



**Jiu Zun Digital Interactive Entertainment Group Holdings Limited**

**九尊數字互娛集團控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1961



**2019**

**ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT**

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# APPROACH

Jiu Zun Digital Interactive Entertainment Group Holdings Limited (hereafter referred to as the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in mobile game development and operations, and distribution of digital media content in the PRC. While integrating sustainability into its business strategy, the Group has taken into account various factors, including business-related challenges, work ethics, global trends, and applicable laws and regulations, etc., in order to constantly promote business growth and achieve long-term sustainability of the Group. In this respect, the Group is constantly seeking opportunities to grow its business that will be beneficial not only to its shareholders, but also to its suppliers, customers and the environment in which it operates.

The Group recognizes its responsibilities and accountability to all its stakeholders, including customers, existing shareholders and potential investors, employees, suppliers, non-governmental organizations (NGOs) and local community. It is the key to the Group’s success through its understanding of the needs and expectations of its stakeholders. As each stakeholder requires a different engagement approach, we have established tailor-made communication methods in order to better meet each stakeholder’s needs and expectations.

Within the Group, we often keep a close eye on monitoring the risks and exploring potential opportunities. For the sake of striking a balance among business needs, social demands and environmental impacts, we are committed to continuously monitoring the risks and opportunities which exist in our daily operations, and at the same time, embracing transparent corporate culture to ensure that our sustainability strategies are well communicated to our employees, customers, the communities and other stakeholders.

The Group has adopted the top-down approach with regard to the following sustainability strategies which apply to all levels of the Group:

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage with stakeholders
4. To support our employees
5. To sustain local communities

# ABOUT THIS REPORT

The Group is pleased to present its Environmental, Social and Governance Report (the “**ESG Report**”) to all its stakeholders. The content contained herein focuses on providing an overview of the ESG performance of its major operations in the PRC from 1 January 2019 to 31 December 2019 (the “**Reporting Year**”). This also facilitates the Group to conduct thorough performance review and evaluation to enhance its overall performance results in the future. The Reporting Year coincides with its financial year.

## SCOPE OF THE REPORT

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” in Appendix 27 to the Main Board Listing Rules (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in the PRC from 1 January 2019 to 31 December 2019.

For the Reporting Year, the material ESG issues are those which have or may have a significant impact on:

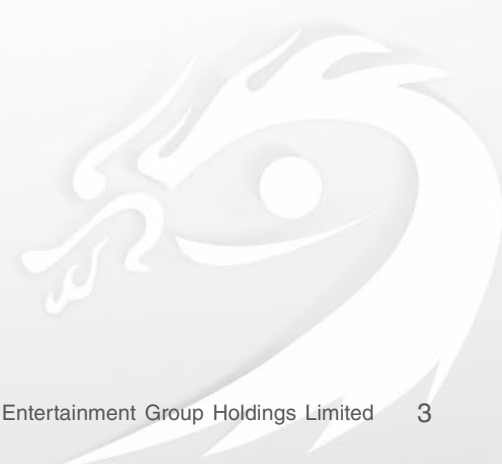
- The PRC’s digital entertainment industry;
- The global digital entertainment market;
- The current or future environment or society in which we operate;
- Our financial performance or operations; and/or
- Our stakeholders’ assessments, decisions and actions.

The data and information used in this report are referenced from our archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group’s audited annual financial statements for the year ended 31 December 2019.

## FEEDBACK

For details of our ESG performance, corporate governance as well as financial performance, please visit our website at <https://www.jiuzundigital.com/> and our Annual Report. Your comments and suggestions will be greatly appreciated, and will help us make improvement. Please send your feedback and enquiries to our office at [jiuzundigital@digital-tec.cn](mailto:jiuzundigital@digital-tec.cn).

The Board of Directors is responsible for monitoring the Group’s ESG-related risks over time, and it confirmed that appropriate and effective ESG risk management and internal control systems are in place.



# ABOUT THE GROUP

## OUR BUSINESS

The Company was established in 2011 and was listed on the Main Board of the Stock Exchange in 2020 (stock code: 1961). We are principally engaged in the development and provision of digital entertainment content, including mobile games, electronic magazines, comics, music etc., in PRC. In recent years, the Group has started collaborations with corporate customers to place third party media content during in-game airtime for advertising purpose, while actively developing multi-player mobile games. Over the years, we have successfully enhanced our market recognition and attracted wide range of users for our digital content.

## OUR VISION

To become a leading digital content provider in the industry and provide a wide variety of quality content to our users in the PRC.

