



About SinoCloud

SinoCloud Group Limited (“**we**”, 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 Tech 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, with a hosting capacity of 5,000 racks. Development of hosting capacity of 5,000 racks will be divided into phases, which shall be tied to its target capacity requirement as well as commissioning schedule, in order to minimise the burden on capital expenditure. As such, the current expansion of hosting capacity of 1,500 racks out of the 5,000 shall only continue, when the respective customer orders are expected to be secured.

The Company had, on 30 October 2020, obtained the approval of shareholders of the Company ("**Shareholders**") at a special general meeting for the proposed diversification of the Group's business to include businesses in the following areas ("**Proposed Diversification**"):-

- (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 Company has actively sought out opportunities to improve Shareholders' long-term return. The Proposed Diversification 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.

The COVID-19 pandemic has affected many industries, with the tourism, food and beverage and entertainment sectors appearing to be most affected. However, the pandemic has created a window of opportunity where the valuation of certain businesses is relatively tempted.

Sustainability and Business Strategy

The management of the Company recognises that sustainability is a key component of the Group's long term business strategy. This Sustainability Report ("**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 serve as a platform for us to communicate our achievements and plans to our Stakeholders.

Board Statement

We are pleased to present our fourth sustainability report for the financial year ended 30 June ("**FY**") 2021. Sustainability is highly regarded by the board of directors ("**Board**" or "**Directors**") and senior management of the Company, 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.

In FY2021, the COVID-19 pandemic continued to have substantial adverse impact on global economy, including the Group's IDC business in the PRC, resulting in further decrease in revenue. We stay committed to prioritising the safety of our employees in compliance with local regulations on the necessary measures to ensure that they 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 of the Company 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 the 12-month financial year from 1 July 2020 to 30 June 2021 (“**FY2021**”), 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 10 to 11 of this Report.

This Report, together with the Corporate Governance Report on pages 11 to 56 of our Annual Report 2021, 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.

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 |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders and Investors | <ul style="list-style-type: none"> ● Business ethics and anti-corruption ● Privacy and data security | <ul style="list-style-type: none"> ● Annual reports ● Quarterly result announcements ● News releases ● Meetings with investors |
| Customers | <ul style="list-style-type: none"> ● Privacy and data security ● Customer service | <ul style="list-style-type: none"> ● Corporate website ● Social media platforms ● Customer service hotline |
| Employees | <ul style="list-style-type: none"> ● Employee health and safety ● Development & training ● Labour standards | <ul style="list-style-type: none"> ● Communication meetings ● Internal announcements ● Complaint boxes |
| Suppliers | <ul style="list-style-type: none"> ● Supplier management | <ul style="list-style-type: none"> ● Communication meetings ● Business negotiation |

| Stakeholders | Key ESG-related areas of focus | Main communication channels |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> ● Business ethics and anti-corruption | |
| Public institutions and Regulators | <ul style="list-style-type: none"> ● Business ethics and anti-corruption ● Privacy and data security ● Labour standards | <ul style="list-style-type: none"> ● Event reporting ● Information disclosure ● Regular inquiries |
| Media and NGOs | <ul style="list-style-type: none"> ● Use of resources ● Privacy and data security | <ul style="list-style-type: none"> ● News releases ● Social media |
| Communities | <ul style="list-style-type: none"> ● Community engagement | <ul style="list-style-type: none"> ● Public welfare activities ● Community activities |

Materiality Assessment

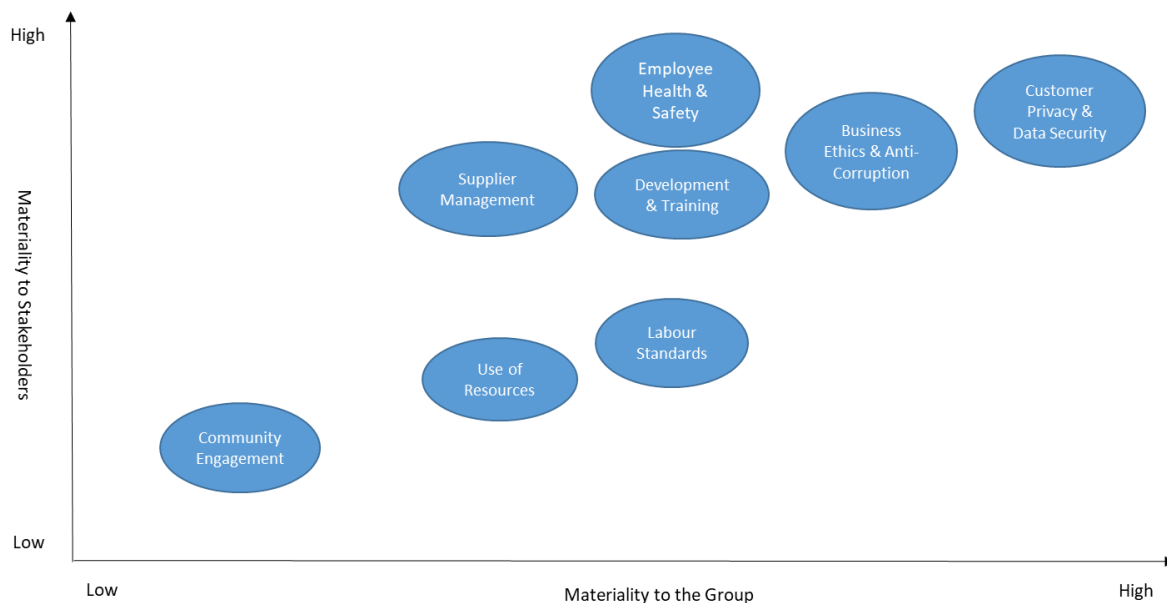
Based on our Group-wide materiality assessment, we have outlined our strategic sustainability priorities through these steps:-

