

# SinoCloud Group Limited

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

## Sustainability Report 2023

### About SinoCloud

#### IDC Business

SinoCloud Group Limited (“we” or the “Company”, and together with its subsidiaries, the “Group”) started as an information technology and professional services provider in 2003, serving the banking and financial services industry in the People’s Republic of China (the “PRC”). We are committed to empowering enterprises with data services.

The Group recognises the importance of business expansion and diversification to meet ever-evolving information technology (“IT”) demands. In October 2015, the Group expanded its business to include the provision of internet data center (“IDC”) services with its acquisition of 63% effective equity interests in Guiyang Zhongdian Gaoxin Digital Technologies Limited (“Guiyang Tech”), an IDC asset in the city of Guiyang, Guizhou province, the PRC. Currently, the Group has an effective equity interest of 60% in the Guiyang Tech, where the remaining 40% is owned by Guiyang Gaoxin Big Data Fund Company.

Guiyang Tech is principally engaged in the business of operating IDC services, cloud computing and big data services. In 2017, Guiyang Tech planned to expand the hosting capacity and divided the expansion into phases (“Expansion Project<sup>1</sup>”), which was expected to tie to its target capacity requirement as well as commissioning schedule, in order to minimise the burden on capital expenditure. However, with the COVID-19 pandemic since 2020 and its related control measures sustained during the pandemic, it created substantial adverse impact on global economy, including the PRC. The Group’s operations, particularly, the IDC business in the PRC, where participation in government related projects and/or contracts are put on hold and the Group’s Expansion Project was terminated during the fourth quarter of the financial year ended 30 June (“FY”) 2022. Despite the abovementioned difficulties, the Group continue to solicit hosting service contracts from different sectors to fill up the existing hosting capacity.

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<sup>1</sup> Relates to the expansion of hosting capacity of the IDC in Guiyang, Guizhou Province in the PRC, including the construction of additional 1,500 racks, and the construction of a call center to improve response time to customers and related software development.

## **Business Diversification**

During FY2021, the Company obtained the approval of its shareholders (“**Shareholders**”) and diversified the Group’s business to include the following areas:-

- (i) Tourism – investment in and operation of travel agencies, accommodation and transportation services in coaches, yacht and private jet;
- (ii) Food and Beverage – investment in and operation of food and beverage outlets (being restaurants, cafes and bars, fast food outlets, catering and bakery) and trading of food and beverage products; and
- (iii) Entertainment – investment in and operation of shopping and experience centres, theme parks, nightclubs, e-gaming and e-sports franchise and facilities.

The diversification of the Group’s existing business to include the new businesses would reduce the Group’s reliance on and mitigate against volatility of its existing business, by diversifying its revenue and income stream. For the avoidance of doubt, the Group remains committed to the continuance of its existing business in the provision of IDC services.

Since obtaining Shareholders’ approval for the diversification, the Company has been exploring potential opportunities in the new businesses. The Company will continue to seek out opportunities and will make the necessary announcements in compliance with the requirements of the listing rules as and when there is any material development.

## **Sustainability and Business Strategy**

The management of the Company (“**Management**”) recognises that sustainability is a key component of the Group’s long term business strategy. This sustainability report for FY2023 (“**Report**”) focuses on the sustainability practices and strategies of the Group. We seek to meet the interests of our stakeholders by providing non-financial information about the Group and demonstrating our efforts to report to Shareholders and other stakeholders on the steps that we are taking to achieve a sustainable business model, our achievements, and action plans to contribute to society and a more sustainable environment.

In today’s investment climate, non-tangible financial factors are becoming increasingly important to our stakeholders. Stakeholders are beginning to look beyond economic and operational factors in evaluating management and corporate accountability. This Report is based on economic, social and environmental issues that are material to our Group and serves as a platform for us to communicate our achievements and plans to our stakeholders.

## Board Statement

We are pleased to present our sixth sustainability report for FY2023. Sustainability is highly regarded by the board of directors of the Company (“**Board**” or “**Directors**”) and the Management, which is an integral part of the Group’s philosophy. We believe that we can play our part in contributing to environmental preservation by minimising the impact of our operations on the environment. We will continue our efforts in generating meaningful and sustainable impacts for our stakeholders.

It is our commitment to maintain a safe working environment for our employees under local regulations, as well as to ensure that there will be no interruption of service due to safety concerns.

The Board oversees the Management to monitor and promote accountability, integrity and transparency for the continued sustainability of the Group’s businesses and value creation for its stakeholders in the long run, in order to enable the Group to manage and address the Environmental, Social, and Governance (“**ESG**”) factors, which are important to our businesses. We also get all functional departments of the Group involved in responsible for organizing, promoting, and implementing various ESG related tasks under the Group’s ESG management strategies. The Management reports to the Board annually on the management of the Group’s impacts and any critical concerns on the economy, environment and people. It is widely accepted that good ESG practices contribute to the overall long-term success of the Group and form an important part under the keen competition.

Save for Mr Wan Ngar Yin, David (Independent Director), all Directors have not attended the prescribed sustainability training courses conducted by the relevant training providers as required under the enhanced sustainability reporting rules announced by the SGX-ST in December 2021. Mr Ng Kwan Ming, Francis (Independent Director) was appointed as Director in July 2023, and has one year since the date of his appointment to complete the prescribed trainings (including sustainability training) for his appointment. Mr Chan Andrew Wai Men (Executive Chairman) and Mr Lam Chun Hei Justin (Executive Director and Chief Operating Officer) have not attended the required sustainability training, and they envisage to complete the required sustainability training by June 2024.

