Zengame Technology Holding Limited
禪遊科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2660

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THE REPORT

Introduction

Zengame Technology Holding Limited ("**Zengame Technology**", together with its subsidiaries, the "**Group**" or "**we**") was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on April 16, 2019, and will prepare and release its Environmental, Social, and Governance Report (the "**ESG Report**") on a regular basis as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") to demonstrate our Environmental, Social, and Governance ("**ESG**") performance in an open and transparent manner.

This is the first ESG Report released by Zengame Technology ("**The Report**"), and will be used to address the ESG concerns of the main stakeholders of the Group, as well as showcase our ESG performance in 2019. The Report will focus on disclosures regarding environmental and social management and performance. For our corporate governance performance, please refer to the corporate governance report as contained in the annual report of Zengame Technology of 2019 (the "**Reporting Period**").

Scope

Unless otherwise specified, The Report will cover all business activities and operational entities of the Group for the year ended 31 December 2019, as indicated in the 2019 annual report of Zengame Technology (the "**Reporting Period**").

Basis of Preparation

The Report has been prepared according to the principles regarding materiality, quantitative, balance and consistency in Appendix 27: Environmental, Social and Governance Reporting Guide of the Listing Rules (the "**ESG Guide**"). All "Comply or Explain" provisions outlined in the ESG Guide have been complied with.

Statement

The board of directors of Zengame Technology (the "**Board**") has reviewed and approved the disclosure of The Report, and is responsible for the reliability and truthfulness of the information contained herein. Through The Report, we hope to strengthen communications with our stakeholders and demonstrate our transparency for the purpose of sustainable environmental, social and economic development.

Notes

The Report has been released in both traditional Chinese and English language versions. In case of any ambiguity of the contents of The Report, the traditional Chinese version shall prevail. E-reports can be read and downloaded on the websites of Zengame Technology (http://www.zen-game.com) and the Stock Exchange (www.hkexnews.hk).

Contact Us

Your opinions and suggestions will be highly appreciated. If you have any queries or opinions regarding the contents of The Report, feel free to contact us through following channels:

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COMPANY PROFILE

The Group is an established mobile game developer and operator in the People's Republic of China. The Group has a special focus on card games, board games, and other casual mobile games, and has been guided by the principles of integrity, open, cooperation, concentration and innovation since its inception. Within the Reporting Period, we have won rave reviews from our users for our well-developed classic card and board games and other casual games. While focusing on business operations and the improvement of its commercial competitiveness, the Group has been actively shouldering its social responsibilities by creating a healthy and harmonious online game environment. Administrative measures have been further formulated in light of our impact on the environment and society, allowing us to advance our sustainable development.

Mission: Focus on players' needs; constantly create excitement and surprise

Values: Market-oriented, user-oriented, and result-oriented

Integrity	Maintaining our integrity as individuals, as a company, and in all our business operations.
Open	Creating a more effective and opened organization and adopt the best from different aspects in order to keep abreast of current trends
Cooperation	Placing trust in our stakeholders, cooperating with them enthusiastically, building our values, and supporting mutual understanding and appreciation.
Concentration	Focusing on achieving breakthroughs to further improve our core competitiveness
Innovation	Creating unique product experiences for the players through aggressive, positive innovation.

ACTIVE COMMUNICATION WITH STAKEHOLDERS

Within the Reporting Period, we have proactively communicated with our stakeholders, including our users, regulators, suppliers, and shareholders, and listened carefully to their opinions and suggestions. In order to collect our stakeholders' opinions and expectations on the ESG Report specifically and to reflect their concerns, we have also conducted an ESG factor materiality survey within the Reporting Period.

Stakeholder Survey Process

Selection of Significant Stakeholders	The person designated by the Board to be responsible for ESG work selected the Group's most significant stakeholders as interviewees for this survey, with reference to Zengame Technology's impact on such stakeholders as well as their impact on Zengame Technology. Members of the Board, shareholders, management members, employees, users, and suppliers of the Group were selected as participants for this survey.
Material Issue Screening	Based on the fundamental principle of relevancy, material issues were selected based on the contents of ESG Guide, key industry topics, and company characteristics.
Invitation of Stakeholders to the Survey	A stakeholder questionnaire invitation was prepared and sent to target stakeholders via the online platform.
Survey Result Analysis and Application	After performing an analysis on the 5,274 valid questionnaires collected, a materiality matrix was prepared, revealing Zengame Technology's most significant ESG issues. The survey results indicated that the top six significant issues were innovation & development capacity, product quality management, data security, improvement of data analysis capacity, safeguarding intellectual property rights, and maintaining good partnerships with mobile platform operators.

