustment to the conversion price of the Convertible Bonds as a result of the Rights Issue;
- (d) the Rights Issue and the issue of the Rights Shares being approved by Shareholders at a SGM;
- (e) the potential transfer of controlling interests in the Company to Mr Lam, arising from the allotment and issue of the Alternus Entitled Rights Shares, the LCYTJ Entitled Rights Shares and the LCYTJ Excess Rights Shares, being approved by Shareholders at a SGM; and
- (f) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) with the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore.

- 10.2 The Company will be making an application to the SGX-ST, through its Sponsor, for the listing of and quotation for the Rights Shares on Catalist of the SGX-ST. An appropriate announcement will be made in due course when the Company receives the listing and quotation notice for the Rights Shares from the SGX-ST.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and substantial Shareholders has any interest, direct or indirect, in the Rights Issue (other than in his capacity as Director or Shareholder of the Company).

12. 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 Rights Issue and the Group, 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.

13. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in trading in the Company's Shares as there is no certainty or assurance that the Rights Issue will materialise. Shareholders and potential investors are also advised to read this announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax or other professional adviser immediately.

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.

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