## Report Scope and Sustainability Reporting Framework

The data and statistics provided in this Report relate solely to the Group's operations that are reviewed by the Board, addressing the activities and data relating to the Group's activities during FY2023. The figures are expressed in Hong Kong dollars.

This Report focuses on addressing the Group's ESG issues in line with Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). With this information, we aspire to provide stakeholders with an accurate, complete and meaningful overview on how we manage these sustainability issues across our business sectors.

This Report adopts the reporting framework set out under the Global Reporting Initiative (GRI) Standards and the Task Force on Climate-related Financial Disclosures (TCFD), and based on a Group-wide materiality assessment in consultation with the Board, we believe the GRI Standards and TCFD are internationally recognised and widely adopted. The GRI and TCFD Framework content index and relevant references are disclosed in pages 18 to 23 of this Report.

The Group has engaged consultant to support the Board's review process on sustainability reporting.

This Report, together with the Corporate Governance Report on pages 11 to 53 of our Annual Report 2023, illustrates the Group's ESG factors and the policies, practices and performance of the business operations.

We welcome all feedback on this Report to enable us to consistently improve our policies and systems. Please send your feedback and comments to [enquiry@sinocloudgroup.com](mailto:enquiry@sinocloudgroup.com).

## Sustainability Overview

### Stakeholder Engagement

To achieve sustainable development, we believe it is vital to understand the views and concerns of stakeholders. We have always maintained a close relationship with our stakeholders and are committed to balancing the opinions and interests of our stakeholders to determine our long-term sustainability direction. We have identified and engaged with our key stakeholders, including shareholders and investors, customers, employees, suppliers, public institutions and regulators, media and non-government organisations (“NGOs”), as well as communities. We have collected their key ESG-related areas of focus and established communication channels to ensure continued effective engagement.

Stakeholders	Key ESG-related areas of focus	Main communication channels	Frequency of engagement
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>● Business ethics and anti-corruption</li> <li>● Privacy and data security</li> </ul>	<ul style="list-style-type: none"> <li>● Annual reports</li> <li>● Quarterly result announcements</li> <li>● News releases</li> <li>● Meetings with investors</li> </ul>	<ul style="list-style-type: none"> <li>● Annual</li> <li>● Quarterly</li> <li>● On demand</li> <li>● At least once per year</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>● Privacy and data security</li> <li>● Customer service</li> </ul>	<ul style="list-style-type: none"> <li>● Corporate website</li> <li>● Social media platforms</li> <li>● Customer service hotline</li> </ul>	<ul style="list-style-type: none"> <li>● On demand</li> <li>● On demand</li> <li>● On demand</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>● Employee health and safety</li> <li>● Development and training</li> <li>● Labour standards</li> </ul>	<ul style="list-style-type: none"> <li>● Communication meetings</li> <li>● Internal announcements</li> <li>● Complaint boxes</li> </ul>	<ul style="list-style-type: none"> <li>● On demand</li> <li>● On demand</li> <li>● On demand</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>● Supplier management</li> <li>● Business ethics and anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>● Communication meetings</li> <li>● Business negotiation meetings/discussions</li> </ul>	<ul style="list-style-type: none"> <li>● On demand</li> <li>● On demand</li> </ul>
<b>Public institutions and Regulators</b>	<ul style="list-style-type: none"> <li>● Business ethics and anti-corruption</li> <li>● Privacy and data security</li> <li>● Labour standards</li> </ul>	<ul style="list-style-type: none"> <li>● Event reporting</li> <li>● Information disclosure</li> <li>● Regular inquiries</li> </ul>	<ul style="list-style-type: none"> <li>● On demand</li> <li>● On demand</li> <li>● On demand</li> </ul>
<b>Media and NGOs</b>	<ul style="list-style-type: none"> <li>● Use of resources</li> <li>● Privacy and data security</li> </ul>	<ul style="list-style-type: none"> <li>● News releases</li> <li>● Social media</li> </ul>	<ul style="list-style-type: none"> <li>● On demand</li> <li>● On demand</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>● Community engagement</li> </ul>	<ul style="list-style-type: none"> <li>● Public welfare activities</li> <li>● Community activities</li> </ul>	<ul style="list-style-type: none"> <li>● On demand</li> </ul>

## Materiality Assessment

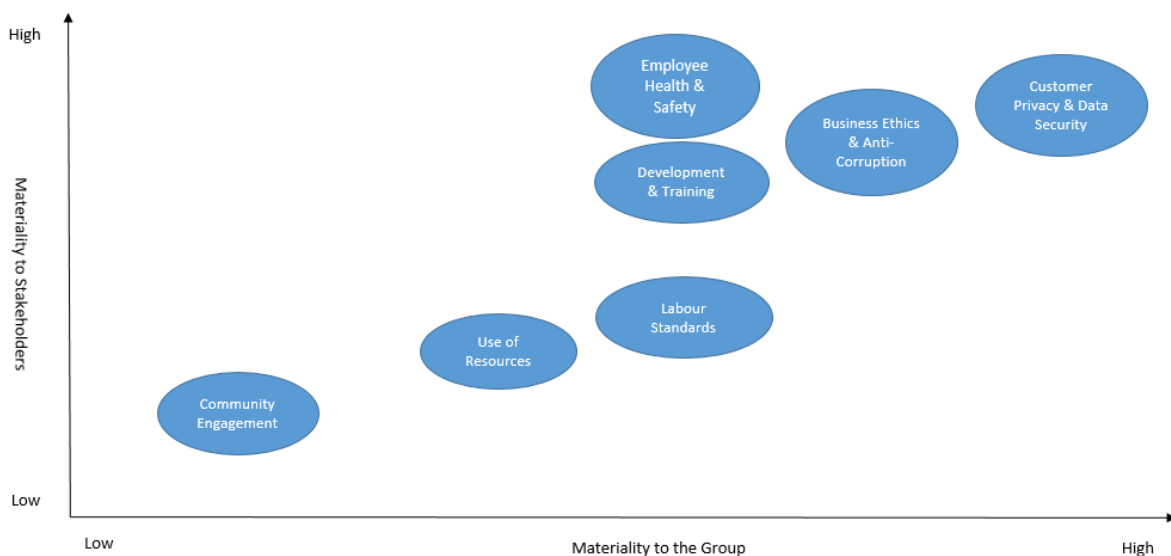
Based on our Group-wide materiality assessment, we have outlined our strategic sustainability priorities through these steps:-