Materiality Analysis Matrix
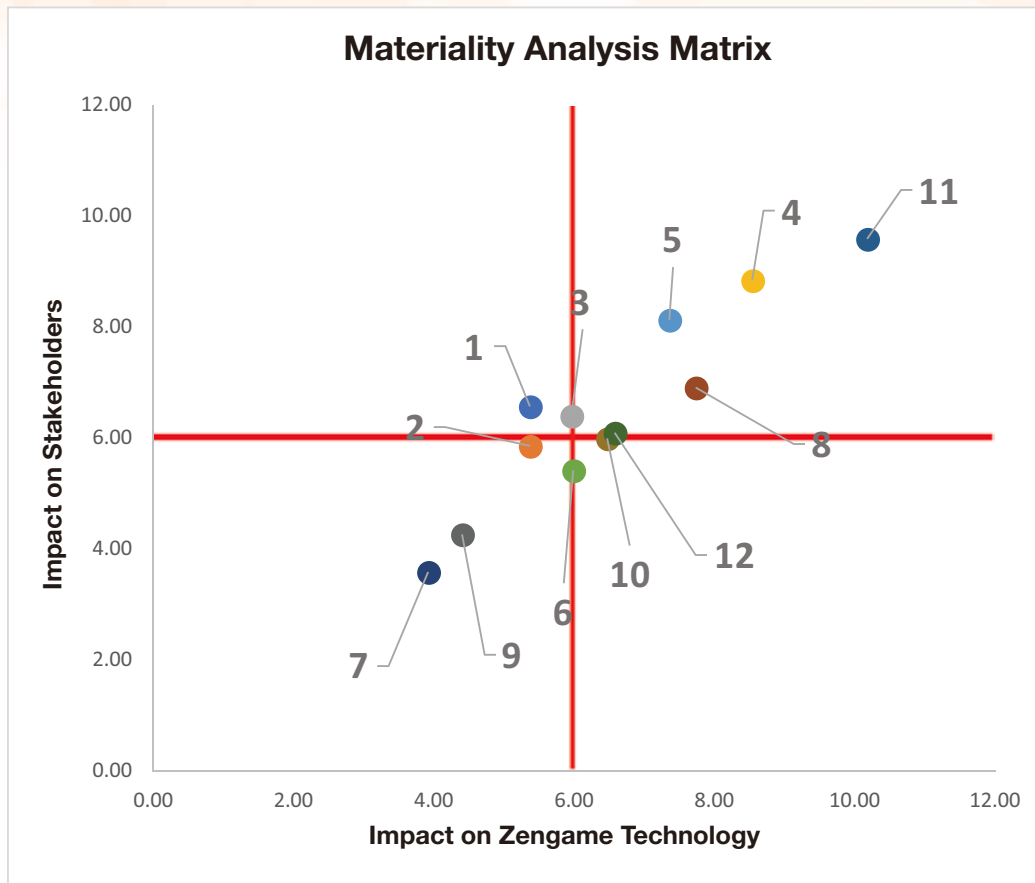
Issue No.	Issue Description	Issue No.	Issue Description
1	Employment Management	7	Customer Complaint Management
2	Employee Health and Safety	8	Improvement of Data Analysis Capacity
3	Employee Training and Development	9	Advertising
4	Product Quality Management	10	Safeguarding Intellectual Property Rights
5	Data Security	11	Innovation & Development Capacity
6	Privacy Policy	12	Maintaining Good Partnerships with Mobile Platform Operators

BUILDING A FAVOURABLE PRODUCT PLATFORM

Maintaining favourable online gaming environments is a critical cornerstone for our corporate development. As a responsible game developer and operator, we deeply value and attach great importance to the prevention of network-related risks, as this allows us to ensure the stability of game operations. We are committed to the improvement of our users' gaming experience, and we strive to provide them with the highest-quality game content. We have also made greater efforts to strengthen intellectual property rights and advertising management in order to guarantee the legal compliance of our operations; have also strengthened our ties with our suppliers in order to facilitate integrated development across the supply chain.

Reducing Network Security Risks

In accordance with the guidelines on healthy and safe network environments as set forth in the *Regulations on the Administration of Online Publishing Services*, the *Measures for the Administration of Internet Information Services*, and other laws and regulations, we have prepared internal corporate regulations to reduce network-related risks. These regulations include the *Personal Information Protection System of Zengame Technology*, the *Security Information Management System*, and the *Prevention and Disposal System for Illegal and Harmful Information on the Internet of Zengame Technology*.

According to the above regulations, the Group has taken the following actions to implement preventive measures to maintain network safety:

- Established the Computer Network Safety Steering Group for regulating network safety and appointed safety specialists to monitor network information and perform safety checks on a regular basis.

- Required network administrators to promptly report any external malicious attacks and other criminal offenses to the information centre of the Group and take proper measures to protect the system.

- Established a virus detection and network security loophole detection system and designated the information centre of the Group to conduct regular checks on software and hardware equipment to detect and resolve problems in a timely manner.