## BOARD OF DIRECTORS (THE “BOARD”)

As at the date of this report, the Board consists of:

### *Executive Directors*

**Mr. Lu Jian**  
(Chairman and  
Chief Executive Officer)

**Mr. Liang Junhua**

### *Non-executive Directors*

**Ms. Su Shaoping**

**Mr. Tsui Wing Tak**

### *Independent Non-Executive Directors*

**Mr. Zhuang Wensheng**

**Mr. Zhao Junfeng**

**Ms. Song Yi**

# OUR STAKEHOLDERS

The Group actively strives to better understand and engage its stakeholders to ensure continuous improvements. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business in the challenging market.

Stakeholders	Probable issues of concern	Communication and responses
<b>HKEx</b>	Compliance with listing rules.	Website updates and announcements, discussion as necessary, emails and other correspondence.
<b>Government and regulatory bodies</b>	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
<b>Shareholders/Investors</b>	Corporate governance system, business strategies and performance, investment returns, and information disclosure.	Organizing and participating in seminars, interviews, shareholders' meetings, issue of financial reports and/or operation reports for investors, media and analysts.
<b>Suppliers</b>	Long term and sustainable business, payment schedule, and stable demand.	Site visits, supplier contracts, emails, teleconference interview, and supplier evaluation.
<b>Customers</b>	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, after-sales services, and customer evaluations.
<b>Employees</b>	Rights and benefits, employee compensation, training and development, work hours, and work environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, and employee suggestion boxes.
<b>Media &amp; Public</b>	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.
<b>Community</b>	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SECTION A: ENVIRONMENTAL

The Group understands the significance of environmental protection and pledges not to grow its business at the expense of the environment. We strongly believe in the value of keeping abreast of the trends in environmental policy and aligning our business with the relevant regulations. A healthy environment is fundamental to the Group's sustainable development, hence we endeavor to integrate components of environmental sustainability into our business operations through various measures, so as to decrease our carbon emission level and the relevant intensity<sup>1</sup>.

With our dedicated effort, there was no material non-compliance in laws and regulations related to the environment for the Reporting Year. The Group will continue to be alert to any non-compliance behavior related to critical environmental issues.

### Emissions

#### Air Emissions

As the Group's core business mainly involves the provision of digital entertainment content, no material emissions of air pollutants, including nitrogen oxides ("**NO<sub>x</sub>**"), sulphur oxides ("**SO<sub>x</sub>**") and particulate matters ("**PM**"), etc., were identified.

#### Greenhouse Gas Emissions

Global warming is mainly attributable to the greenhouse gas (GHG) emissions. In an effort to reduce GHG emissions and carbon footprint, the Group embraces green practices in its day-to-day business operations, contributing to environmental conservation, natural resource preservation and waste reduction.

During the Reporting Year, the total GHG emissions of the Group amounted to approximately 20 tonnes, with a corresponding emission intensity of approximately 0.31 tonnes per employee. The Group's major sources of GHG emissions could be attributed to the indirect emission from electricity consumption<sup>2</sup>, which accounted for 86% of the GHG emissions, while the indirect emission from paper waste disposed at landfills accounted for the remaining 14%.

<sup>1</sup> The different intensity figures in this report were calculated per employee, which were 64 employees as at 31 December 2019.

<sup>2</sup> According to the Carbon Dioxide Emissions Calculation Method and Data Checklist ("《二氧化碳排放核算方法及數據核查表》") published by the Ministry of Ecology and Environment, the PRC on 15th May 2016, the power supply discharge coefficient of Guangdong Province was set at 0.5912 kg/kWh.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

In an attempt to cut down our GHG emissions, we have implemented a range of green practices in our daily operations, aiming to limit the consumption of electricity and paper at our workplace. Reminders have been posted next to switches, in order to encourage our employees to switch off all idle electronic appliances when they are not in use, as well as before they leave the office. Besides, air conditioners should be set at a reasonable temperature level, with all the windows closed to maximize energy efficiency. Fines will be imposed to those employees who are found to violate the office guidelines. To cut down paper consumption, our employees are encouraged to adopt double-sided printing and reuse single-side-printed paper. With these measures, the Group hopes to cultivate energy-saving habit among its employees and contribute to energy conservation.



### Waste Management

The capacity of landfills and the availability of suitable land for landfills have been continuously decreasing. Together with the significant environmental impacts of waste disposal, waste reduction has always been one of the Group's objectives.

#### *Hazardous Waste*

As aforementioned, the Group's core business involves the provision of digital entertainment content. No hazardous waste was produced during the Reporting Year.

#### *Non-hazardous Waste*

The Group's non-hazardous waste was mainly composed of paper waste. During the Reporting Year, the total paper waste produced amounted to approximately 0.56 tonnes, with a corresponding intensity of 0.01 tonnes per employee.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Logging is involved in the paper production process, which provokes both direct and indirect negative impacts on the environment. To advocate waste reduction within our workplace, we have encouraged our employees to adopt double-sided printing, with single-side-printed paper being collected for reuse. A paperless work environment has also been promoted by encouraging employees to switch from printed documents to electronic documents. The Group will continue to strive for reduction in paper consumption, so as to whittle down the production of paper waste.