1. Defining key issues which impact the execution of our business strategy;
2. Identifying critical areas that affect our businesses and stakeholders, including actual and potential, negative and positive impacts on the economy, environment and people;
3. Prioritising these critical factors and validate internally as pressing issues to address; and
4. Embedding best practices within our business operation processes where applicable.

The Group identified the specific ESG factors which are material to the Group based on our knowledge of our respective business areas, the challenges faced by the industry and the corresponding implications for the Group's businesses and operations. We also considered the insights that we gained from our day-to-day engagements and consultations with various stakeholders to establish the direction for our sustainability reporting.

During FY2023, we identified 7 topics that could be material to our stakeholders and the Group. This was done through interviews and continuous engagement with our stakeholders. The materiality assessment is endorsed by the Board, and these priorities are reviewed on a yearly basis. The assessment provides important guidance for setting our sustainability strategy and fostering sustainable operations.

We identified customer privacy and data security, and business ethics and anti-corruption as high material topics. Other material topics include employee health and safety, development and training, labour standards, use of resources and community engagement. These topics are consistent with last year except for supplier management. In view of the termination of the Expansion Project in the fourth quarter of FY2022, we no longer need to engage with large construction suppliers, and therefore the topic of supplier management has been removed from our material topics. We will discuss each of these topics separately in the following chapters of the Report.



## Material ESG Factors

The Group has identified the following material ESG factors that are important to the sustainability of our organisation and business, rank according to risk and prioritisation:-

- (a) Corporate Governance
- (b) Customers
- (c) Employees
- (d) Environment
- (e) Communities

## Task Force on Climate-related Financial Disclosures

Following SGX's updated Sustainability Reporting Guide, listed companies are now required to disclose climate-related information on a 'comply or explain' basis. A global initiative, the Task Force on Climate-Related Financial Disclosures, was established to prepare comprehensive and reliable frameworks for disclosing climate-related financial risks and opportunities. We implemented a phased approach towards climate reporting in FY2023, the first time the TCFD recommendations will be adopted.

### Governance

The Board is responsible for the overall sustainability strategy of the Group, including the risks and opportunities related to climate change. The Board is supported by the corresponding management to ensure that the sustainability strategy of the Group is implemented effectively.

### Strategy

The company is actively pursuing ways to enhance its climate resilience across all business divisions as part of its commitment to sustainability. The first step we need to take to achieve this goal is to gain a deeper understanding of the potential hazards and advantages that climate change may present to our operations. In order to examine the risks and opportunities associated with various climate scenarios, we have conducted desktop research and a rudimentary scenario analysis. Assessing its impact on our businesses will allow us to identify existing strategies and develop new ones in order to mitigate any negative effects and capitalize on any positive outcomes in the future. As we move forward, we expect our strategies to become more developed and refined.

Climate Framework & Scenario	Paris Agreement-Aligned Scenario (below 2°C)	No Mitigation Scenario (4°C)
Selected Scenario	It is assumed that countries will implement significant measures to reduce their greenhouse gas emissions and transition to a low-carbon economy in order to limit global warming to below 2 degrees Celsius.	It represents the Business As Usual scenario, in which there is high emissions and few or no measures taken (no policy changes) to limit greenhouse gas emissions, resulting in an increase in global temperatures.
Framework/ Model Supported	International Energy Agency-2°C Scenario (2DS)	Intergovernmental Panel on Climate Change Representative Concentration Pathway 8.5
Assumptions Made	<ul style="list-style-type: none"> <li>• Increased attention paid by customers, consumers, and investors to sustainability, such as in the case of brands that use high-emission advertising services;</li> <li>• Introduction of a carbon tax and pricing system;</li> </ul>	<ul style="list-style-type: none"> <li>• Global emissions continue to rise as a result of high carbon intensity of the energy system;</li> <li>• Global mean sea level rise;</li> <li>• Increased frequency and intensity of heat waves and extreme precipitation events;</li> </ul>

Climate Framework & Scenario	Paris Agreement-Aligned Scenario (below 2°C)	No Mitigation Scenario (4°C)
	<ul style="list-style-type: none"> <li>• Reduction of fuel subsidies;</li> <li>• Increased use of renewable energy and energy storage</li> </ul>	<ul style="list-style-type: none"> <li>• Slow implementation of renewable energy and energy storage technologies, continued reliance on fossil fuels and conventional power generation methods;</li> <li>• No significant implementation of carbon pricing policy to reduce greenhouse gas emissions</li> </ul>

## Risk Management

Climate-related risks are embedded within our overall ERM framework and any risks identified would be subject to the same process and managed in line with all other risks. For every risk identified, management is required to assess the probability of the risk occurring, its potential impact and whether the risk is operational, forward looking or emerging and then develop an appropriate response.

A table illustrating our mitigation strategies for material climate-related risks follows.

