

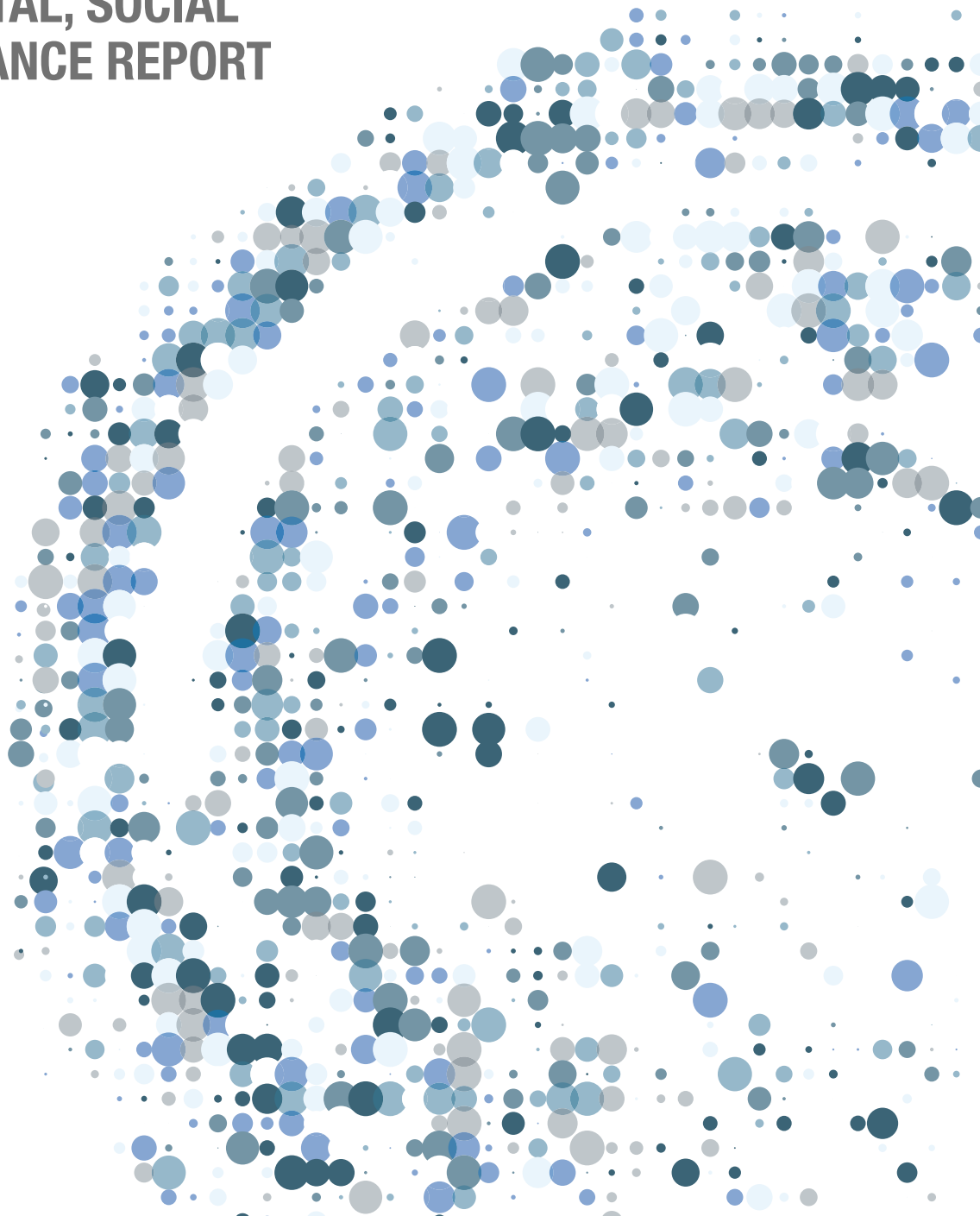
netjoy⁺

NETJOY HOLDINGS LIMITED
云想科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2131

2020
ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT



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ABOUT THIS REPORT

Netjoy Holdings Limited (the “**Company**” or “**Netjoy**”), its subsidiaries and consolidated affiliated entity from time to time (collectively the “**Group**” or “**we**”) are pleased to present the first environmental, social and governance (“**ESG**”) report (“**this Report**”), introduce the Group’s policies, management approaches and initiatives in environmental and social aspects to stakeholders, and demonstrate our commitment to sustainable development. For information about the Group’s corporate governance, please refer to the section headed “Corporate Governance Report” on pages 65 to 83 of the Annual Report 2020.

SCOPE OF REPORT

The scope of this Report covers the environmental and social performance of the Group’s two core businesses during the period from 1 January 2020 to 31 December 2020 (the “**Reporting Period**” or “**2020**”), which are (1) online marketing solutions business; and (2) pan-entertainment content services business operated in the People’s Republic of China (the “**PRC**” or “**China**”).

REPORTING STANDARDS

This Report has been prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and follows the ESG reporting principles of materiality, quantitative, balance and consistency.

- ✓ **Materiality:** Adhering to the reporting principle of materiality, the Board of Directors (the “**Board**”) and senior management identify, determine and regularly review ESG issues of most significance for business and operations through stakeholder engagement and materiality assessment results. For details, please refer to the corresponding sections of this Report.
- ✓ **Quantitative:** This Report has specified the statistical standards and methodologies used in the calculation of quantitative key performance indicators (“**KPIs**”) (such as greenhouse gas emissions/energy consumption), and the sources of conversion factors. Please refer to the “Performance Data Summary” of this Report.
- ✓ **Balance:** During the preparation of this Report, the Group will describe the environmental, social and governance results as well as the difficulties encountered and their solutions in a balanced manner in an attempt to report the environmental, social and governance performance of the Group objectively and truthfully.
- ✓ **Consistency:** This Report is the first ESG report of the Group and has been prepared in accordance with the ESG Reporting Guide. The methods of data statistics and compilation disclosed herein have been confirmed and are expected to remain consistent for subsequent years. In case of any inconsistency due to changes in the method of compilation or data statistics of KPIs, the Group will explain the reason in the report.