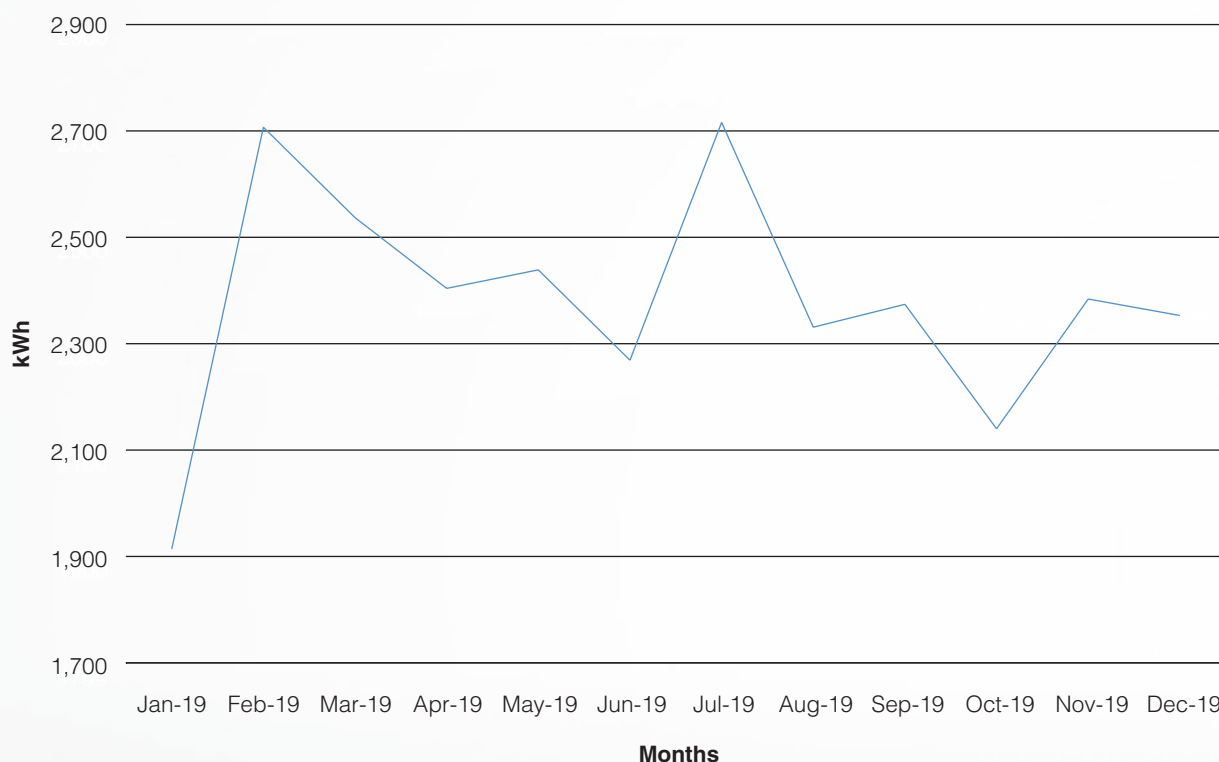
### Use of Resources

The Group pledges to become an environmentally-friendly and a sustainable enterprise. To reduce carbon emission and footprint, we have implemented a range of carbon reduction measures in our daily operations, ranging from the adoption of energy-saving equipment to the promotion of energy conservation among our employees.

### Energy Consumption

During the Reporting Year, the total electricity consumption amounted to approximately 28,600 kWh, with a consumption intensity of approximately 446 kWh per employee. Our monthly electricity consumption can be found in figure 1 below:

**Electricity consumption by month in 2019**



*Figure 1. Electricity consumption by month in 2019.*

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

The electricity consumed by the Group was the main contributor to its GHG emissions and carbon footprint. To reduce the Group's energy consumption and the corresponding carbon footprint, the Group has posted energy-saving reminders in various places, while encouraging employees to use natural lighting instead of electric lights whenever possible. In the long run, the Group will also upgrade the current electronic appliances to more energy-efficient alternatives to further maximize its energy efficiency and cut down energy consumption. We will put continuous effort in the aspect of energy conservation to further minimize our carbon footprint.

## Water Consumption

The Group's principal activities involve providing digital entertainment media content. Thus, no significant water consumption was identified during the Reporting Year. Since the water for office use was sourced from the local governmental body, no water sourcing issue was identified during the Reporting Year.