## Climate-related Risk and Opportunities

Risk Category	Risk Description	Potential Financial and Other Impacts	Strategy for Mitigation or Adaptation Measures	Overall Impact Level	Time Horizon	Climate Related Opportunities
Physical risk	Risks to data centre infrastructure arising from acute and chronic climate	<p>Increasingly extreme weather will affect our data centre and disrupt our operations, people, and business to various levels.</p> <p>In the absence of mitigating actions, we see this as a short-, medium-, and long-term risk that would increase in severity over time. This will result in a disruption of client services, a negative impact on our people, a loss of revenue, and property damage.</p> <p>In extreme circumstances, some offices may need to be completely relocated, resulting in disruption costs and a wider impact on the delivery of services across the network.</p>	<p>When there is a short-term disruption to our service delivery, remote working can support our service delivery.</p> <p>To cope with the risk of climate change and related impacts causing significant disruption, we have already taken steps to start planning for these outcomes, including:</p> <ul style="list-style-type: none"> <li>• A climate change risk has been added to our enterprise risk management framework in efforts to increase our awareness and understanding of the impacts of climate change on our business, as well as to identify areas of concern early on in the process.</li> <li>• Management is responsible for regularly evaluating the potential impacts of extreme weather events and preparing to deal with them if they occur.</li> </ul>	Medium	Short, medium and long term	To strengthen the business continuity planning
Physical risk	Risks associated with	Controlling the temperature of a	We take energy-saving measures to reduce	Medium	Medium and long	To evaluate the



Risk Category	Risk Description	Potential Financial and Other Impacts	Strategy for Mitigation or Adaptation Measures	Overall Impact Level	Time Horizon	Climate Related Opportunities
	persistently rising temperatures	data center is a crucial part of its operation. It is expected that our data center and office will be consuming more electricity. This increase in energy consumption would lead to higher operating costs for the data center and office, as well as increased carbon emissions.	<p>electricity consumption and eliminate unnecessary usage.</p> <p>Our people are encouraged to turn off lights before leaving the office, and we arrange patrols to ensure that all lights are off after hours.</p> <p>In office, natural light is preferred and utilized during the daytime. Several lighting zones have been set up in the office, each with independent control switches. Electrical appliances are chosen based on their energy efficiency and environmental friendliness, as well as the price.</p> <p>Also, we encourage employees to switch to energy-efficient appliances or turn off unused ones during lunch breaks and after work.</p>		term	effectiveness of energy-saving measures on a regular basis
Transition risk	Shift among consumers to choose companies that are more environmentally friendly	Customers are increasingly aware of the importance of environmentally friendly practices and are more likely to choose companies that prioritize sustainability. If our customers believe that we are not meeting these standards, they may switch to a competitor, resulting in a decrease in revenue and profit.	<p>We maintain a sustainable development philosophy and highlight our commitment to sustainability for customers who switch to more sustainable services.</p> <p>Furthermore, we continue to promote and educate our people about reducing, reusing, and recycling.</p>	Medium	Short and medium term	To monitor the consumer and market expectations on a regular basis
Transition risk	Implementation of stricter policies and regulations relating to climate change	<p>We may need to make adjustments to our operations in order to comply with the new rules, and this may require additional investments or expenditures.</p> <p>Additionally, businesses may face higher compliance costs due to the implementation of stricter regulations.</p>	<p>We will work closely with regulators to monitor these requirements and to anticipate possible costs.</p> <p>Furthermore, we continue to promote and educate our people about reducing, reusing, and recycling.</p>	Medium	Long term	To identify potential regulatory issues that may affect the Group

Time Horizon	Definition
Long Term	>5 years
Medium Term	3-5 years
Short Term	<3 years

## Metrics and Targets

As a Company, we recognize the importance of setting emissions reduction targets to reduce our carbon footprint. As this is our first year reporting on TCFD disclosures, we have not yet established any specific targets in this area. As part of our efforts towards a low-carbon future, we are conscious of the fact that setting clear and measurable goals is crucial to achieving great results and we will explore ways to accomplish this. Our next step is to enhance our disclosures and capabilities related to the identification and management of emissions as part of this initiative. We are exploring ways in which we can leverage analytics and automation in order to assist us in making the necessary disclosures to our stakeholders.

We are reporting this year some of the most relevant climate and environmental metrics in terms of GHG emissions and energy consumption as they relate to Scope 1 and Scope 2. For more information, please refer to the Environment section of pages 16 to 17 of this report.

## Corporate Governance

### Board Independence

The Board sets high standards for the Company's employees, officers and directors. It is the duty of the Board to serve as a prudent fiduciary for Shareholders and to oversee the Management on the Company's business, and the organisation.

<b>50% of Board members are independent directors</b>	Up to the date of this report, our Board consists of 4 Directors, out of which 2 are Independent Directors.
<b>We have established 3 committees within the Board</b>	We have established an audit committee, a remuneration committee, and a nominating committee under our Board (" <b>Board Committees</b> "); and have adopted a charter for each of the Board Committees, setting forth clear responsibilities, procedures and standards for sound corporate governance.
<b>All committees are chaired by independent directors</b>	Each of the Board Committees is chaired by an Independent Director and there is at least one member of the Board Committees is Independent Directors.  In relation to the composition of the Audit Committee and the Remuneration Committee, the Company does not comply with the provisions of the Singapore Code of Corporate Governance 2018 ("Provisions"), which require all members of these committees to be non-executive directors. In this regard, the Board will endeavour to make the necessary arrangements to comply with the Provisions in due course.
<b>Diverse professional backgrounds</b>	Our Directors have rich industry experience and come from diverse backgrounds, including finance and real estate, electronics engineering, investment banking, financial management, auditing, and accounting.