This Report has observed the “Comply or explain” provisions set out in the ESG Reporting Guide. Except for those the Group considers not applicable to our business operation, relevant explanations have been given in the corresponding sections and the ESG Reporting Guide Index at the end of this Report.

ABOUT THIS REPORT

DATA COLLECTION AND GLOSSARY OF TECHNICAL TERMS

Data in this Report are extracted from the Group's internal management system and statistics. For details of technical terms and definitions in this Report, please refer to the section headed "Glossary of Technical Terms" of this Report and/or the section headed "Glossary of Technical Terms" of the prospectus of the Company dated 7 December 2020.

APPROVAL OF REPORT AND LANGUAGE

This Report is announced with the approval of the Board on the websites of the Company and the Stock Exchange in English and Chinese. In case of any discrepancy between the English version and the Chinese version, the Chinese shall prevail.

CONTACT AND FEEDBACK

We welcome all stakeholders to provide their comments and suggestions on this Report, which will help us improve our ESG management and performance. You may contact us through the contact details below to provide your comments or views on this Report.

Address: 5/F, No. 3, 396 Guilin Road, Xuhui District, Shanghai, the PRC
Tel.: (86) 21-5472-2297
Email: ir@netjoy.com

ABOUT THE GROUP

The Group established in 2012, we are a leading short video marketing solutions provider and an online content services provider focusing on pan-entertainment in China. Thanks to the innovation capabilities in terms of big data technology, technology platform and customer service, we provide integrated services, comprising creative design, production, programmatic precise distribution, performance tracking and reporting of short video marketing content, to a fast-growing and diversified advertiser base. The Group's business covers short video marketing, short video trading, video production, event marketing and other performance-based content. Over the years, we have been providing our customers and partners with technical services and support for greater business growth. The Company (stock code: 2131) was listed on the Main Board of the Stock Exchange on 17 December 2020, which offers us new opportunities to access to the global market whereby we can explore more new business growth opportunities while promoting our brand value and innovative development.

ONLINE MARKETING SOLUTIONS BUSINESS

We started offering online marketing solutions in 2013. We primarily deliver one-stop online marketing solutions, including user traffic acquisition, ad creative production and ad performance optimisation, to advertisers and advertising agencies. Our cross-media multi-channel full service content platform covering content production, exchange and distribution directly connects advertisers with internet users, content providers and content distribution channels.

With our own DMP which collects, processes and stores a wide variety of raw data from the online publishers, and the AI technologies which support big data analytics, we have large-scale production of short videos driven by consolidated data, and capabilities of crowd analysis and precise positioning. A vast library of data assets can help us accurately analyse audience groups. We can analyse our data assets as well as monitor and the ad performance data such as impressions and clicks in real time through AI algorithm and machine learning app. We can also use them to help advertisers precisely target and cover the types of audiences best suited in the advertising campaigns, and continuously monitor and analyse such data to optimise campaign performance and improve the marketing efficiency for our advertisers. In addition, we have a professional in-house content production team with extensive experience, which can plan, launch and manage advertising campaigns more precisely, and produce customised, appealing and attention catching ad creatives. The team can help advertising customers deliver short video or text and image creatives through top online publishers, such as Douyin, Huoshan, Xigua Video, Kuaishou, etc., to acquire high quality traffic to attract target consumers and achieve programmatic settlement with video suppliers. Our advertiser base operates in a wide array of industry verticals, including online gaming, financial services, e-commerce, internet services and tools, etc.

Most of the videos we deliver are presented on mobile devices with the user groups precisely targeted via popular short video platforms in the form of programmatic real-time bidding on the programmatic advertising trading platform developed by us: Trade+ (連山) system. Meanwhile, in order to capture advertisers' fast-growing requirements for short videos, hepai.video, a video content trading platform we operate, connects the advertisers directly with qualified content providers, to facilitate content exchange transactions. The platform allows, on one hand, the advertisers to propose their specific content requirements and marketing goals, and on the other hand, the content providers, such as PUGC, KOL and MCN, to address the advertisers' particular needs with their expertise. The platform hepai.video has been systematically connected with the Trade+ system. The finished short video advertisements are delivered and promptly presented to the users of the short video platforms online by the video suppliers on hepai.video which we have established connection through the Trade+ programmatic trading system, and programmatic settlement with video suppliers, cross-platform and cross-account advertising, creatives management and intelligent derivation, as well as analysis and generation of data statements, have been achieved.

ABOUT THE GROUP

PAN-ENTERTAINMENT CONTENT SERVICES BUSINESS

Our pan-entertainment content services include providing (1) advertising spaces on our Huabian Platform; and (2) product placement opportunities on short video KOL programs.

We operate a pan entertainment-oriented content platform, namely Huabian website (www.huabian.com) and its mobile terminal (collectively “**Huabian Platform**”). Since the rollout of the platform in 2012, we have produced quality and appealing content for the audiences and advertisers, and provided visitors with customised and popular information in real time.

Since January 2020, we have launched two short video KOL programs, i.e. Idol Answers and Hippiie Entertainment, which are movie and television stars interview program and entertainment news program, to afford advertisers opportunities for product placement to generate revenue from promoting their products or services. We are restructuring and upgrading towards producing original content for our pan-entertainment content services business, and we are gradually developing business in the fields of creative content video production, commercial operation of the live streaming business, etc.