## Packaging Materials

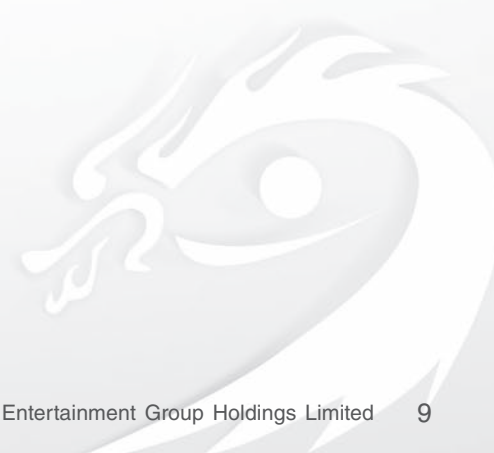
Being a digital entertainment content developer and distributor, no significant usage of packaging materials was identified by the Group during the Reporting Year.

## The Environment and Natural Resources

The Group believes that business development should not be achieved at the expense of the environment. Alongside the aforementioned measures, we have also developed written policy concerning energy-saving practices in workplace to further incorporate the virtues of environmental sustainability into our day-to-day business operations. The written policy is posted on our notice board so that our employees can be reminded of the importance of energy conservation. The policy encourages our staff to:

1. Switch off all idle appliances when they are not in use and before they leave the office;
2. Maintain air-conditioning at a reasonable temperature level (e.g. 25.5 °C); and
3. Regularly monitor the consumption level of electricity and paper.

With our dedicated effort in environmental protection, we are pleased to report that no material non-compliance issue regarding relevant laws and regulations was identified in the Reporting Year. To keep up with our achievements, we will continue to monitor our use of resources and strive to further reduce our consumptions, in a bid to contribute to environmental protection as an environmentally-friendly and a sustainable enterprise.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## SECTION B: SOCIAL

### Employment

Employees are of top priority to the Group as they are the most valuable assets. All our employees' contribution and dedication to our business development are valued equally. We strive to grow with our employees as it is mutually beneficial to both the employees and our business development in the long run. Hence, we adopt an employee-oriented approach in creating our workplace, as well as recruitment, training and retention of talents for our business development.

#### Our Employees

As at 31 December 2019, the Group was consisted of 64 employees. The detailed composition of our employees are as follows:

Employment	Percentage in 2019
<b>Employment type</b>	
<b>Gender</b>	
Male	55%
Female	45%
<b>Age Group</b>	
18–25	20%
26–35	64%
36–45	16%
<b>Job position</b>	
Frontline	67%
Middle management	24%
Top management	9%
<b>Employment type</b>	
Full-time	100%

The Group seeks to maintain a balanced male-to-female ratio, while continuing to recruit young talents to adapt to the ever-changing digital entertainment market. We believe that our diverse yet inclusive workforce enhances our creativity, decision-making, as well as communication both among our employees and with our customers, which are essential to a successful and sustainable business.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Employee Benefits

The Group strictly observes the Labour Law of the People's Republic of China, Social Insurance Law of the People's Republic of China, Regulations on Management of Housing Provident Fund and other relevant laws and regulations which cover all employment protection and benefits. Our internal employment policies have been established in accordance with these laws and regulations to safeguard the interests of our employees.

A comprehensive and attractive remuneration package, including on-the-job training, allowance, year-end bonus and overtime compensation, is provided to all our employees. Group medical checkup, as well as Social Insurance and Housing Provident Fund, are also provided to all employees in the Group. On top of that, continuous assessment on our employees are carried out. Based on their assessment results, salary increase, bonus award and promotion will be considered, in order to keep them up to the Group's standard and reward them for their contributions.

We offer our employees with 5-day work per week of which 8 working hours per day. Attractive number of leaves, including statutory holiday, annual leave, marriage leave, maternity leave, family bereavement leave and medical leave, are provided to our employees to ensure that they can enjoy work-life balance. Allowance and gift may also be given to our employees as a recognition for their contribution throughout the year. The Group regularly organizes different types of employee activities, such as Lunar New Year celebration, Mid-Autumn Festival celebration and annual football match, to foster bonding between its employees. We believe that a harmonious workplace is beneficial to our employees' well-being, which in turn enhances their productivity at work.



## Harmonious Workplace

As an employee-oriented business, the Group strives for a harmonious and inclusive work environment so that its employees are free from any harassment and discrimination. Our employees are also recruited regardless of their race, color, religion, age, gender, sexual orientation, national origin, citizenship, health condition, marital status or any other characteristics. The Human Resources Department will strictly process every application.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Equal opportunities and diversity for all employees are highly valued by the Group. Such equal employment opportunity policy is applicable to our staff recruitment, training and development, recognition and reward, as well as termination and dismissal. Corresponding internal policies in this regard are communicated to our employees through staff handbook, which is distributed to all employees before the commencement of their employment.