In light of the personal information protection regulations provided in the *Network Security Law of the People's Republic of China* and the *Guidelines for Internet Personal Information Security Protection*, we have further drawn up internal policies including the *Personal Information Protection System of Zengame Technology* in order to standardize personal information leakage risk prevention and control measures:

*   Established a Network and Information Security Department to manage network information-related responsibilities, including but not limited to publicizing computer network security related laws and regulations, formulating network security management policies, and conducting information security reviews, education, and training.

*   Appointed computer security officers to formulate computer information network security management regulations, tested the safe operation of computer information systems, and conducted audit inspections on information released by corporate networks and websites.

*   Standardized personal information protection behaviours based on the principles of legality and compliance by using stringent regulations regarding information collection, storage, usage, sharing, transfer, deletion, and disclosure.

In case of network and information security emergencies, we have prepared emergency measures for natural disasters, physical security incidents, information security incidents, illegal and harmful information transmission incidents, and other incidents that may exert a significant impact on the Group and its operations. These are formulated in accordance with the principles and procedures provided in the *Network and Information Security Emergency Plan of Zengame Technology Holding Limited*. Post-incident responses, investigations, evaluations, supervision, and management are conducted per the subsequent procedures set forth in the Emergency Plan.

Within the Reporting Period, we strictly abode by the *Network Security Law of the People's Republic of China* and other laws and regulations related to the prevention of network risks and enhanced information protection, and had no network security or personal information leakage incidents related to the operated games.

Improving Players Experience

We have kept in lockstep with market trends and remained user-cantered, and have actively incorporated new concepts into our game development and upgrading processes. While strengthening external cooperation by attracting talent, we have focused on every detail of our games by implementing high-speed iteration procedures and agile development[1]. We have performed training to further enhance our employees' professional competency and business proficiency and encouraged internal innovation through game development and maintenance. Within the Reporting Period, our Fingertips Xiaoxingxing made its way into the top ten of iOS free download games in China in December 2019, and topped the list on December 11, 2019.

To further allow users to provide timely feedback to the Group, we have established channels for digital voice calls, real-time online feedback, and external feedback channels, and we have classified this feedback into two categories: payment-related complaints and game complaints.

User Feedback Handling Procedure

Identifying the Type of User Feedback	Upon receipt of user feedback via online voice calls, real-time online feedback, and external feedback channels, the user feedback is first sorted by type. Subsequent handling procedures for payment complaints and game complaints are then adopted accordingly.
Handling Payment Complaints	In case of payment complaints, we will carefully verify top-up and user data against our records and handle the issue accordingly. While handling complaints, we send text messages to the user for confirmation. In cases of misoperations performed by underage users or refund applications performed after a user's first top-up, we handle each case on its own merits after performing thorough verification procedures, and disable the top-up features of corresponding accounts as needed after performing communications with clients.
Handling Game Complaints	Game complaints are classified into bug complaints, functional queries, experiential suggestions, game cheating complaints, and game account complaints, and each is handled according to its category. When handling complaints, we provide replies as quickly as possible.

Within the Reporting Period, in the spirit of providing users with higher-quality services, we have taken each complaint seriously and handled it with care, resulting in a complaint handling satisfaction rate of 99.8%.

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[1] Agile development is a software development method.

Providing Healthy Game Environment

To safeguard the physical and mental health of teenager, we have taken active and effective measures in accordance with the requirements and standards as provided in the *Notice on the Implementation of Anti-addiction System on Online Games In Protecting the Physical and Mental Health of Minors*, and *the Notice of Issuance of the Implementation Program on Comprehensive Prevention and Control of Adolescent Myopia*. For instance, we have regulated minors' use of online gaming in many aspects, such as game duration, playing period and payment service.

To ensure our compliance with relevant laws and regulations relating to anti-gambling, we explicitly prohibit our players from selling or transferring virtual items between accounts. We also conduct regular examination of player's activities to identify any potential gambling activities. We have an in-game warning system which can identify abnormal activities such as unusual increases of virtual items or occurrence of abnormal IP addresses. Once abnormalities are identified, our backstage system notifies our monitoring team which can then take measures to resolve the problem.

In addition, our system can also automatically screen sensitive words and block inappropriate language and content, so as to resist vulgar content such as erotic, violence.

Within the Reporting Period, we have not violated those relevant laws and regulations.

Improvement of Data Analysis Capacity

In addition to reducing network risks and securing the user gaming experience, building data analysis capacity has also been vital to the Group's business activities. For our day-to-day operations, we have adopted a Key Performance Indicator (KPI)[2] system to evaluate and analyse game and advertising performance, allowing the Group to obtain information that truly reflects the impact of game and advertising operations on revenue, and allows the formulation of proper business and development strategies.

Our data analysis and evaluation model primarily combine the support-vector machine (SVM)[3] and gradient boosting decision tree (GBDT)[4]. As of the end of the Reporting Period, we had evolved our data analysis method from pure data change analysis to autonomous data quantization. Data models have been further established by quantified information to guide future decisions and preparations of subsequent plans. This technological progress has allowed the Group to make further breakthroughs in the development of new games, to adjust existing games, and to improve the gaming experience.

