



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 secured more hosting service contracts during FY2022 to fill up the existing hosting capacity of 660 racks.

### **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 FY2022 ("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 of the Group and demonstrate our efforts to report to Shareholders and other stakeholders on the steps that we are taking to achieve a sustainable business model and our achievements and action plans to contribute to the 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 fifth sustainability report for FY2022. Sustainability is highly regarded by the board of directors of the Company (“**Board**” or “**Directors**”) and 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.

We stay committed to prioritise safety of our employees and comply with local regulations on the necessary measures to ensure that all employees are well-prepared in keeping themselves safe, as well as to ensure no discontinuation of service under a safe environment.

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. 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.

## Report Scope and Sustainability Reporting Framework

All data and statistics provided in this Report are in relation to the Group’s operations, addressing the activities and data that fall within the Group for FY2022, and the figures are represented 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 based on a Group-wide materiality assessment in consultation with the Board, we believe the GRI Standards is internationally recognised and widely adopted. The GRI content index and relevant references are disclosed in pages 11 to 12 of this Report.

This Report, together with the Corporate Governance Report on pages 11 to 53 of our Annual Report 2022, 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

We carefully listen to our stakeholders and actively respond to their concerns. 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

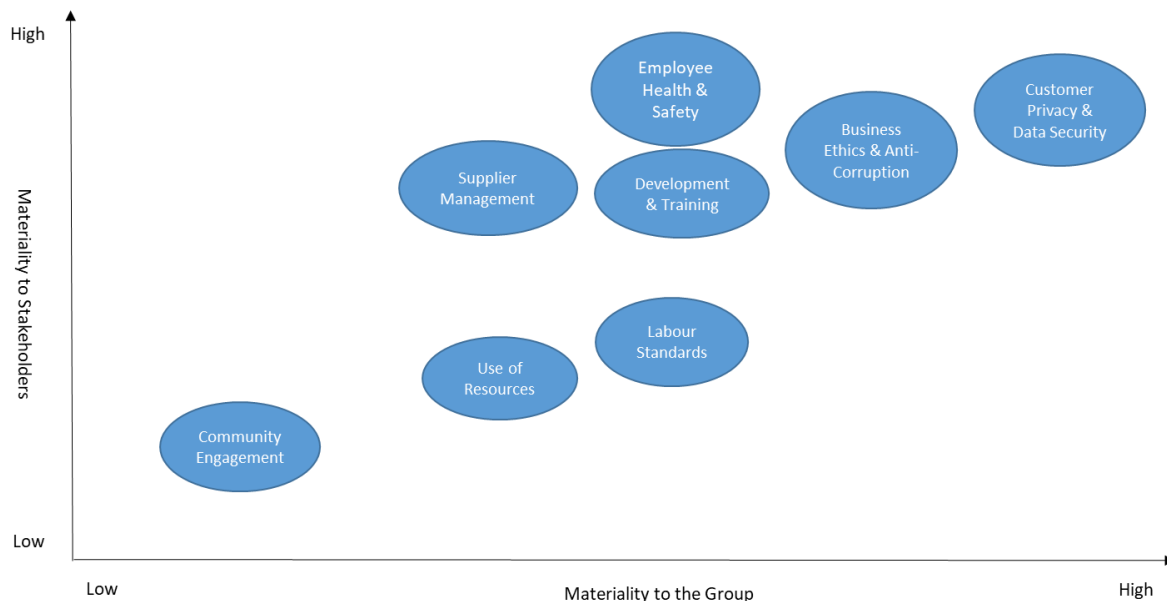
Based on our Group-wide materiality assessment, we have outlined our strategic sustainability priorities through these steps:-

1. Defining key issues which impact the execution of our business strategy;
2. Identifying critical areas that affect our businesses and stakeholders;
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 FY2022, we identified 8 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, supplier management, and community engagement. 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) Suppliers
- (e) Environment
- (f) Communities

### 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.

<b>60% of Board members are independent directors</b>	As of 30 June 2022, our Board consists of 5 Directors, out of which 3 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 have at least two independent directors</b>	Each of the Board Committees is chaired by an Independent Director and all the members of the Board Committees are Independent Directors.
<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. We comprehensively review and assess the risks of the Company and establish and maintain effective risk management and internal control systems to ensure stable and efficient business 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.