CORPORATE VISION AND CULTURE

Corporate Vision

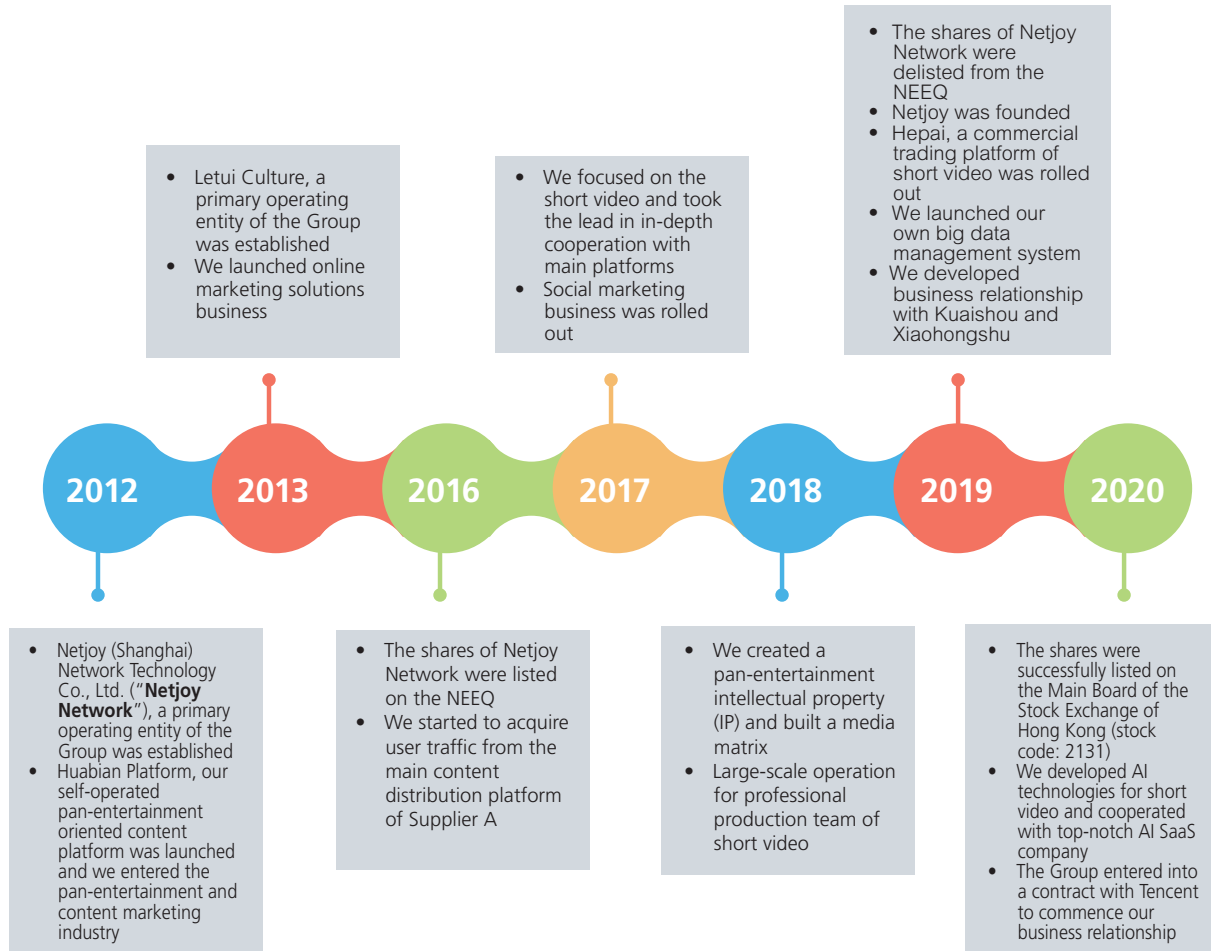


Corporate Culture

<p>Integrity and Frankness</p> <ul style="list-style-type: none"> • Respect others • Treat others honestly • Willing to help others 	<p>Advancing Despite Difficulties</p> <ul style="list-style-type: none"> • Insist on selfmotivation • Self-improvement • Embrace great challenges fearlessly 	<p>Responsibilities and Commitments</p> <ul style="list-style-type: none"> • Attach great importance to the commitments and responsibilities to partners, colleagues, families and friends • Become trustworthy enterprise and individuals 	<p>Sharing and Cocreation</p> <ul style="list-style-type: none"> • Share knowledge, experience and resources with others • Stay passionate for creating new things
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ABOUT THE GROUP