Protecting Intellectual Property Rights

To protect and support the innovation incentives within the gaming industry, the Group has formulated the *Copyright Management System* and other systems to standardize its intellectual property protection procedures along three aspects: newly developed games, copyrighted games, and registered trademarks.

Newly Developed Games	Copyright applications and trademark applications are initiated after confirming that whether the existing game name has been previously used, copyrighted, and/or registered with a trademark.
Copyrighted Games	Supplementary trademark applications and trademark utilization renewal applications are produced on a regular basis to prevent trademark squatting.
Registered Trademarks	The Group closely follows whether there are any games developed by other entities which are highly similar to our games or are using our trademarks on the promotion platforms, and in such cases we immediately file complaints with the relevant authorities to protect our own intellectual property rights.

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[2]   The KPI system sets and assessed specific key performance indicators to provide data support for evaluation and analysis.
[3]   The SVM is a binary classification model which eventually transforms into a solution of convex quadratic programming problems through a learning strategy of interval maximization.
[4]   GBDT is an iterative accumulation-based decision tree algorithm by building a set of weak learning trees and adding the results of multiple decision trees to produce the final predicted output.

Compliance of Game Promotion and Advertisement

Maintaining the legal compliance of our promotion for online games has been an important link for us to progress in the mobile game industry. Within the Reporting Period, we have primarily launched our game advertising campaigns on WeChat, Toutiao, Kuaishou, and other major Chinese advertising platforms. In preparing our advertising plans and materials, two key factors have been taken into consideration: compliance with product advertising related laws and regulations like the *Advertisement Law of the People's Republic of China*, and compliance with advertising requirements put forward by platform suppliers. In case of non-compliance with any categories are discovered during internal review, the advertising materials will be re-designed until they fully comply with the relevant requirements.

Within the Reporting Period, all of the Group's advertising campaigns complied with the *Advertisement Law of the People's Republic of China* and other applicable laws and regulations, with no advertising-related violations generated.

Strengthening the Management of Supplier Relationships

Establishing positive and stable partnerships with suppliers has been an indispensable part of the Group's maintaining a favourable online gaming environment. While selecting suppliers, we conduct due diligence background checks (including verifications of business registration and operational qualification registration) in order to investigate the legality of supplier entities. This process reviews whether their business involves legal disputes or safety hazards, whether their employees engage in corruption or bribery, and what impact they exert on society. We also regularly study the privacy policies and user information protection systems of our platform[5] suppliers.

We have implemented our supplier management policy primarily through the following two approaches:

- We have designated personnel to compare the backend data of different platforms with that of our OSS[6], and to investigate and verify any differences;

- We have designated personnel to check whether any products on the platforms plagiarize our products. In case of plagiarism, we immediately contact the platforms and require them to rectify or remove the plagiarizing products from their markets.

Within the Reporting Period, we have maintained close communication with 156 Chinese suppliers and 15 international suppliers. Through the statistical optimization of our products and using data to guide our marketing and maximize resource utilization, we fully realize mutually beneficial cooperation.

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[5]   Platform suppliers are our major partnering suppliers.
[6]   OSS is short for Operation Support System.

Building an Innovative Development Team

Building development and management teams with innovative mindsets has been the Group's greatest guarantee for its continuous improvement of product quality and provision of diversified products. To ensure the compliance, rationality, and effectiveness of employee management, we have observed the employee right protection provisions set forth in the *Labour Law of the People's Republic of China* and the Labour *Contract Law of the People's Republic of China, and have further introduced* additional employee management policies based on industry and business needs. Employee management has thus been further standardized, providing institutional support for the formation of innovative development and management teams.

As of the end of the Reporting Period, the Group employed 213 persons. The number of employees by gender, age, employment type, and geographical region is shown below:

NUMBER OF EMPLOYEES BY GENDER[7]	
MALE EMPLOYEES	141
FEMALE EMPLOYEES	72
NUMBER OF EMPLOYEES BY AGE GROUP	
30 AND UNDER	172
31 TO 40	38
41 TO 50	3
NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE	
FULL-TIME	213
NUMBER OF EMPLOYEES BY GEOGRAPHICAL REGION	
GUANGDONG PROVINCE	213

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[7] The larger number of male than female employees at the Group is determined by our characteristics as a game developer and operator.