## Risk Management

We regard strong risk management as a key foundation for our sustained growth. The Company conducts comprehensive reviews and assessments of its risks and aims to establish and maintain effective risk management and internal control systems for the purpose of ensuring stable and efficient operations.

We have established our risk management structure based on the COSO (Committee of Sponsoring Organisation) framework, wherein the Board takes the overall responsibility for risk management and decision-making.

Business and functional departments	Risk management team	Internal audit team
<ul style="list-style-type: none"><li>Assessing, identifying, and controlling risks on the front lines of business operations</li></ul>	<ul style="list-style-type: none"><li>Formulating risk management policies and strategies</li><li>Monitoring the implementation of risk control measures</li></ul>	<ul style="list-style-type: none"><li>Evaluating the effectiveness of the Company's risk management systems</li><li>Following up on rectification measures against identified problems</li></ul>

## Business Ethics and Anti-Corruption

Business ethics are essential for creating a fair and healthy environment in which enterprises can thrive. The Group adheres to the highest standards of business ethics in its dealings with governments, customers, suppliers, non-profit organizations, and communities in order to enhance fairness, transparency, and protect the rights of its employees and stakeholders.

It has always been our policy to remind our Board of Directors and employees to prevent and mitigate conflicts of interest. Our employee handbook includes a Code of Ethics to ensure high ethical standards in the workplace. Since the Group's business is not highly exposed to the risk of corruption, no training of such area was held during the reporting year. We will provide anti-corruption training for its employees and directors when needed.

We strictly abide by all applicable laws and regulations of all our places of operation. For FY2023, the Group has complied with all applicable laws and regulations of all the places where we operate in. Our target for FY2024 is to maintain zero incident of non-compliance with all applicable laws and regulations of all the places where we operate in.

Management is responsible for overseeing compliance with business ethics across the Group. As part of our commitment to fostering a culture of honesty and accountability among our employees, suppliers, and other partners, we have established mechanisms for identifying risk and responding to whistleblowing incidents. Employees, suppliers, and other stakeholders are always welcome to offer advice and raise concerns regarding the organization's operations and business relationships. Our Audit Committee members are asked whether they have received any whistle-blower messages at every meeting.

For FY2023, there was no confirmed incident of fraud, corruption, bribery or whistle-blowing reported. Our target for FY2024 is to maintain zero incident of fraud, corruption, bribery or whistle-blowing reported.

## Customers

### Data Security and Privacy

Data security and privacy are our highest priority. We are committed to providing our customers with safe, reliable, stable and high-quality hosting and broadband services. Maintaining the security and availability of our infrastructure, systems, platform, network, and the security of information we hold is a critical issue for us and our customers. Hence, we put every effort into protecting user privacy and data security.

We strictly abide by all applicable laws and regulations of all the places we operate in. We also keep track of any changes or updates of relevant laws and regulations and make timely adjustments to ensure compliant operations. For FY2023, the Group has complied with all applicable laws and regulations of all the places where we operate in with respect to data security and privacy. Our target for FY2024 is to maintain zero incident of non-compliance with all applicable laws and regulations of all the places where we operate in with respect to data security and privacy.

We have developed systems and processes that are designed to protect customer information and prevent data loss and other security breaches, including systems and processes designed to reduce the impact of a security breach at a third-party vendor or customer. For FY2023, there was no complaint concerning breaches of customer privacy and losses of customer data reported. Our target for FY2024 is to maintain zero complaint concerning breaches of customer privacy and losses of customer data reported.

### Customer Service

Our customers can be classified into two groups, data hosting customers that use our data hosting service on a mass scale, and broadband customers that use our broadband products on a relatively small scale. We adopt various service models to suit different service needs. For data hosting customers, we engage dedicated specialists to address customer needs throughout the servicing period. For broadband customers, we set a special telephone line to address their needs efficiently.

## Employees

### Recruitment and Employment

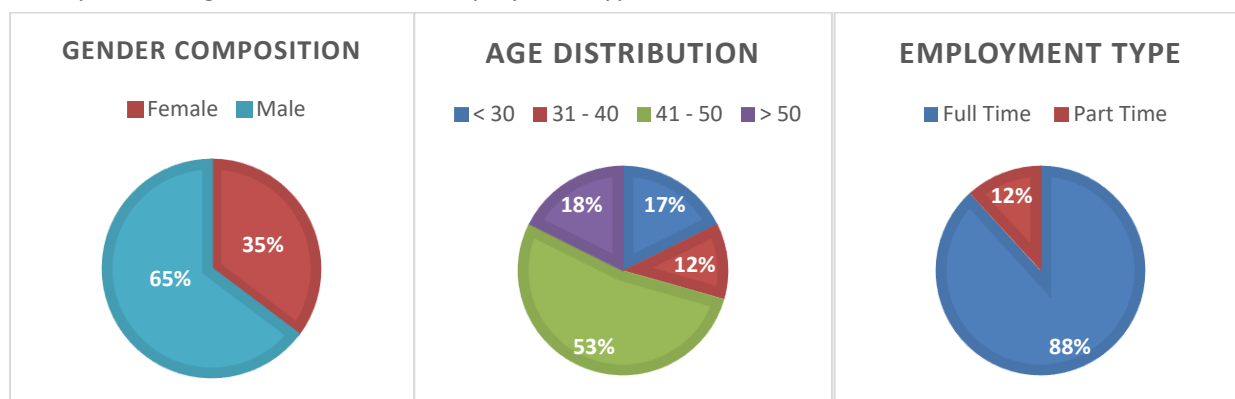
Our staffs are our key assets. It is the Group's policy to manage employees in accordance with their performance, achievements, and activities regardless of their employment status. We expect our employees to put the Group's interests into practice and raise their level of professionalism. Our employees' concept of work focuses on performance and achievement through this approach. This approach has firmly taken root across the Group.