KEY BUSINESS MILESTONES



ABOUT THE GROUP

AWARDS AND CERTIFICATES

Year	Awards/Certificates	Issuing authority
2020	Silver Service Providers in the Second Half of 2020	Tencent's Ecological Cooperation Department for Advertising Channels
	Silver Service Providers in the First Half of 2020	Tencent's Ecological Cooperation Department for Advertising Channels
	Service Contribution Partners of the Year	Beijing Ocean Engine Internet Technology Co., Ltd.
	Gold Medal Lecturer, Silver Medal Lecturer	Kuaishou Marketing Certification
	Best Short Video Marketing Award	iResearch Marketing Awards
	Online Marketing Person of the Year	iResearch Marketing Awards
	Award for Listing in 2020	Chamber of Commerce of Zizhu National Hi-tech Park
	ROI Festival Golden Award	ROI Festival
	ROI Festival Silver Award	ROI Festival
	Outstanding Business Partners of Kuaishou in the First Half of 2020	Kuaishou-Magnetic Engine
	Silver Award for Kuaishou Commercial Short Video Marketing Case Competition	Kuaishou-Magnetic Engine
	Bronze Award for Kuaishou Commercial Short Video Marketing Case Competition	Kuaishou-Magnetic Engine
	Special Award for Kuaishou Commercial Short Video Marketing Case Competition	Kuaishou-Magnetic Engine
	2019	Outstanding Contribution Award for Performance-based Advertising
Best Operation Creativity Award in the Field of Internet of the Year		Infinities
Top 10 in the PhoenixNet Star Atlas Entertainment Rank		Sohu Star Atlas Rank
Best Business Partner		UC Browser
Award for Creators of Good-Quality Content		Sogou
Best Annual Self-media for Short Video		Netease
The Most Influential and Valuable Video in the Entertainment Rank		Sohu
Runner up and Third Place for Commercial Short Video Marketing Competition		Kuaishou
Annual Excellent Ruban Spirit Award		Beijing Ocean Engine Internet Technology Co., Ltd.
Intelligence Application Award for e-Commerce		Beijing Ocean Engine Internet Technology Co., Ltd.
Best Application Platform		Beijing Ocean Engine Internet Technology Co., Ltd.
2018	Creative Short Video Award for Internet-e-commerce	Beijing Ocean Engine Internet Technology Co., Ltd.
	Zhurong Value-added Operation Award	Beijing Ocean Engine Internet Technology Co., Ltd.
	Effect UP Marketing Competition	Toutiao
2017	Annual Author with Attitude	Netease
	Business Partners Award	Sogou
	Rapid Growth Prize	Toutiao

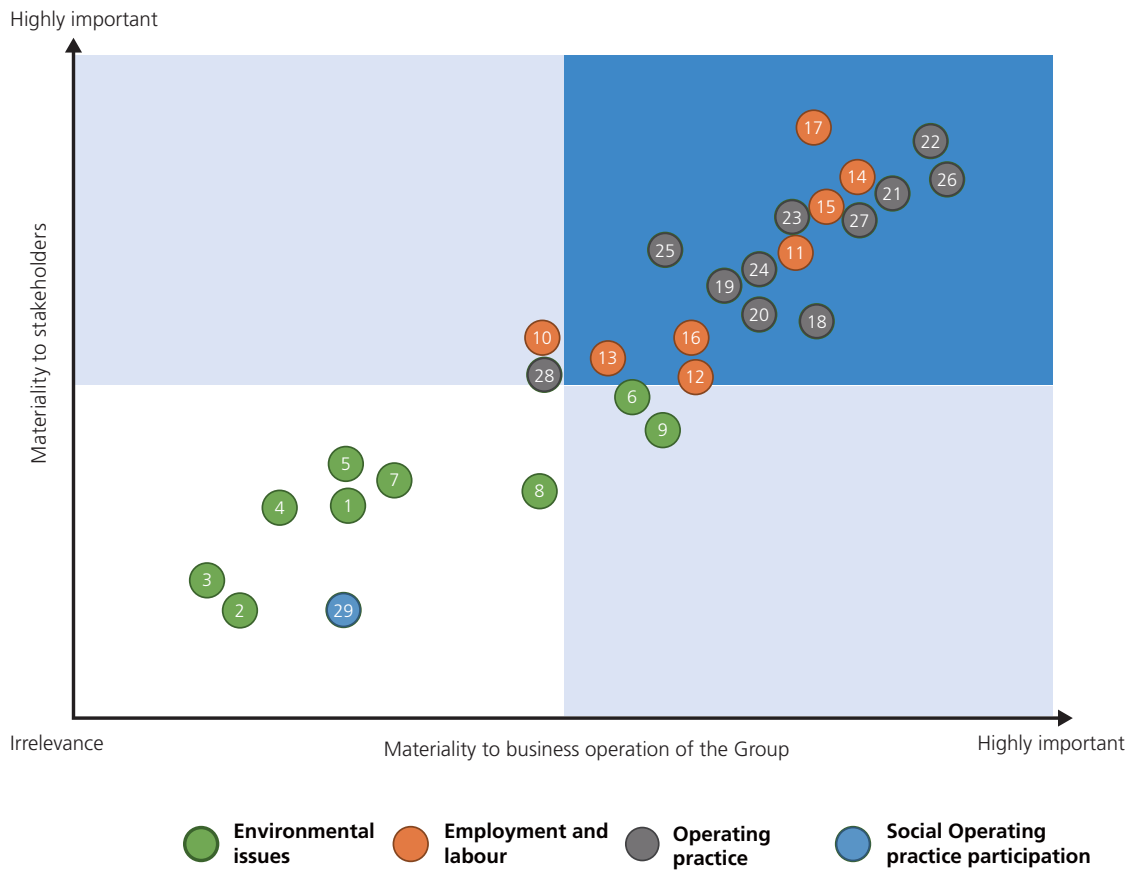
STAKEHOLDER ENGAGEMENT

We are well aware that the engagement and support of the stakeholders contribute to the sustainable development of enterprise. Therefore, the Group attaches great importance to the stakeholders' participation, maintains regular communication with them through various channels to understand their requirements and expectations related to our business operation as well as their opinions and suggestions on our performance of ESG and future development strategy. Based on our own business conditions, we identify six major stakeholder groups, including customers, employees, governments and regulators, shareholders and investors, business partners, media and communities, recognise their concerns and formulate action plans and measures to respond to the expectations and concerns of the stakeholders with a view of establishing a mutual trust and friendly relationship through joint efforts. The channels of our communication with the stakeholders are set out in the table below:

Stakeholders	Expectations and Concerns	Channels of Communication
Customers	<ul style="list-style-type: none"> Steady and compliant operation Service quality and diversification Data security and privacy protection Protection of consumers' rights and interests 	<ul style="list-style-type: none"> Company's website Regular meetings Email, mailbox, telephone Online platforms Customers' feedbacks and complaints
Employees	<ul style="list-style-type: none"> Employees' benefits Labour relations Occupational health and safety Opportunities for training and career development 	<ul style="list-style-type: none"> Email and suggestion box Regular meetings and interviews Annual employee performance appraisal Staff training Employee activities and team building activities Seminars/Workshops/Lectures
Governments and regulators	<ul style="list-style-type: none"> Compliance operation Stringent internal control and risk management Information transparency 	<ul style="list-style-type: none"> Regular submission of documents Regular communication with regulators Compliance examination and evaluation Forums/Seminars/Meetings
Shareholders and investors	<ul style="list-style-type: none"> Robust operation Return on investment Business growth and development Effective enterprise governance and risk management Information transparency 	<ul style="list-style-type: none"> Company's website Investor conferences Corporate announcements, annual reports and interim reports Annual general meetings and other general meetings
Business partners (suppliers, service providers and contractors)	<ul style="list-style-type: none"> Long-term stable business partnership Business ethics and integrity Fair and open procurement Anti-corruption business operation 	<ul style="list-style-type: none"> Ongoing direct communication Regular meetings and visits Cooperation agreement Supplier selection and appraisal Procurement and bidding
Media and communities	<ul style="list-style-type: none"> Information transparency 	<ul style="list-style-type: none"> Company's website Press release Online platforms (such as Weibo and WeChat)

MATERIALITY ASSESSMENT

The Group engaged an independent consultant to assist us with the materiality evaluation to identify and confirm the important issues on ESG to us. With reference to the ESG Reporting Guide and in combination with the nature of business operation, market development trend and the stakeholders' concerns, we made a list of relevant ESG issues, and invited major groups of stakeholders to grade the materiality of the determined ESG issues to the business operation of themselves and the Group through online questionnaire survey. We ranked the ESG issues according to the feedbacks of the major stakeholders. The results of the materiality evaluation are shown in the following figure:



MATERIALITY ASSESSMENT

Aspects	ESG issues
Environmental	<ol style="list-style-type: none"> 1. Energy efficiency 2. Greenhouse gas emissions and management 3. Response to climate change 4. Air emission 5. Waste and wastewater management 6. Water resources utilisation 7. Material consumption 8. Green office 9. Environmental compliance
Employment and labour	<ol style="list-style-type: none"> 10. Employment rights and benefits 11. Staff recruitment and talent retention 12. Employee communication and interaction 13. Employee diversity and equal opportunities 14. Anti-discrimination 15. Occupational health and safety 16. Staff training and career development 17. Eradicating child and forced labour
Operating practice	<ol style="list-style-type: none"> 18. Product and service quality management 19. Project innovation and R&D capacity 20. Customers' health and safety 21. Customers' privacy 22. Information security and confidentiality 23. Customer satisfaction 24. Supply chain management (suppliers and service provider) 25. Compliance marketing and publicity 26. Protection of intellectual property rights 27. Anti-corruption 28. Anti-competitive practices
Social participation	<ol style="list-style-type: none"> 29. Social participation

The ESG issues at the top right of materiality matrix are recognised as highly important issues. According to the materiality principle and materiality evaluation results disclosed by the report, the report will focus on disclosing the environmental, social and governance issues of high importance. The Group will develop corresponding environmental, social and governance strategies and policies in line with the materiality evaluation results, and integrate them into the management of the whole business value chain.

OUR EMPLOYEES

As a technology group that operates advertising platforms, providing online short video production and entertainment, we regard our employees as our most valuable assets. Their creativity, expertise and experience are crucial to diversifying content production services and products and improving infrastructure and technology and optimizing operations, and the mainstay for our long-term development and competitiveness in the industry. Adhering to the enterprise culture of “Responsibilities and Commitments” and “Sharing and Co-creation”, the Group strictly complies with the labour laws and regulations of China, namely the Labour Law of the PRC, the Labour Contract Law of the PRC, Social Insurance Law of the PRC, the Law of the PRC on the Protection of Women and Children’s Rights and Interests, Regulations on the Implementation of the Labour Contract Law, the Law of the PRC on the Protection of Minors, Provisions on Prohibition of Child Labour, etc. Such labour laws and regulations require the Group to protect our employees’ legal labour rights and interests. If the relevant provisions are not observed, the Group will be fined and otherwise take criminal liability. Therefore, we have formulated a set of human resource policies and management systems to standardize human resource management, including employees’ salary and benefits, working hours, recruitment and employment, assessment, rewards and punishments. While concentrating efforts on protecting the basic rights and interests of employees and offering multiple benefits, we attract and retain talents, provide an equal and harmonious workplace, enhance intercommunication between company and employees, and constantly maintain a good and mutual respect relationship with employees. The Group puts emphasis on the growth and career development of employees, commits to cultivating talents and providing training in professional skills, shares knowledge, experience and resources, creates new business concepts and maintains enthusiasm for new things. During the Reporting Period, we have strictly complied with relevant labour laws and regulations and there were no non-compliance cases noted with respect to the employment and use of child and forced labour.

EMPLOYMENT PRACTICES AND LABOUR STANDARDS

Remuneration and Welfare

In order to attract and retain outstanding employees, the Group provides competitive remuneration and benefits to full-time employees. Other than annual leave and statutory holidays, all employees are entitled to paid leaves such as marriage leave, home leave, maternity leave, paternity leave, sick leave, breastfeeding leave and funeral leave. In addition to basic wage, we offer a variety of allowances and subsidies such as post allowance and meal subsidy on the basis of nature and level of employees’ positions. We also pay housing provident funds and social insurance (i.e. pension insurance, medical insurance, unemployment insurance, maternity insurance, injury insurance and housing provident funds) for employees in accordance with the laws and local standards. The standard labour time system we implement for general posts is 8 hours a day and 5 days a week, and the irregular labour time system is adopted for some management staff. We encourage employees to work efficiently during normal working time but not advocate working overtime. If an employee needs to extend working hours or work overtime on days off and legal holidays due to the business needs or special reasons, we will offer overtime compensation or days off in lieu to employees according to relevant labour laws and regulations after negotiation and management approval. Moreover, we will regularly review and adjust employees’ wages on the grounds of business performance, market level of wages, attendance record, employee performance and seniority of work, ensuring that they can receive fair remunerations, which comply with the current market conditions and practices.