Within the Reporting Period, we lost 71 employees to all causes, generating an employee turnover rate of 25%. The turnover rate of employees by gender, age group and geographical region is shown below:

EMPLOYEE TURNOVER AND TURNOVER RATE BY GENDER	NO. OF OUTGOING EMPLOYEES	TURNOVER RATE (%)
MALE EMPLOYEES	50	26%
FEMALE EMPLOYEES	21	22%

EMPLOYEE TURNOVER AND TURNOVER RATE BY AGE GROUP	NO. OF OUTGOING EMPLOYEES	TURNOVER RATE (%)
30 AND UNDER	62	27%
31 TO 40	9	19%
41 TO 50	0	0%

EMPLOYEE TURNOVER AND TURNOVER RATE BY GEOGRAPHICAL REGION	NO. OF OUTGOING EMPLOYEES	TURNOVER RATE (%)
GUANGDONG PROVINCE	71	25%

Attracting Diverse, High-performing Employees

As required by the Group's *Recruitment Management Procedures*, we have based our major recruitment criteria on the principles of "Appointment by Merit" and "Selection by Virtue", and have placed equal emphasis on the twin tenets of virtue and talent. On the precondition of legality and equality, all recruitment processes must comply with the provisions of the *Labour Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Minors*. Child labour and forced labour are banned, and no discriminatory selection will be performed on the basis of gender, skin colour, age, religion, nationality, or other factors.

The Group's recruitment procedure primarily consists of 5 steps: first a recruitment request is put forward by the employing department, then recruitment information is released, interviews are arranged, secondary interviews are conducted, and a final evaluation is performed. We conduct background checks on the identity and educational backgrounds of the applicants during the recruitment process in order to prevent the employment of child labourers and other illegal workers.

Within the Reporting Period, we have complied with the *Labour Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labour*, and other recruitment-based laws and regulations, with no violations being created in respect of recruitment management, forced labour, or child labour.

Standardizing Employment Management

To standardize the Group's employment management practices and provide a basis for the protection of employees' rights and interests, we have formulated internal documents such as *the Attendance Management Procedure*, *the Remuneration and Benefit Management System*, *the Separation Management System*, and *the Job Adjustment Management System*. Guided by these standards, we have specified our requirements for elements of employment management including remuneration, benefits, working hours, holidays, dismissals, and promotion.

- We have established a remuneration management system based on the principles of motivation and equality, and have provided employees with appropriate short-term, medium-term, and long-term incentives. These incentives include but are not limited to KPI Bonuses[8], year-end bonuses, and a restricted stock bonus plan. Remuneration is adjusted on the basis of work performance, performance assessment, labour market conditions, and business operations.

- In addition to the social insurance and housing provident funds required by law, we have further provided employees with supplemental commercial insurance, annual physical examinations, annual vacation trips and group activities, and other benefits.

- The Group has adopted an 8-hours-per-day, 5-days-per-week working system.

- Vacation days provided for employees include statutory holidays, annual vacation days, seniority leave, sick leave, personal leave, marital leave, maternity/paternity leave, miscarriage leave, breastfeeding leave, work-related injury leave, and bereavement leave. To promote work-life balance, we have encouraged to employees to make appropriate vacation arrangements;

- In the event that employees are not qualified for a given job after being provided with training or position transfers, receive an assessment result of C after an improvement plan has been put in place, are unable to perform their labour contract due to objective factors, or in case of other circumstances provided by law, we will dismiss these employees according to the relevant regulations. In case of violations of laws or regulations by employees, we will dismiss the employees involved and hand them over to the relevant judiciary authorities.

- We have established a promotion mechanism based on skills and talent application. To ensure a lean and effective management system, no custom positions are created for individual persons. When job vacancies exist, we will preferentially provide employees with promotion channels to fill these roles.

Within the Reporting Period, the Group's employee management system has conformed with the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China*, and has not violated any employee management laws or regulations.

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[8] KPI Bonus is a bonus awarded primarily on the basis of personal KPI results.

Providing Safety and Health Support

The Group attaches great importance to employee health and safety, and so we have adopted varying measures to keep employees safe, and motivated them to care for their own health as required by the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* along with other laws and regulations.

- We have provided nutritionally balanced breakfasts and lunches for employees to ensure adequate daily nutrient intake.

- We have organized annual trips for employees to allow them to relax both physically and mentally and alleviate to the pressure of their work.

- We have hosted card and board game competitions on a regular basis to provide reliably relaxation in the midst of work.

- We have regularly organized employee club events like badminton, football, and basketball matches to develop the employees' sense of fitness and to maintain physical health.

Furthermore, we have arranged for comprehensive physical examinations to be conducted on all employees within the Reporting Period. In addition to regular inspections, the physical examination package includes health risk evaluations, nutritional and sports guidance, and expert advice, allowing our personnel to be physically examined in an all-round way and to help them to better understand their own physical conditions and make proper adjustments as advised by experts.

Within the Reporting Period, we have provided a healthy and safe working environment for our employees, with no violations being committed against the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other related laws and regulations, and no work-related injuries or deaths.

Supporting Specialized Employee Development

The Group's *Training Management Procedures* were formulated based on our need for high-performing personnel and industrial and market development trends in order to further develop the Group's human resources, to strengthen employee character, and to realize the shared mutual development of employees and the business as a whole. As required by the *Procedures*, the HR & Administration Department sets out training plans for the next quarter following on after each quarter, and rolls out training plans as scheduled. The training courses provided by the Group can be divided into two categories:

*   Internal Training: training provided to the Group's employees by internal senior personnel or through external instructors;

*   External Training: external training for employees provided upon approval by the HR & Administration Department.