If our employees believe that they are experiencing discrimination and/or unfair treatment, they are welcomed to express their concerns with the Human Resources Manager. The management will investigate the matter in serious manner and take follow-up actions if necessary. For those employees acting improperly or breaching of contract terms and code of conduct will be warned or even terminated. Compensations are provided to those dismissed employees when applicable according to the relevant laws and regulations.

The Group has clear internal Human Resources Policies on employee compensation and dismissal, recruitment and promotion, working hours, rest periods and benefits and welfare. An updates and amendments are communicated to employees promptly. We strive to cultivate a harmonious work environment for our employees and eliminate any forms of discrimination and/or misconduct within the workplace.

With our mature Human Resources Policies, during the Reporting Year, the Group's monthly average turnover rate was only 6.75%, with the monthly average turnover rate by gender being 9.64% and 3.51% for male and female employees respectively.

### Health and Safety

The Group is committed to safeguarding the safety, health and welfare of all its employees. Not only does it aim to meet the minimum occupational health and safety standards required by law, but to exceed them. To realize our commitment, we have implemented a number of policies with regard to workplace safety.

The Group has equipped its office with adequate resources for potential hazards. Sufficient fire equipment, such as fire extinguishers and fire hydrants, have been placed in our office and are under regular checks to ensure that they are in good condition. The Group also provides Social Insurance to all its employees, which cover work injuries and other medical needs. In case of work injury, our employees are entitled to medical leave, so that they can have adequate rest for recovery.

It is pleased to report that there were no cases of work injury reported within the Group during the Reporting Year. As the Group places its employees' safety as top priority, it will continue to strive for a safe and healthy work environment for its employees.

The Group strictly complied with the Law of Social Insurance in the PRC to contribute sufficient social insurance of work injuries among our employees. The Group also strictly complied with others relevant health and safety laws and regulations, such as the local fire services regulations, to provide a safe work environment to its employees by protecting them from occupational hazards.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Development and Training

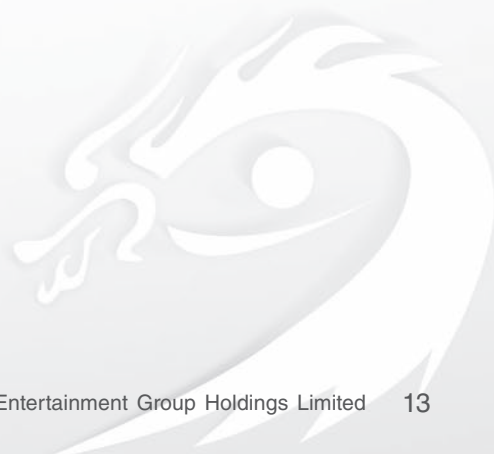
The Group understands that employee development is indispensable to its growth, hence the Group pledges to offer sufficient and effective training to its employees. We also review the ability of employees of different levels so that our training can cater to their needs accordingly. In this way, our employees can grow with the Group hand in hand.

The Group offers a range of internal training and development to its employees to enhance their performance, professional skills and knowledge. All newly recruited employees are required to attend mandatory induction training, covering topics such as company history, internal policies, employee benefits and corporate culture. This helps to familiarize our employees with our business and foster a sense of belonging to the Group. Internal trainings will be provided twice a year, aiming to equip our employees with the latest industry-related knowledge and skills and foster corporate culture, while external trainings will be organized every season. If our employees identify learning needs, they are welcomed to share with the management, who will accommodate to their needs by offering allowance and/or arranging leaves for them. Employees are required to complete evaluation upon completion of the training session, which will be reviewed by the management, so that the Group can have a better understanding of its employees' concerns and learning progress, and continue to make improvements in the future.

Continuous employee assessments are conducted by the management in a bid to understand the employees' learning needs and review their performance on a regular basis. Probation assessment framework has been established by the Group and is communicated to all newly recruited employees, so as to lay down clear expectations and future career prospects for its employees. All employees under probation will be participating in our mentorship program, in which mentors from the same department will be assigned to each of the employees, providing training on areas such as corporate culture, job-specific skills and knowledge, and principles for life and work. As an employee-oriented enterprise, we also encourage the mentors to provide counselling service to their mentees as we care about their mental well-being at workplace as well.

Annual staff assessment is also conducted by the management, which covers various aspects of the job positions with clear key performance indicators listed out on. Our staff are invited to perform self-evaluation alongside the management, so that they can identify inadequacies to set goals for themselves in the future. Salary adjustment and discretionary bonus will be considered by the management for employees with satisfactory results in their assessment.