OUR EMPLOYEES

EMPLOYMENT PRACTICES AND LABOUR STANDARDS (Continued)

Remuneration and Welfare (Continued)

In addition, we conduct regular performance appraisal of every employee, evaluating employees according to their past work performance and achievements, personal qualification/experience/ability and other aspects. The evaluation results are directly linked to salary increase, performance bonus and post promotion. In this way, we motivate our employees to make continuous progress, commend their hard work for their contribution to the Group and allow them to share the results of business commission.

Recruitment, Dismissal and Labour Standards

The Group has made clear provisions on recruitment management and dismissal in the Management Rules on Human Resources of the employee manual. Following the principle of "Fair, Just and Open", we recruit talents through open recruitment, self-recommendation, recommendation and other ways. During the recruitment, we select suitable candidates based on objective factors like interview performance, qualification and work experience and don't discriminate against people due to different ethnicity, native place, gender, language, religion and other factors. We sign labour contracts with candidates who are formally hired and employees according to the law to protect their legitimate labour rights and interests. Meanwhile, if employees severely violate the company's rules and regulations, they will be subject to disciplinary punishments, including immediate dismissal, after investigation and confirmation of the relevant cases.

The Group respects and protects human rights. To this end, we rigorously prohibit hiring any child or forced labour in our workplace. During the recruitment and handling of admission procedure, we check the identity documents, educational backgrounds and work reference records of the candidates and employees, so as to ensure that they meet the minimum age requirement of the law and the job qualifications for relevant positions. At the same time, the Group requires our suppliers and service providers to follow the compliant recruitment practices. If we find that they use child or forced labour, the Group will terminate the business cooperation. During the Reporting Period, we did not discover any violation of labour laws and regulations relating to preventing child and forced labour.

Staff Relations

Knowing that it is vital to establish a good communication and relationship with employees, which contributes to strengthening employees' cohesion to the Group, we have set diversified communication channels, such as email, WeChat groups and DingTalk office platform software, and our personnel department has dedicated professionals ("**Human Resources Business Partners**") to collect and timely deal with employees' difficulties, feedbacks and suggestions on daily operation and work of the enterprise to intensify employees' mutual communication and give assistance to their development. On the other hand, we hold a series of employee activities on a regular basis, such as Sports Day and employee birthday party, and prepare a gift for every employee in the traditional festivals, in an effort to create a harmonious family atmosphere and express our love and care for employees. Furthermore, we also organise team building activities and trips for employees from time to time, advocate work-life balance and deepen their mutual understanding. We firmly believe that care for employees and improvement of effective intercommunication can enhance employees' sense of belonging to the Company, and employees will be willing to express their thoughts, views and suggestions on business and daily management of the enterprise, which is conducive to the overall growth and development of the enterprise.

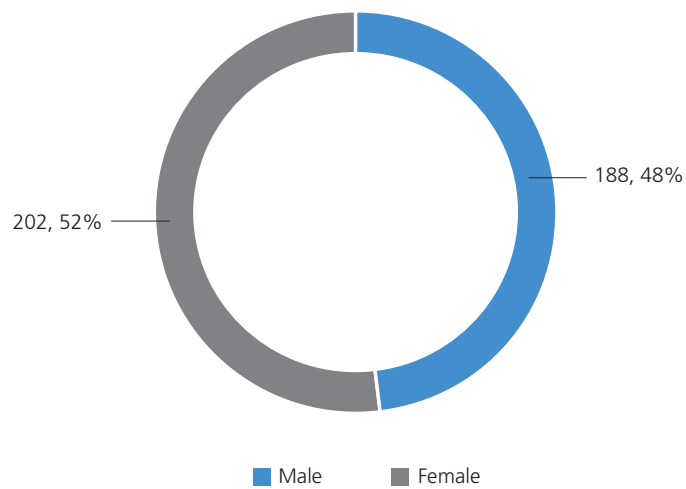
OUR EMPLOYEES

EMPLOYMENT PRACTICES AND LABOUR STANDARDS (Continued)

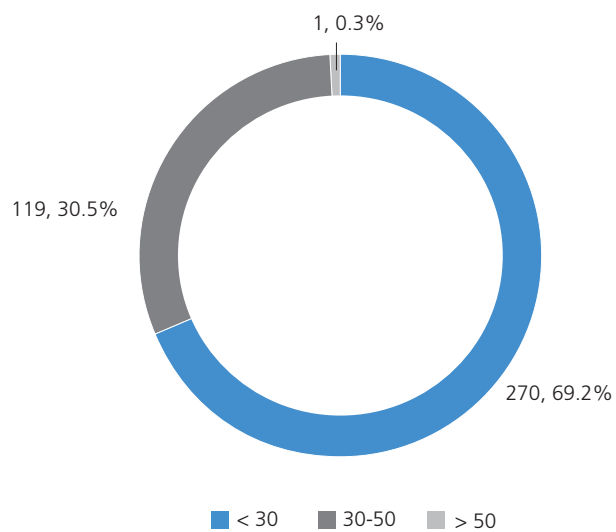
Staff Overview

As at 31 December 2020, the Group had 390 employees, all in China. The total number of employees by gender, employment level and age is shown below.