In response to the needs of instructor recruitment and internal training management work, we have put in place detailed plans to ensure that all hired instructors are professionally qualified to perform internal training:

*   The management personnel at all levels, technical experts, and ordinary employees of the Group may all apply to serve as an internal instructor, subject to review and assessment by the HR & Administration Department;

*   Internal instructors are responsible for course development, training, training guidance, and tracking, and are entitled to compensation for their training work;

*   The star instructors of the year are chosen internally through the scores of training efficacy surveys, and award certificates and bonuses are also to be offered;

*   For external instructors, the HR & Administration Department shall review the industry background, education level, professional certificates, professional reputation, and list of previously served clients before a final hiring decision is made.

After a training program is completed, the HR & Administration Department will collect feedback on training results through a process of assessment, Q&A, interviews, and questionnaires according to the needs of the assessment as set forth in the training plan. An overall assessment and summary will be made on the training programs as per the assessment results to provide a reference for future improvements.

Case Study: "Fundamentals of Project Management" Training Course

On October 11, 2019, we invited external expert instructors to provide a specialized project management training course for our internal management personnel. The course contents include the basic concepts of project management, project initiation, project planning and organization, project execution and control, and project conclusion. This training course was offered to allow trainees to learn about the basic concepts of project management and apply project management tools. By sharing their own project management experience, the instructors helped the trainees consolidate their newly acquired knowledge.

The Group's employee training data from within the Reporting Period is shown in the table below:

PERCENTAGE OF EMPLOYEES TRAINED BY GENDER	
MALE EMPLOYEES	65%
FEMALE EMPLOYEES	62%
PERCENTAGE OF EMPLOYEES TRAINED BY EMPLOYEE CATEGORY	
SENIOR MANAGEMENT	33%
MIDDLE MANAGEMENT	100%
GRASSROOTS EMPLOYEES	68%

STRICTLY MANAGING BUSINESS OPERATIONS

Strict business administration is the foundation of our success as a game developer and operator, and provides the major measure to strengthen corporate governance and internal control, to reduce operational risks, and to standardize daily business operations. Efforts have been continuously made to improve our internal management in terms of strengthening compliance and standardizing daily office management.

Consolidating the Foundation of Legal Compliance

According to the provisions regarding corruption, bribery, extortion, fraud, and money laundering set forth in the *Criminal Law of the People's Republic of China*, the *Supervision Law of the People's Republic of China*, and other laws and regulations, we have formulated an Anti-corruption and Whistleblowing System for the management of key working principles, accountability, control methods, whistleblowing procedures, and remedial measures. Corporate management is responsible for acts of prevention, supervision, and any instances of fraud. The Internal Audit Department has been further designated as the Group's standing anti-corruption organ for organizing and executing inter-departmental anti-corruption work.

The standing anti-corruption organ is responsible for establishing and releasing whistleblowing hotlines, e-mail addresses, and other whistleblowing channels. Whistleblowing complaints will be investigated by an investigation team composed of the members of the standing anti-corruption organ and management personnel of relevant departments. Under special circumstances, external experts may be hired to join the investigation. After the investigation is complete, the standing anti-corruption organ will feed the results back to the whistleblower, and file a report specifying the result of the whistleblowing complaint and investigation. The standing anti-corruption organ must always maintain absolute impartiality and independence in its anti-fraud work, and report to the Audit Committee at least once a year. The standing anti-corruption organ shall, subject to the guidance and supervision of the Audit Committee, further improve anti-corruption working mechanisms and measures as per the opinions of the Audit Committee, and properly avert fraud-related risks.

Within the Reporting Period, the Group and its employees strictly abode by the *Criminal Law of the People's Republic of China* and other relevant laws and regulations, and no lawsuits or violations related to corruption, bribery, extortion, fraud, and money laundering were committed.

Standardizing Daily Office Operations

As our business operations are primarily based on office work, resources consumed during our daily operations primarily consist of electricity, potable water and sewage[9], and office supplies. Except a small amount of air pollutants and solid waste discharge, we have exerted no other significant impact on the environment. In strict accordance with the *Environmental Protection Law of the People's Republic of China*, the *Water Law of the People's Republic of China*, and other relevant laws and regulations, the Group has standardized its business activities to ensure green operations:

•   Posters encouraging water conservation, electricity conservation, and double-sided printing have been put up on the office area to enhance the environmental awareness of employees;

•   Non-hazardous wastes[10] like office waste and domestic waste have been placed in designated areas for standardized disposal by the property management company;

•   For computers set to be scrapped, the IT Department will re-assemble them before scrapping and initiate the scrapping process if the computers cannot be re-assembled for recycling and disposal by a qualified third party;

•   Hazardous wastes like ink cartridges, toner cartridges, and electronic products will be recycled and disposed of by qualified suppliers;

•   Sewage produced by toilets and cleaning processes will be collected by the municipal sewage pipeline network for standardized disposal.