During the Reporting Year, the Group has offered a total of 4,830 hours of training to its employees, in which 63% and 37% of training hours were provided to male and female employees respectively; while 78%, 19% and 3% of training hours were provided to frontline staff, middle-management and top management respectively. Each of the trained employees received an average of 30 hours of trainings. The Group will continue to invest more resources into its employees' training and development, so that its staff can be equipped with necessary knowledge and skills to keep abreast of market trends, as well as achieving personal career development. By these means, all employees can grow together with the Group.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Labour Standards

The Group complies with all employment laws and regulations. During the course of our recruitment process, documents authenticating the applicants' identity and eligibility to work are obtained and verified, so as to ensure that the Group is in compliance with relevant laws and regulations in the aspect of employment.

Respecting human rights has always been an integral part of the Group's mission towards sustainability. The Group strictly observes labor laws and other relevant legislation that prohibit child labor and forced labor. No person below the age of eighteen has been hired or forced to work at the Group. Any act of violence, with the purpose of deliberately causing discomfort, threats and/or bodily harm, as well as forcing employees to work, is strictly prohibited by the Group. Our employees are welcomed to report to the management if they notice any potential violation, or if they are experiencing forced labor. The management will investigate the matter and take follow-up actions in serious manner. During the Reporting Year, there was no material non-compliance with applicable laws and regulations in relation to labor standards by the Group.

## Supply Chain Management

Establishing long-term relationship with suppliers has been one of the Group's objectives as they form an integral part of the success of its business. We have formed strategic alliances with various software developers, distributors and other suppliers to build a network of digital content providers, enriching our product profile and strengthening our business development.

During the selection of new suppliers, initial assessment will be conducted by the relevant department, which takes into account a wide range of criteria, such as quality of products and service, timeliness of delivery, and technical support. Only suppliers with satisfactory results in the initial assessment will be added to our list of approved suppliers and engaged in our business operations. On top of that, the Group also conducts annual assessment of the approved suppliers to ensure that the products or service are of consistent quality and up to the Group's required standards. Suppliers with unsatisfactory results in the annual assessment will be eliminated from our list of approved suppliers.

As at 31 December 2019, the Group has engaged 31 approved suppliers located in the PRC. We will continue to invest in our collaboration with these suppliers and expand our network of digital content providers, in a bid to provide the best digital experience to our users.

## Product Responsibility

### Product Quality Control

The Group has actively developed new content and engaged partners in a bid to diversify its game portfolio and gain competitive edge over its competitors. Our team constantly researches latest trends in the market and develop novel products to meet the ever-changing demands. In the meantime, we are also dedicated to maintaining existing content and product to prevent bugs and other errors, so that our customers can enjoy a smooth and enjoyable experience with our digital content and games.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

We also understand the importance of safeguarding public interests. As such, the Group has continued to comply with the relevant laws and regulations regarding the dissemination of digital content, so as to protect the interests and safety of gamers, particularly the mental health of children and teenagers. As such, all of our games do not contain any improper content specified in the Regulation on Internet Information Service of the PRC. In addition, our advertisements are also based on actual game content with proper endorsements required by the Advertising Law of the PRC.

The Group strictly complied with the relevant laws and regulations regarding the health and safety, and advertising matters relating to the products and services provided.

### Customer Service Management

The Group values customer relations as they are integral to the success of its business. We pledge to offer quality after-sales service to our customers and take customer complaints in a serious manner. Customers are welcomed to provide feedback and express concerns through our customer service hotline. All of the feedback and complaints are recorded in our customer complaint register, detailing information such as cause of complaint, product concerned, follow-up actions, and results etc. By keeping track of all the complaints, we can ensure that our customers' concerns have been attended to accordingly, while implementing the rectifications in a timely manner. During the Reporting Year, the Group received a total of 35 complaints. We will continue to improve our products and maintain good customer relations in the future.

### Intellectual Property Rights and Data Protection

Being a digital content developer and distributor, the Group places much emphasis on intellectual property rights, as they are indispensable to its business. We have obtained intellectual property rights from the authority for our mobile games and other products, while conducting regular checks to prevent infringement of our rights by other companies.

Meanwhile, the Group understands the importance of data protection and it has established corresponding internal policies, covering the usage of computer software, copyright protection and customer data protection etc. Our employees are given limited accessibility to the company database depending on their job positions. Authorization is managed by the Information Technology Department of the Group, which will regularly review the internal IT system to ensure the safety of the Group's computer systems. Employees are strictly prohibited from modifying their computers without formal approval from the management. They are also required to return their work computers to the Information Technology Department for data destruction upon resignation in order to prevent any leakage of confidential information.