Number of employees by gender



Number of employees by age

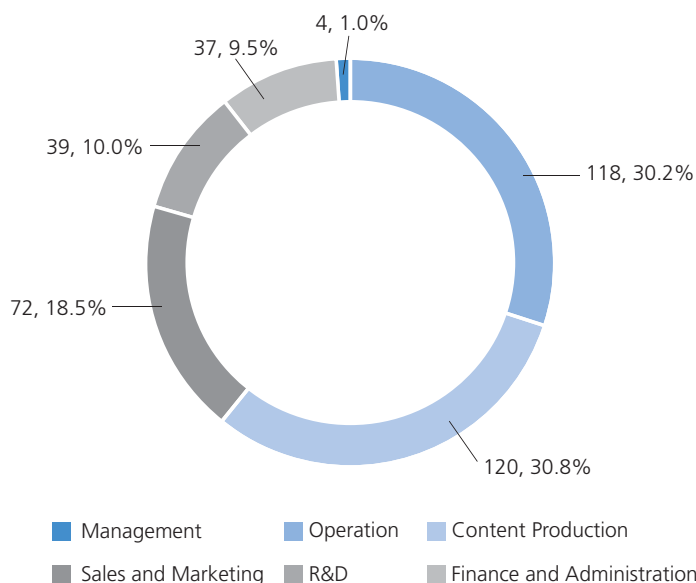


OUR EMPLOYEES

EMPLOYMENT PRACTICES AND LABOUR STANDARDS (Continued)

Staff Overview (Continued)

Number of employees by employee category



HEALTH AND SAFETY

In consideration of our business nature, we are mainly engaged in online marketing solutions business and pan-entertainment content service and our business is mainly operated in the office, so the occupational health and safety risks our employees face in the office are lower than those in other industries. Nevertheless, we observe relevant laws and regulations on occupational health and safety such as the Law of the PRC on the Prevention and Control of Occupational Diseases, and give priority to providing a safe, healthy and comfortable working environment for employees, and thus have carried out a series of office safety management measures to minimise office safety risks, improve employees' safety awareness and prevent occupational diseases or accidents in the office.

We have first-aid kits in the offices to treat minor injuries and also offer Red Cross First Aid Certificate training for department representatives so that relevant staff can have basic first-aid knowledge. If any employee has any physical discomfort or is affected by any accident and needs first aid, our colleagues can provide appropriate assistance. Besides, we prohibit employees from smoking in the workplace and require them to maintain indoor air quality. We not only keep good housekeeping in our offices (such as keeping office corridors clear, storing materials properly, regularly cleaning offices and so on) to help avoid accidents and make office operations more efficient, but also provide employees with a suitable working environment, such as providing desks of a right height, adjustable chairs, and sufficient lighting to lower health hazard. We also pay attention to office fire safety, clearly marking the fire evacuation route on the notice board to help employees get familiar with the evacuation route and raise their awareness of the actual emergency.

OUR EMPLOYEES

HEALTH AND SAFETY (Continued)

In response to the outbreak of pandemic in early 2020, we strictly obey relevant pandemic prevention policies, regulations, rules and health recommendations of the provincial government with regard to novel coronavirus (COVID-19). Based on operational needs, the Group adopted a rigorous disease prevention plan and took a number of measures to reduce the risk of employees being infected by COVID-19. We took the following major prevention measures, including:

- Extend the Spring Festival holiday and require employees to return to work group by group;
- Allow employees to work at home according to their own situations;
- Require employees to check body temperature every day and keep good personal hygiene;
- Purchase and prepare enough pandemic prevention supplies (such as masks and disinfectors) and necessary protective articles;
- Keep the office environment clean and disinfect the workplace (especially the frequently contacted equipment) regularly;
- Require employees to wear surgical masks most of time when working in the office;
- Keep proper social distance and stagger the time to have lunch; and
- Track the history of outbound travel and health condition of employees and their immediate family members. For example, the employee stays at home, seeks for medical care and reports to relevant department for record when he/she feels unwell or has symptoms related to COVID-19.

During the Reporting Period, the Group complied with relevant laws and regulations on occupational health and safety, and did not find any major accidents, major claims or lawsuits related to health and safety.

Occupational health and safety	2020
Number of work-related deaths in the past three years	0
Rate of work-related death	0
Number of work-related injuries	0
Number of working days lost due to work-related injury	0

OUR EMPLOYEES

DEVELOPMENT AND TRAINING

The Group lays emphasis on employees' comprehensive quality and dedicates to fostering professional and excellent employees to upgrade their professional knowledge, skills and working abilities. We have developed a set of employee training management systems and built a professional and excellent staff team with overall quality to meet the rapid changes in the industry and maintain the competitiveness of the Group. In line with needs from employees of different ranks, we provide extensive internal and external trainings and career development opportunities and encourage employees to keep continuous learning and further study in their professions to achieve business objectives and conform to long-term business development strategies whilst promoting their personal development.

**Induction training
for new employees**

**Special training
for positions**

Universal training

The Group conducts induction training for each new employee, mainly covering corporate introduction, corporate culture, occupational quality, organisational operation and various business trainings to help them to know the Company's background and their job requirements and adapt to the new working environment. Regarding professional training for jobs and business, we focus on the cultivation of employees in different business departments and provide suitable business-oriented professional training according to employees' functions (such as content production, advertising operation, editing, scriptwriting and directing) so that employees can apply their professional knowledge learned in the training to work to improve efficiency and quality. In addition, we provide training for certificate requirements, organise employees to obtain relevant certificates and help employees with career development and planning to cultivate more professionals for the enterprise. With respect to training for middle and high-level employees, we attach more importance to the role cognition, leadership and management ability of managers. For the relevant training, external professionals are engaged to deliver knowledge to ensure the quality of training and to lead and train a high-quality work team.