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[9]   Air pollutants are primarily produced by the use of vehicles.
[10]   As no recycling data is registered by the property management company, the amount of non-hazardous waste cannot be provided except for paper.

Summary of Key Performance Indicators at the Environmental Level			
Item		**Quantity**	**Unit**
Air Pollutants[11]	NO_x Emissions	1.50	Kg
	SO_x Emissions	0.18	Kg
	CO Emissions	40.55	Kg
	PM_{10} (Including $PM_{2.5}$)	0.26	Kg
Greenhouse Gases[12]	Scope I Emissions	12.53	MT
	Emission Density[13]	2.51	MT/Vehicle
	Scope II Emissions	49,736.48	Kg
	Emission Density[14]	24.04	Kg/m²
Non-hazardous Wastes	Waste Paper Generation[15]	875,000	PCE
Hazardous Wastes	Volume of Waste Ink Cartridges Disposed of	7	PCE
	Volume of Waste Toner Cartridges Disposed of	22	PCE
	Volume of Waste Electronic Products Disposed of	48	PCE
Water Resources[16]	Volume of Municipal Water Used	11,131.98	MT
	Volume of Bottled Drinking Water Used	36.84	MT
	Total Use Density	5.40	MT/M²
Purchased Electricity	Use Volume	94,358.72	KWH
	Use Density	45.61	KWH/M²

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[11]   The air pollutant emissions are calculated as per the *First National Pollution Source Census Manual of Emission Coefficients of Urban Source Pollution Products* released by the First National Pollutant Source Census Steering Group Office of the State Council. The emissions of air pollutants are so small that the density is not calculated.

[12]   Scope I Emissions are calculated as per the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Public Building Operation Enterprises (Trial)* released by the Department of Climate Change in National Development and Reform Commission; Scope I Emissions are calculated as per the 2011 and 2012 China Regional Grid Average Carbon Dioxide Emission Factors released by the Department of Climate Change of the National Development and Reform Commission.

[13]   This density calculation is based on the denominator of all 5 vehicles owned by the Group.

[14]   The density calculation here and hereunder is based on the denominator of the office area of all the Group operational entities, totaling 2,069 m².

[15]   The volume of waste paper and toner cartridges are inferred based on the amount purchased within the Reporting Period. The volume of waste paper, ink cartridges, toner cartridges, and electronic products is so small that the density is not calculated.

[16]   Water consumed in the daily office work of the Group consists of domestic tap water provided by the municipal pipeline network and drinking water purchased from suppliers. We have no difficulty in accessing this water.

UNDERTAKING CORPORATE SOCIAL RESPONSIBILITIES

The Group has always kept its responsibilities as a corporate social citizen in mind during its business operations, and we have actively carried forward fine Chinese traditions such as respecting the old, caring for the young, and supporting the disadvantaged and physically challenged. Based on the information gained from the news, the internet, and advocacy groups, the Group has learned of the problems facing the community and have organized visits to charity institutions to show our care.

Within the Reporting Period, the Group organized one visit to a social welfare centre.

Case Study: Volunteers Visit to a Child Welfare Centre

On October 25, 2019, four volunteers from the Group visited the Child Welfare Centre in Guanlan, Shenzhen, bringing toys, books, and other supplies for the children. After inspecting the facilities and accommodations of the Centre, the volunteers were able to spend an enjoyable time with the children.
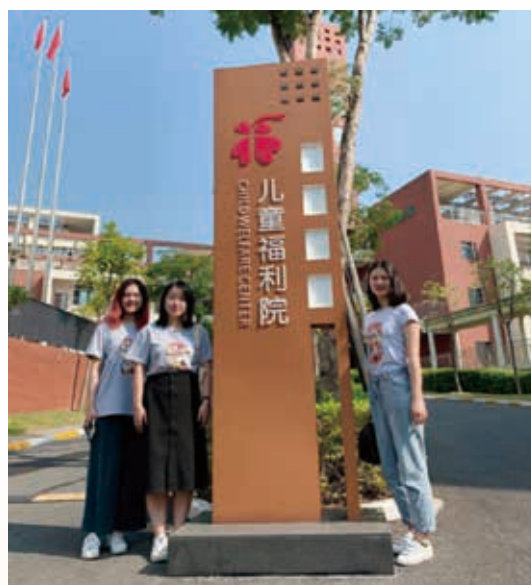
APPENDIX: INDEX OF THE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT CONTENT