Detailed guidelines regarding intellectual property rights and data protection are included in the staff handbook to ensure that all employees are familiar with the guidelines. On top of that, all employees are required to sign a non-disclosure agreement before the commencement of employment at the Group, to ensure that all employees are fully aware of the importance of protection of confidential information of the Group, as well as the private information of our customers. Customer data must only be used for the sole purpose of the Group's operations in a bid to provide adequate service to its customers. All data must not be shared with any other parties outside the Group. Verbal or written warning will be given to the relevant employee who has breached the listed regulations. The employee concerned may be subjected to disciplinary actions, or even dismissal in the case of serious and/or repeated misconduct.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

During the Reporting Year, there was no cases regarding data leakage and copyright infringement reported within the Group. The Group has strictly complied with relevant laws and regulations regarding the labelling and privacy matters relating to the products and services provided.

### Anti-corruption

All forms of bribery and corruption are strictly prohibited by the Group. Employees should not offer, solicit or accept anything of material value to or from their colleagues, customers, suppliers or other business partner of the Group. They should perform their duties with integrity, such that no bribery, fraud or money laundering will be carried out for their personal gains at the expense of the Group's interests. Anti-corruption guideline has been detailed in staff handbook, which is distributed to all employees at the commencement of their employment, so that they can familiarize themselves with the guidelines.

In addition to bribery and corruption, according to the established guidelines, our employees are strictly prohibited from engaging in any illegal acts, including extortion, fraud, money laundering, etc.

The Group encourages its employees to report all suspected malpractices or misconduct. We welcome our employees to report potential cases through various channels, while the management will take immediate action to investigate the issue in a serious manner. It is the Group's core values for reminding its employees to uphold their integrity and professionalism as aforementioned.

As at 31 December 2019, we are pleased to report that there was no concluded legal case in any forms of fraud brought against us or our employees during the Reporting Year. The Group has strictly complied with relevant laws and regulations regarding to bribery, extortion, fraud and money laundering. The Group will continue to adopt the zero-tolerance approach and take prompt actions in response to potential illegal acts.

### Community Investment

The Group has actively participated in the community investment. During the Reporting Year, we have donated RMB100,000 to local charitable organisation in Guangzhou to improve the living environment and alleviate the poverty of the local communities. Our effort in community service was proven effective with the Contribution Award for Poverty Alleviation and Ardent Unit for Poverty Alleviation presented and awarded by the local government in Guangzhou.

We will continue to invest more resources and engage more employees in community investment, as well as investing our resources to areas other than poverty. By doing so, the Group hopes to encourage its employees to serve the community, while promoting corporate social responsibility and bringing positive impacts to the society.

# ENVIRONMENTAL DATA

## Emissions Indicators

Year ended 31 December 2019

### Air Emissions

Total air emissions	N/A
Air emission intensity	N/A
NO <sub>x</sub> emission	N/A
SO <sub>x</sub> emission	N/A
PM emission	N/A

### Greenhouse Gas Emissions

Total greenhouse gas emissions	19.55 tonnes
Greenhouse gas emission intensity	0.31 tonnes per employee
CO <sub>2</sub> emission	
Scope 1 emission	N/A
Scope 2 emission – Electricity consumption	16.89 tonnes
Scope 3 emission – Paper waste disposal at landfills	2.66 tonnes

### Hazardous waste

Total hazardous waste produced	N/A
Hazardous waste intensity	N/A

### Non-hazardous waste

Total non-hazardous waste produced (paper waste)	0.56 tonnes
Non-hazardous waste intensity	0.01 tonnes per employee

## Use of Resources Indicators

Year ended 31 December 2019

### Energy consumption

Total electricity consumption	28,568 kWh
Electricity consumption intensity	446 kWh per employee

### Water consumption

Total water consumption	N/A
Water consumption intensity	N/A

### Packaging materials

Total packaging material used	N/A
Packaging material used intensity	N/A

# SOCIAL DATA

## Employment Indicators

Year ended 31 December 2019

### Employment

Total number of employees 64

#### By Gender

Male 35

Female 29

#### By Age Group

18–25 13

26–35 41

36–45 10

#### By Job Position

Frontline 43

Middle management 15

Top management 6

#### By Employment Type

Full-time 64

### Employment turnover

Overall employee turnover rate (monthly average in %) 6.75%

#### By Gender (monthly average in %)

Male 9.64%

Female 3.51%

## Health and Safety Indicators

Year ended 31 December 2019

Number of reported injuries –

Number of working days lost –

## SOCIAL DATA (Continued)

### Development and Training Indicators

Year ended 31 December 2019

Total number of training hours	4,830 hours
Average number of training hours per trained employee	30 hours
Trained hours by Gender (in %)	
Male	63%
Female	37%
Trained hours by Job Position (in %)	
Frontline	78%
Middle management	19%
Top management	3%