In the development of our employees, we emphasize each individual's desire to learn and grow by setting personal goals. Our basic policy for personnel development is to offer on-the-job training complemented and enhanced by off-the-job group training. At each workplace, we clearly define the roles of staff responsible for different aspects of training under a system in which each employee sets his or her own annual education plan as a means for raising motivation to learn by systematically addressing both the workplace and employee needs and interests. Moreover, to meet the needs of the ever-changing business environment, we are focused on nurturing human resources with

advanced expertise and responsiveness to change, as well as the systematic identification of those who can demonstrate their talents in the marketplace.

The Group acknowledges the importance of social equity and the provision of equal opportunities in an environment that is safe and healthy for its employees. Diversity has not been assessed to be a material social factor for the Group’s business. Notwithstanding so, we are committed to building a diverse, inclusive and collaborative culture within the Group. This includes hiring without prejudice, regardless of age, gender, nationality, religion and ethnicity. We strictly prohibit child labour and forced labour and have established relevant procedures and remediation measures. We respect the human rights of our employees and partners and have formulated human rights policies based on the United Nations Guiding Principles on Business and Human Rights (UNGPs), International Covenant on Economic, Social and Cultural Rights (ICESCR) and other internationally recognised human rights principles.

As of 30 June 2023, the Group has a workforce of 17 in the PRC and Hong Kong. The employees’ gender composition, age distribution and employment type are as follows:



During FY2023, the Group has 1 new hire and 10 staff turnover. The significant turnover in staff was caused by the postponement of a project, which was responsible for a large portion of the staff leaving our PRC company. The relevant information is as follows:

Type of Information	Total Number	Rate to average workforce during FY2023
<b>New employee hires</b>		
By gender		
- Female	0	N/A
- Male	1	7%
By age group		
- < 30	1	17%
- 31 - 40	0	N/A
- 41 - 50	0	N/A
- > 50	0	N/A
By region		
- PRC	1	6%
- HK	0	N/A
<b>Employee turnover</b>		
By gender		

Type of Information	Total Number	Rate to average workforce during FY2023
- Female	3	40%
- Male	7	50%
By age group		
- < 30	8	133%
- 31 - 40	1	29%
- 41 - 50	0	0%
- > 50	1	40%
By region		
- PRC	9	47%
- HK	1	40%

## Salary and Promotion

The Group provides its employees with competitive salaries and performance-based shares.

To achieve this:-

- (a) we will conduct regular reviews to ensure that our remuneration package is in line with industry standard and commensurate with the job;
- (b) we will offer a sustainable performance bonus based on the Group's and the employee's performance;
- (c) we will identify and promote deserving staff with potential to develop their career in the organisation; and
- (d) we will align our human resource policies to comply with labour laws and regulations in respect of minimum wage requirements, social security contribution requirements and work hours etc.

Guiyang Tech, the Company's principal subsidiary, conducts annual review of the remuneration package of its staff. The management of Guiyang Tech will ensure that the human resource policies are in line with the relevant labour laws and regulations of the PRC. In addition, the Company has a performance share plan in place to reward all management and staff in accordance with their performance and the Group's performance objective. For FY2023, the Company did not issue any performance shares.

Appraisal and promotion are conducted annually each year. Promotion decisions are based on comprehensive considerations of individual applications, qualifications assessment and performance review results, which are free from any sex and race discrimination.

All our staff entitled to parental leave. The figures related to parental leave taken breakdown in gender is shown below:

	Male	Female	Total
Total number of employees that were entitled to parental leave	8	4	12
Total number of employees that took parental leave in FY 2023	0	0	0

	Male	Female	Total
Total number of employees that returned to work in the reporting period after parental leave ended	0	0	0
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	1	1	2

## Employee Health and Safety

The health and safety of our employees always remain our top priority. We strictly abide by applicable laws, regulations and internationally recognised practices in conducting our operation to protect all our employees. For FY2023, the Group has complied with all applicable laws, regulations and internationally recognised practices in conducting our operation in relation to employee health and safety. Our target for FY2024 is to maintain zero incident of non-compliance with all applicable laws, regulations and internationally recognised practices in conducting our operation in relation to employee health and safety.

We emphasise the importance of fire safety management in our workplace. General Administration Department conducts regular safety inspections and fire drills to enhance employees' safety awareness and emergency response skills. For FY2023, there was no reported incident of work-related injuries or fatalities. Our target for FY2024 is to maintain zero reported incident of work-related injuries or fatalities.

## Development and Training

We recognize the importance of empowerment through development and training in the Group. Equipping employees with the appropriate knowledge not simply benefits the long-term development, but the society as a whole.

We have devised training schedule to provide trainings to newly recruited employees, so as to enable them to understand the systems and operations in the Internet Data Centre. We also provide support for external training to our existing staff to upgrade their skills like latest accounting standards update to our Finance staff etc. Through education and training, the Group can enable its employees to enhance their personal qualities, strengthen their working skills and reinforce the team performance. Moreover, employees can grow with the Group by realizing their own values on the basis of their personal interest and expertise.

The average hours of training per year per employee in FY2023 is listed below:

Type of Information	Total number of hours trained	Average hours of training
All employee	11	0.65
By gender		
- Female	9	1.5
- Male	2	0.2
By employee category		
- Full time	11	0.73
- Part time	-	-

We conduct regular performance and career development review with our staff. However, due to the COVID-19 pandemic, business performance had been seriously affected, and therefore management did not evaluate staff performance according to the usual evaluation criteria. Once the business returns to pre-COVID-19 pandemic conditions, management will consider conducting formal staff performance and career development review.