General Disclosures and KPIs		
A. Environmental		**As Disclosed in the Relevant Sections of The Report or Explanations**
Aspect A1: Emissions	General Disclosure Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, land and water discharges, and the generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride. Hazardous wastes are identical to those defined by national regulations.	Standardizing Daily Office Operations
	KPI A1.1 — Types of emissions and their emissions data.	Standardizing Daily Office Operations
	KPI A1.2 — Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Standardizing Daily Office Operations
	KPI A1.3 — Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Standardizing Daily Office Operations
	KPI A1.4 — Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Standardizing Daily Office Operations
	KPI A1.5 — Description of measures to mitigate emissions and the results thereof.	Standardizing Daily Office Operations
	KPI A1.6 — Description of how hazardous and non-hazardous wastes are handled, of reduction initiatives, and of results thereof.	Standardizing Daily Office Operations

General Disclosures and KPIs			
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water, and other raw materials. Note: Resources may be used in production, storage, transportation, construction, electronic equipment, etc.		Standardizing Daily Office Operations
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in units of thousands) and intensity (e.g. per unit of production volume, per facility).	Standardizing Daily Office Operations
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Standardizing Daily Office Operations
	KPI A2.3	Description of energy use efficiency initiatives and results thereof.	Standardizing Daily Office Operations
	KPI A2.4	Description of whether there are any difficulties in obtaining suitable sources of water that are fit for their given purpose, as well as any water efficiency initiatives and results thereof.	Standardizing Daily Office Operations
	KPI A2.5	Total packaging material used for finished products (in tons), if applicable, with reference to per unit produced.	Not applicable to the industry in which the Group is active
Aspect A3: The Environment and Natural Resources	General Disclosure Policies to minimize the issuer's impact on the environment and natural resources.		The Group exerts no significant impact on the environment or natural resources
	KPI A3.1	Description of the significant impacts of corporate activities on the environment and natural resources and any actions taken to manage this.	No significant impact exerted on the environment or natural resources

General Disclosures and KPIs			
B. Social **Employment & Labour Practices**			**As Disclosed in the Relevant Sections of The Report or Explanations**
Aspect B1: Employment	General Disclosure Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Attracting Diverse, High-Performing Employees & Standardizing Employment Management
	KPI B1.1	Total workforce by gender, employment type, age group, and geographical region.	Building an Innovative Development Team
	KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	Building an Innovative Development Team
Aspect B2: Health and Safety	General Disclosure Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to providing a safe working environment and protecting employees from occupational hazards.		Providing Safety and Health Support
	KPI B2.1	Number & rate of work-related fatalities.	Providing Safety & Health Support
	KPI B2.2	Lost days due to work-related injuries.	Providing Safety & Health Support
	KPI B2.3	Description of adopted occupational health and safety measures; explanation of how they are implemented and monitored.	Providing Safety & Health Support

General Disclosures and KPIs			
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging their duties at work; description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid for by the employer.		Supporting Specialized Employee Development
	KPI B3.1	The percentage of employees trained by gender and by employee category (e.g. senior management, middle management).	Supporting Specialized Employee Development
	KPI B3.2	Average training hours completed per employee by gender and by employee category.	Supporting Specialized Employee Development
Aspect B4: Labour Standards	General Disclosure Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to preventing child and forced labour.		Attracting Diverse High-performing Employees
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Attracting Diverse High-performing Employees
	KPI B4.2	Description of steps taken to eliminate non-compliant labour practices when discovered.	Eliminating all possibilities of child and forced labour during recruitment and employment; the Group had no violations of this type.

General Disclosures and KPIs			
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks in the supply chain.		Strengthening the Management of Supplier Relationships
	KPI B5.1	Number of suppliers by geographical region.	Strengthening the Management of Supplier Relationships
	KPI B5.2	Description of practices related to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Strengthening the Management of Supplier Relationships
Aspect B6: Product Responsibility	General Disclosure Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to health and safety, advertising, labelling, and privacy matters related to provided products and services and any methods of redress.		Reducing Network Security Risks
	KPI B6.1	Percentage of total products sold or shipped that have been subject to recalls for safety and health reasons.	The Group engages in no sales or shipping of products in its business activities.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with	Improving the Player Experience
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protecting Intellectual Property Rights
	KPI B6.4	Description of quality assurance process and recall procedures.	Reducing Network Security Risks
	KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	Reducing Network Security Risks

General Disclosures and KPIs			
Aspect B7: Anti-corruption	General Disclosure Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to bribery, extortion, fraud, and/or money laundering.		Consolidating the Foundation of Legal Compliance
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period, and the outcomes of these cases.	Consolidating the Foundation of Legal Compliance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Consolidating the Foundation of Legal Compliance
Community			
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its activities consider the communities' interests.		Undertaking Corporate Social Responsibilities
	KPI B8.1	Focus areas of contributions (e.g. education, environmental concerns, labour needs, health, culture, sport).	Undertaking Corporate Social Responsibilities
	KPI B8.2	Resources contributed (e.g. money or time) to focus areas.	Undertaking Corporate Social Responsibilities