<b>Business and functional departments</b>	<b>Risk management teams</b>	<b>Internal audit team</b>
<ul style="list-style-type: none"> <li>● Executing frontline risk assessment, identification and control in business operations</li> </ul>	<ul style="list-style-type: none"> <li>● Formulating risk management policies and strategies</li> <li>● Supervising the implementation of risk control measures at the first line</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

We strictly abide by all applicable laws and regulations of all our places of operation and have formulated a set of anti-fraud, anti-corruption and anti-bribery policies to guide ethical management of the Company and cooperation with our business partners. For FY2022, the Group has complied with all applicable laws and regulations of all the places where we operate in. Our target for FY2023 is to maintain zero incident of non-compliance with all applicable laws and regulations of all the places where we operate in.

Our internal control team oversees business ethics compliance across the Group. We have established risk identification and response mechanisms associated with anti-fraud and anti-bribery, and whistle-blowing mechanism, to foster a culture of honesty and accountability. For FY2022, there was no confirmed incident of fraud, corruption, bribery or whistle-blowing reported. Our target for FY2023 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 FY2022, 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 FY2023 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 FY2022, there was no complaint concerning breaches of customer privacy and losses of customer data reported. Our target for FY2023 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

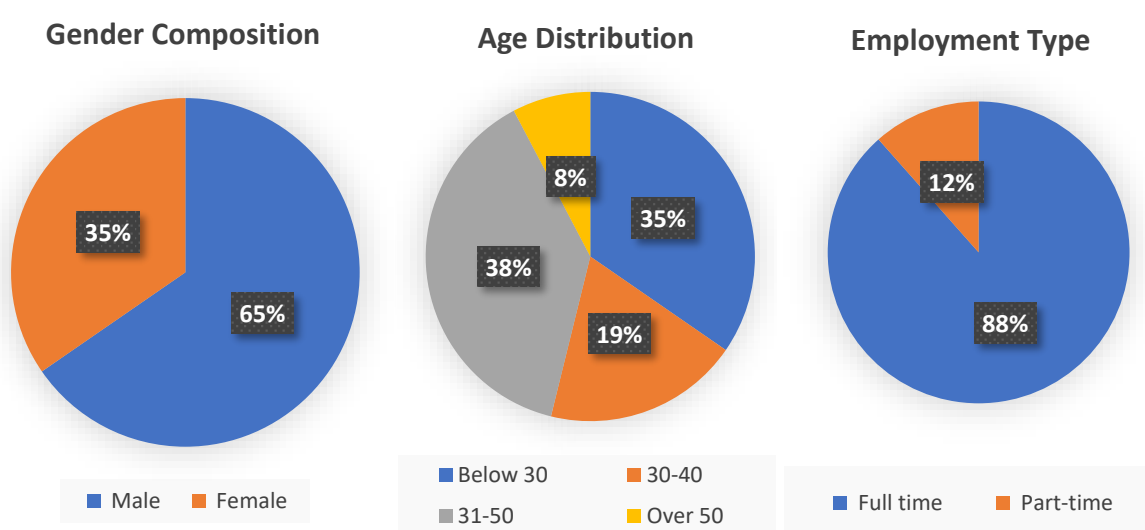
### Recruitment and Employment

Our staffs are our key assets. Our Group's framework for managing employees emphasises performance, achievements, and activities irrespective of 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.

Our personnel development is anchored in each employee's aspiration to learn and grow by setting goals on his or her own initiative. 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 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 2022, the Group has a workforce of 26 in the PRC and Hong Kong. The employees' gender composition, age distribution and employment type are as follows:



### 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 FY2022, 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.

## **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 FY2022, 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 FY2023 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. We conduct regular safety inspections and fire drills to enhance employees' safety awareness and emergency response skills. For FY2022, there was no reported incident of work-related injuries or fatalities. Our target for FY2023 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. The average training hour per newly recruited employee is 8 hours. 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.

## **Suppliers**

### **Selecting New Suppliers**

In selecting new suppliers, we assess candidates on product quality, compliance information, ESG performance, operation stability and other dimensions through research and on-site audits. Particularly, hardware equipment manufacturers are required to have the "China Energy Conservation Product Certification", or other certificates that can demonstrate their solid environmental performance.

### **Evaluating Suppliers**

We have established comprehensive supplier evaluation and appraisal systems to promote consistent quality delivery of our suppliers. We conduct a comprehensive evaluation for the server and broadband providers. We expect our suppliers to comply with all applicable local laws and regulations and adhere to the international ESG standards.

## Environment

### Emission

The Group's emissions are mainly generated from indirect greenhouse gas emissions, which resulted from electricity consumed in the Internet Data Centre operation. During the year ended 30 June 2022, the Group's greenhouse gas emissions in total and intensity are showed as below:

Scope of Greenhouse Gas	FY2022 Emission Data	FY2021 Emission Data	Unit	% Change + / (-)
Indirect Greenhouse Gas emissions in total	2,616	2,690	tCO2e	(2.8%)
Greenhouse Gas emissions in intensity	9.8	10.55	tCO2e/number of rack	(7.1%)

The Group proactively makes its great efforts to reduce greenhouse gas emissions by improving our business process.