## Environment

### Use of Resources

Preserving the environment is necessary for the long-term sustainability of our business, and they are mutually dependent. While creating value in our business, we aim to minimise the impact that our activities have on the environment and proactively seek alternative means for more effective and sustainable use of resources.

The Group's target is to minimize the adverse impact of the businesses on the environment. We reduce the use of resources by the following means:

- ensure that the electrical appliances, including air conditioners, lights, and computers, etc., are switched off when they are not in use, such as during non-office hours and during lunch breaks.
- make sure that the office lights, air conditioners, and electrical appliances that are not in use are turned off;
- implement systematic cuts to paper usage and waste volumes; and
- engage each employee in thinking about the environment and making his or her own contribution actively via recycling of used paper.

During FY2023, the energy consumption by type in total of the Group are shown as below:

Resources by Type	FY2023 Usage	FY2022 Usage	Unit	% Change + / (-)
Total Unit of Electricity Consumed	7,873,128	3,332,310	kWh	136.3%
Unit of Electricity Consumed per rack	26,244	12,481	kWh / number of rack	110.3%
Total Unit of Water Consumed	1,538	1,535	m <sup>3</sup>	0.2%
Unit of Water Consumed per staff	90	59	m <sup>3</sup> / number of staff	53.2%

Due to the COVID-19 controls in FY2022, the electricity supplier (China Southern Power Grid Company Limited) was unable to check the physical record and therefore underestimated the actual consumption of electricity. A physical check was conducted by the electricity supplier in July 2022, and the underestimated difference was billed.



## Emission

The Group's direct greenhouse gas emissions are mainly generated from vehicle while indirect greenhouse gas emissions resulted from electricity consumed in the Internet Data Centre operation. In FY2023, the Group's greenhouse gas emissions in total and intensity are showed as below:

Greenhouse Gas Emission	FY2023 Emission Data	FY2022 Emission Data	Unit	% Change + / (-)
Direct emission (Scope 1)	13,662	-	kg	N/A
Indirect emission (Scope 2)	4,490,634	2,615,863	kg	71.7%
Total greenhouse gas emission	4,504,296	2,615,863	kg	72.0%
Greenhouse gas emission intensity	15,014	9,806	kg/number of rack	53.1%

*Note: Global Warming Potential figure sourced from The Intergovernmental Panel on Climate Change (IPCC) Synthesis Report.*

We proactively make effort to reduce greenhouse gas emissions by improving our business process.

## Communities

The market's focus on corporate behavior has led to a shift away from the short-sighted goal of maximizing financial returns to shareholders. The Group maintains a proactive approach to fulfilling its responsibilities as a corporate citizen.

As a responsible corporation, the Group is committed to extending the efforts from own operation to the wider society. The Group believes that its staff are the core value makers in the society. The Group will continue to pool the strengths and commit itself in increasing community participation, balance of interests of stakeholders and strives to build a corporate-community relationship that promotes harmony, security and prosperity.

Our operations have no significant actual and potential negative impacts on the local communities. Although the Group has not established and documented a specific community policy, social care is deep-seated in the Group's corporate culture. Employees are encouraged to participate in various charitable events and community service.

## GRI Content Index

<b>Statement of use</b>	SinoCloud Group Limited has reported the information cited in this GRI content index for the period from 1 July 2022 to 30 June 2023 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Cross Reference / Comments</b>
<b>Universal Standards</b>		
GRI 2-1	Organisational details	
	- Legal name	SinoCloud Group Limited
	- Nature of ownership and legal form	<ul style="list-style-type: none"> <li>Company's website at <a href="https://www.sinocloudgroup.com">https://www.sinocloudgroup.com</a></li> <li>Page 2 of the Annual Report 2023</li> </ul>
	- Location of headquarters	<ul style="list-style-type: none"> <li>Company's website at <a href="https://www.sinocloudgroup.com">https://www.sinocloudgroup.com</a></li> <li>Page 10 of the Annual Report 2023</li> </ul>
	- Countries of operation	<ul style="list-style-type: none"> <li>Company's website at <a href="https://www.sinocloudgroup.com">https://www.sinocloudgroup.com</a></li> <li>Page 10 of the Annual Report 2023</li> </ul>
GRI 2-2	Entities included in the organisation's sustainability reporting	All subsidiaries of the Company are listed in pages 101 to 103 of the Annual Report 2023
GRI 2-3	Reporting period, frequency and contact point	<ul style="list-style-type: none"> <li>Reporting period: from 1 July 2022 to 30 June 2023</li> <li>Frequency: annual</li> <li>Contact point: <a href="mailto:enquiry@sinocloudgroup.com">enquiry@sinocloudgroup.com</a></li> </ul>
GRI 2-4	Restatements of information	None
GRI 2-5	External assurance	No external assurance obtained for this Report
GRI 2-6	Activities, value chain and other business relationships	Pages 3 to 9 of the Annual Report 2023
GRI 2-7	Employees	Pages 12 to 16 of this Report
GRI 2-8	Workers who are not employees	None
GRI 2-9	Governance structure and composition	<ul style="list-style-type: none"> <li>Pages 11 to 53 of the Annual Report 2023</li> <li>Page 10 of this Report</li> </ul>
GRI 2-10	Nomination and selection of the highest governance body	The information is classified as confidential as per specification of our information security management system, and thus not to disclose.
GRI 2-11	Chair of the highest governance body	Pages 19 to 20 of the Annual Report 2023
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Pages 2 to 3 of this Report
GRI 2-13	Delegation of responsibility for managing impacts	Page 3 of this Report