### Supply Chain Indicators

Year ended 31 December 2019

Total number of approved suppliers	31 in PRC
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### Product Responsibility Indicators

Year ended 31 December 2019

Total number of complaints received	35
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### Anti-corruption Indicators

Year ended 31 December 2019

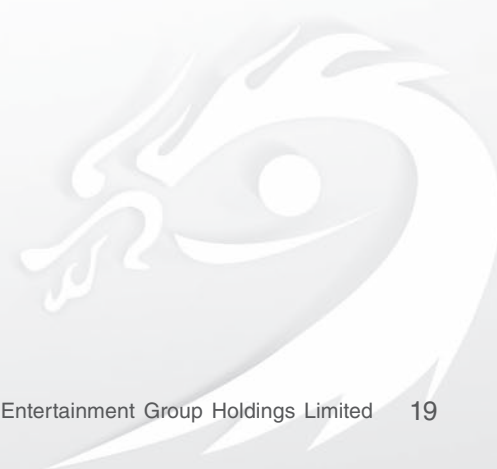
Number of concluded legal cases regarding corruption	–
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### Community Indicators

Year ended 31 December 2019

#### Community Investment

Corporate charitable donation	RMB100,000
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# ESG REPORTING GUIDE & REFERENCE

## A. Environmental

## Reference in this report

### A1. Emissions

Page #

Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

6 – 7

KPI A1.1 The types of emissions and respective emission data.

N/A (6)

KPI A1.2 Greenhouse gas emission in total (in tons) and where appropriate, intensity (e.g per unit of production volume, per facility).

6 – 7

KPI A1.3 Total hazardous waste produced (in tons) and where appropriate, intensity (e.g per unit of production volume, per facility).

N/A (7)

KPI A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g per unit of production volume, per facility).

7

KPI A1.5 Description of measures to mitigate emissions and results achieved.

6 – 7

KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.

7

### A2. Use of Resources

Page #

Policies on the efficient use of resources, including energy, water and other raw materials.

8 – 9

KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility).

8

KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).

N/A (9)

KPI A2.3 Description of energy use efficiency initiatives and results achieved.

9

KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.

9

KPI A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.

N/A (9)

### A3. The Environment and Natural Resources

Page #

Policies on minimizing the issuer's significant impact on the environment and natural resources.

6 – 9

KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

6 – 9

# ESG REPORTING GUIDE & REFERENCE (Continued)

<b>B. Social</b>		<b>Reference in this Report</b>
<b>B1. Employment</b>		<i>Page #</i>
Policies and compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		10 – 12
KPI B1.1	Total workforce by gender, employment type, age Group and geographical region.	10
KPI B1.2	Employment turnover rate by gender, age Group and geographical region.	12
<b>B2. Health and Safety</b>		<i>Page #</i>
Policies and compliance with laws and regulations relating to providing a safe work environment and protecting employees from occupational hazards.		12
KPI B2.1	Fatality number and rate.	N/A (12)
KPI B2.2	Lost days due to work injury.	N/A (12)
KPI B2.3	Description of occupational health and safety measures adopted how they are implemented and monitored.	12
<b>B3. Development and training</b>		<i>Page #</i>
Policies on improving employees' knowledge and skills for discharging duties at work.		13
Description of training activities.		
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	13
KPI B3.2	The average training hours completed per employee by gender and employee category.	13
<b>B4. Labour standards</b>		<i>Page #</i>
Policies and compliance with laws and regulations relating to preventing child and forced labour.		14
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	14
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	14
<b>B5. Supply chain management</b>		<i>Page #</i>
Policies on managing environmental and social risks of the supply chain.		14
KPI B5.1	Number of suppliers by geographical region.	14
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	14

# ESG REPORTING GUIDE & REFERENCE (Continued)

## B. Social

## Reference in this Report

### B6. Product responsibility

Page #

Policies and compliance with laws and regulations relating to health and safety.

14 – 16

Advertising, labeling and privacy matters relating to products and services provided and method of redress.

KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.

N/A

KPI B6.2 Number of products and service related complaints received and how they are dealt with.

15

KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.

15 – 16

KPI B6.4 Description of quality assurance process and recall procedures.

14 – 15

KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.

15 – 16

### B7. Anti-corruption

Page #

Policies and compliance with laws and regulations relating to bribery, extortion, fraud and money laundering.

16

KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases.

16

KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.

16

### B8. Community investment

Page #

Policies on community engagement to understand the needs of the communities where we operate and to ensure that our activities take into consideration the communities' interests.

16

KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).

16

KPI B8.2 Resources contributed (e.g. money or time) to the focus area.

16