### 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 are committed to:

- avoid generating waste that pollutes the environment;
- comply with all relevant laws, regulations, rules and requirements for environmental protection;
- create an environment for sustainable development;
- 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 FY2022, the energy consumption by type in total of the Group are shown as below:

Energy by Type	FY2022 Emission Data	FY2021 Emission Data	Unit	% Change + / (-)
Electricity	3,332,310	3,427,300	kWh	(2.8%)
Water	1,535	3,123	m <sup>3</sup>	(50.8%)

We have obtained Shareholders' approval to issue electronic copies of our annual report starting from FY2019. For FY2020 and FY2021, due to the COVID-19 pandemic and certain measures put in place by the Singapore Government, the Company held its annual general meeting ("**AGM**") for FY2020 and FY2021 by way of electronic means through "live" webcast and "live" audio-only means, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The notice of AGM, proxy forms, and annual report of the Company were disseminated to Shareholders through publication on SGXNet and the Company's corporate website. As a result, no hardcopy of our annual reports was printed for FY2020, FY2021 and FY2022, and thus reducing paper usage and waste volumes.

Similarly, the Company will be holding its AGM for FY2022 by way of electronic means, and the notice of AGM, proxy forms, and annual report of the Company for FY2022 were disseminated to Shareholders through publication on SGXNet and the Company's corporate website.

## Communities

With the market's focus on corporate behaviour, the short-sighted behaviour of maximising financial returns to shareholders is no longer the only management goal of business. The Group stays proactive in fulfilling the responsibilities as a corporate citizen of the community.

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 2021 to 30 June 2022 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Location</b>
<b>Universal Standards</b>		
GRI 2-1	Organisational details a. Legal name  b. Nature of ownership and legal form  c. Location of headquarters  d. Countries of operation	SinoCloud Group Limited  Company's website at <a href="https://www.sinocloudgroup.com/">https://www.sinocloudgroup.com/</a> and pages 103 to 105 of the Annual Report 2022  Company's website at <a href="https://www.sinocloudgroup.com/">https://www.sinocloudgroup.com/</a> and page 10 of the Annual Report 2022  Company's website at <a href="https://www.sinocloudgroup.com/">https://www.sinocloudgroup.com/</a> and page 10 of the Annual Report 2022
GRI 2-2	Entities included in the organisation's sustainability reporting	All subsidiaries of the Company are listed in pages 103 to 105 of the Annual Report 2022
GRI 2-3	Reporting period, frequency and contact point	Reporting period: from 1 July 2021 to 30 June 2022 Frequency: annual Contact point: <a href="mailto:enquiry@sinocloudgroup.com">enquiry@sinocloudgroup.com</a>
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 a. Sector in which it is active  b. Activities, products, services and markets served	Pages 3 to 9 of the Annual Report 2022  Pages 3 to 9 of the Annual Report 2022
GRI 2-7	Employees	Pages 8 to 9 of the Annual Report 2022, and pages 7 to 9 of this Report
GRI 2-9	Governance structure and composition	Pages 11 to 53 of the Annual Report 2022, and pages 5 to 6 of this Report
GRI 2-22	Statement on sustainable development strategy	Page 2 of this Report
GRI 2-23	Policy commitments	Page 2 of this Report
GRI 2-29	Approach to stakeholder engagement	Pages 3 to 4 of this Report
GRI 3-1	Process to determine material topics	Pages 4 to 5 of this Report

GRI Standard	Disclosure	Location
GRI 3-2	List of material topics	Page 5 of this Report
GRI 3-3	Management of material topics	Pages 5 to 11 of this Report
<b>Topic Standards</b>		
GRI 205-1	Operations assessed for risks related to corruption	Page 6 of this Report
GRI 205-2	Communication and training about anti-corruption policies and procedures	Page 6 of this Report
GRI 205-3	Confirmed incidents of corruption and actions taken	Page 6 of this Report
GRI 302-1	Energy consumption within the organisation	Page 10 of this Report
GRI 404-1	Average hours training per year per employee	Page 9 of this Report
GRI 408-1	Operations and suppliers at significant risk for incidents of child labour	Pages 8 and 9 of this Report
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pages 8 and 9 of this Report
GRI 413-1	Operations with local community engagement, impact assessments and development programs	Page 11 of this Report
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Page 11 of this Report
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 7 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 Catalist.*

*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.*

*The contact person for the Sponsor is Mr Alex Tan, Chief Executive Officer, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.*