GRI Standard	Disclosure	Cross Reference / Comments
GRI 2-14	Role of the highest governance body in sustainability reporting	Page 3 of this Report
GRI 2-15	Conflicts of interest	Page 11 of this Report
GRI 2-16	Communication of critical concerns	Pages 3 to 4 of this Report
GRI 2-17	Collective knowledge of the highest governance body	The Group provides professional training courses for senior management, and senior management acts as a mentor to organize technical and professional training courses for staff.
GRI 2-18	Evaluation of the performance of the highest governance body	The information is classified as confidential as per specification of our information security management system, and thus not to disclose.
GRI 2-19	Remuneration policies	
GRI 2-20	Process to determine remuneration	
GRI 2-21	Annual total compensation ratio	
GRI 2-22	Statement on sustainable development strategy	Pages 2 and 3 of this Report
GRI 2-23	Policy commitments	Pages 2 and 11 of this Report
GRI 2-24	Embedding policy commitments	Pages 2 and 11 of this Report
GRI 2-25	Processes to remediate negative impacts	Page 11 of this Report
GRI 2-26	Mechanisms for seeking advice and raising concerns	Page 11 of this Report
GRI 2-27	Compliance with laws and regulations	No violation of laws and regulations.
GRI 2-28	Membership associations	<ul style="list-style-type: none"> <li>• Guizhou Information and Communication Industry Association</li> <li>• Guizhou Internet Society</li> <li>• Guizhou Institute of Communications</li> </ul>
GRI 2-29	Approach to stakeholder engagement	Page 5 of this Report
GRI 2-30	Collective bargaining agreements	Not applicable
GRI 3-1	Process to determine material topics	Page 6 of this Report
GRI 3-2	List of material topics	Pages 6 to 7 of this Report
GRI 3-3	Management of material topics	Pages 6 to 17 of this Report

GRI Standard	Disclosure	Cross Reference / Comments
<b>Topic Standards</b>		
GRI 205: Anti-corruption 2016		
GRI 205-1	Operations assessed for risks related to corruption	<ul style="list-style-type: none"> <li>• Page 11 of this Report</li> <li>• The risk assessment for corruption in operation was reviewed, in which include all operations in the company</li> </ul>
GRI 205-2	Communication and training about anti-corruption policies and procedures	Page 11 of this Report
GRI 205-3	Confirmed incidents of corruption and actions taken	Page 11 of this Report
GRI 302: Energy 2016		
GRI 302-1	Energy consumption within the organisation	Page 16 of this Report
GRI 302-2	Energy consumption outside of the organization	None
GRI 302-3	Energy intensity	Page 16 of this Report
GRI 302-4	Reduction of energy consumption	Page 16 of this Report
GRI 302-5	Reductions in energy requirements of products and services	Considering our IDC services require stable electricity supplies, it is difficult for us to reduce our energy consumption at the service level. Despite this, our Group continues to implement energy-saving measures in our office area.
GRI 305: Emissions 2016		
GRI 305-1	Direct (Scope 1) GHG emissions	Page 17 of this Report
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Page 17 of this Report
GRI 305-3	Other indirect (Scope 3) GHG emissions	Nil
GRI 305-4	GHG emissions intensity	Page 17 of this Report
GRI 305-5	Reduction of GHG emissions	Page 17 of this Report

GRI Standard	Disclosure	Cross Reference / Comments
GRI 401: Employment 2016		
GRI 401-1	New employee hires and employee turnover	Pages 13 to 14 of this Report
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	Not application as there is no part time employees
GRI 401-3	Parental leave	Pages 14 to 15 of this Report
GRI 403: Occupational Health and Safety 2018		
GRI 403-1	Occupational health and safety management system	Page 15 of this Report
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Given our main business is IDC, Management has assessed the risk of work-related hazards is low.
GRI 403-3	Occupational health services	Page 15 of this Report
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Page 15 of this Report
GRI 403-5	Worker training on occupational health and safety	Page 15 of this Report
GRI 403-6	Promotion of worker health	Page 15 of this Report
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 15 of this Report
GRI 403-8	Workers covered by an occupational health and safety management system	Page 15 of this Report
GRI 403-9	Work-related injuries	Page 15 of this Report
GRI 403-10	Work-related ill health	Page 15 of this Report
GRI 404: Training and Education 2016		
GRI 404-1	Average hours training per year per employee	Page 15 of this Report
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Page 15 of this Report
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Page 15 of this Report

GRI Standard	Disclosure	Cross Reference / Comments
GRI 413: Local Communities 2016		
GRI 413-1	Operations with local community engagement, impact assessments and development programs	All operations are implemented with impact assessments.
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Page 17 of this Report
GRI 418: Customer Privacy 2016		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 12 of this Report

### TCFD Framework Content Index

Section	Disclosure	Cross Reference / Comments
<b>Governance</b>		
a)	Describe the board's oversight of climate-related risks and opportunities	Page 7 of this Report
b)	Describe management's role in assessing and managing climate-related risks and opportunities	Page 7 of this Report
<b>Strategy</b>		
a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Pages 8 to 9 of this Report
b)	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Pages 8 to 9 of this Report
c)	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Pages 7 to 9 of this Report
<b>Risk Management</b>		
a)	Describe the organization's processes for identifying and assessing climate-related risks.	Pages 8 to 9 of this Report
b)	Describe the organization's processes for managing climate-related risks.	Pages 8 to 9 of this Report
c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Page 8 of this Report

Section	Disclosure	Cross Reference / Comments
<b>Metrics and Targets</b>		
a)	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 10 of this Report
b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Page 10 of this Report

*This Sustainability Report 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 Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.*

*This Sustainability Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Sustainability Report including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.*

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