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 FY2021, 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:-

- Corporate Governance
- Customers
- Employees
- Suppliers
- Environment
- 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 of the Company's business.

| | |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 60% of Board members are independent directors | As of 30 June 2021, our Board consists of 5 Directors, out of which 3 are Independent Directors. |
| We have established 3 committees within the Board | We have established an audit committee, a remuneration committee, and a nominating committee under our Board (" Board Committees "); and have adopted a charter for each of the Board Committees, setting forth clear responsibilities, procedures and standards for sound corporate governance. |
| All committees have at least one independent director | Each of the Board Committees is chaired by an Independent Director and all the members of the Board Committees are Independent Directors. |
| Diverse professional backgrounds | 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.

| Business and functional departments | Risk management teams | Internal audit team |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">● Executing frontline risk assessment, identification and control in business operations | <ul style="list-style-type: none">● Formulating risk management policies and strategies● Supervising the implementation of risk control measures at the first line | <ul style="list-style-type: none">● Evaluating the effectiveness of the Company's risk management systems● Following up on rectification measures against identified problems |

Business Ethics and Anti-Corruption

We strictly abide by all applicable laws and regulations of all places of operation and has 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.

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 FY2021, there was no confirmed incident of fraud, corruption, bribery or whistle-blowing reported. Our target for FY2022 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 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. 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 FY2021, there was no complaint concerning breaches of customer privacy and losses of customer data reported. Our target for FY2022 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 emphasizes 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; this includes hiring without prejudice, regardless of age, gender 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.

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 FY2021, 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.

We emphasize 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 FY2021, there was no reported incident of work-related injuries or fatalities. Our target for FY2022 is to maintain zero reported incident of fraud, corruption, bribery or whistle-blowing.

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

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. Our Group's mission is to adopt and implement environmentally green solutions in our business and we expect our business partners and service providers to commit and adhere to the same standards.

Our Group has policy in place to address the following:-

- (a) implement systematic cuts to paper usage and waste volumes;
- (b) engage each employee in thinking about the environment and making his or her own contribution actively via recycling of used paper; and
- (c) promote proactive environmental communication, within and outside the Group.

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 and FY2021, and thus reducing paper usage and waste volumes.

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

| | |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Statement of use | SinoCloud Group Limited has reported the information cited in this GRI content index for the period from 1 July 2020 to 30 June 2021 with reference to the GRI Standards. |
| GRI 1 used | GRI 1: Foundation 2021 |

| GRI Standard | Disclosure | Location |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Universal Standards | | |
| 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 https://www.sinocloudgroup.com/ and pages 111 to 115 of the Annual Report 2021 Company's website at https://www.sinocloudgroup.com/ and page 10 of the Annual Report 2021 Company's website at https://www.sinocloudgroup.com/ and page 10 of the Annual Report 2021 |
| GRI 2-2 | Entities included in the organisation's sustainability reporting | All subsidiaries of the Company are listed in pages 111 to 115 of the Annual Report 2021 |
| GRI 2-3 | Reporting period, frequency and contact point | Reporting period: from 1 July 2020 to 30 June 2021 Frequency: annual Contact point: enquiry@sinocloudgroup.com |
| 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 1 to 7 of the Annual Report 2021 Pages 1 to 7 of the Annual Report 2021 |
| GRI 2-7 | Employees | Pages 8 to 9 of the Annual Report 2021, and pages 7 to 8 of this Report |
| GRI 2-9 | Governance structure and composition | Pages 11 to 56 of the Annual Report 2021, 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 9 of this Report |
| Topic Standards | | |
| 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 | Pages 8 to 9 of this Report |
| GRI 404-1 | Average hours training per year per employee | The Group will identify the necessary on-job training to our employees in order to maintain their skills up to date. We are in the process of formalising and planning the training going forward. |
| GRI 408-1 | Operations and suppliers at significant risk for incidents of child labour | Page 7 to 8 of this Report |
| GRI 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | Page 7 to 8 of this Report |
| GRI 413-1 | Operations with local community engagement, impact assessments and development programs | Page 9 of this Report |
| GRI 413-2 | Operations with significant actual and potential negative impacts on local communities | Page 9 of this Report |
| GRI 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Page 6 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.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.