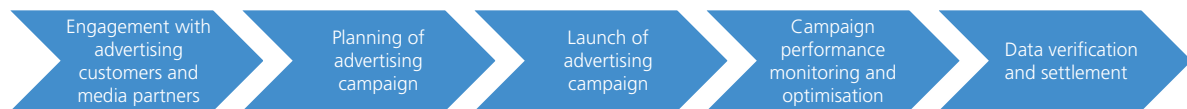
The general staff training is mainly conducted in the form of knowledge sharing, and is divided into independent training for each department, open training and all-staff training, covering data analysis, professional skills, financial knowledge, network protection and control and the use of network tools, etc., providing all-round fundamental application skills, in a bid to improve basic skills of employees beyond professional knowledge and make business operation be carried out smoothly and effectively.

OUR SERVICES

As the third-largest online marketing solutions provider in China, the Group is committed to providing high-quality, innovative and diversified online marketing solutions and content production to meet customers' needs of marketing and publicity service. The Group values business integrity and strives to maintain good business ethics standards, and adopts a zero-tolerance attitude towards any form of bribery, fraud and corruption, so as to fulfil corporate responsibilities and maintain market fairness, stability, and long-term healthy development as well as sustainable development.

SERVICE QUALITY

We provide integrated services, comprising creative design, production, programmatic precise distribution, performance tracking and reporting of short video marketing content, to help customers improve the efficiency of product marketing and strengthen their market competitiveness. Our full cycle services can produce original content for advertisers, especially short videos; promote the content exchange between advertisers and content providers, and provide advertising customers with high-quality and high-traffic online publishers, and distribute content to Internet users, making them most likely to be exposed to target audiences and achieving their marketing goals more efficiently. To meet the needs of customers in specific industries and groups, we provide customised, agile, and intelligent vertical marketing services with specific functions for a wide array of industry verticals including online gaming, financial services, e-commerce, internet services and tools, etc.



At the initial stage of discussing cooperation with customers, we will conduct internal reviews of potential customers' business qualifications, industry reputation, credit history and financial status to avoid our operational risks. We only enter into annual framework agreements and contracts with potential customers who have passed our review and assist advertisers and media partners to open accounts on online publishers. After confirming prices and signing advertising campaign orders with advertisers, we will determine target audiences and the time and duration of the campaign, plan and produce ad creatives and set campaign parameters according to the client's advertising budget, effectiveness, performance indicators and other requirements. After launching the advertising campaign, we and the target online publisher obtain traffic and bid for advertising inventory, and then advertise to target audiences, and deliver it to target audiences according to the parameters of the campaign. By receiving an array of raw data (including ad performance data and user behaviour data) from the online publisher in a real-time connection with the API, or operating the advertiser's account on the online publisher, aided by our proprietary DMP and AI technical support, the big data analytics aims to help us accurately analyse the audience groups for our customers, continue to monitor, analyse and review ad performance data and optimise the campaign performance.

OUR SERVICES

SERVICE QUALITY (Continued)

We have an in-house video production team of 120 people, including screenwriters, directors, editors and other professionals in different fields and post-production crew to produce customised, appealing and attention catching ad creatives and original short video content to improve the marketing efficiency of our advertisers. The video production team produces nearly 7,400 short videos every month. We will design the creative concept of the advertising campaign according to the specific requirements of the advertiser, and then the concept will be transformed into a script by the in-house screenwriter. After that, we hire actors or sometimes talented internal employees to star in our videos and shoot them. Our in-house director will coordinate with other production crew (such as camera and lighting) to produce alternative shots and scenarios to be selected for inclusion in the final video. After the filming, the director will work with our in-house editors and post-production crew to select scenes to assemble to the final video, including video and sound editing, creating and recording music, adding special effects and colour grading. Our legal and compliance department will review relevant content to ensure that we comply with applicable laws and regulations, ethical standards, and internal policies of relevant online publishers. Advertising needs to be reviewed and approved by advertisers and online publishers.

As for the pan-entertainment content service business, we operate the Huabian Platform, a pan-entertainment content platform, to display and distribute diversified pan-entertainment articles and pictures to visitors and internet users, attract visitors to browse and generate high traffic, and provide advertising spaces to third-party ad networks (such as Sogou) and advertisers, reach more potential customers to help promote advertisers' products or services. *Idol Answers* and *Hippie Entertainment*, the Group's two short video pan-entertainment KOL programs, produce high-quality and attractive content for audiences and advertisers, such as short videos, film and television stars interview programs, and entertainment news programs. The short video content provides advertisers with product placement opportunities to promote their products or services, so as to help advertisers improve marketing efficiency. We sign electronic agreements with professional media, talent agencies, and content providers of self-media accounts registered on our Huabian Platform to ensure that they will not publish illegal or improper content through our Huabian Platform. We strictly implement content scrutiny procedures, and use algorithms to screen text based on pre-set keywords, and use AI to identify illegal or improper images to help screen out a large number of non-compliant content and mark the suspicious content remained to allow the content management team to conduct manual review, ensuring that only high-quality and proper content is displayed on our Huabian Platform.

Through the above management procedures and measures, the Group believes that this will help us comply with relevant laws and regulations (e.g. the Law of the PRC on Product Quality, the Law of the PRC on the Protection of Consumer Rights and Interests, the Company Law of the PRC and the Contract Law of the PRC, etc.) while providing high-quality and customised services, so as to help target customers acquire, convert and retain consumers in a more effective and efficient manner, and to avoid compensation to consumers due to product quality problems, which causes damages to the finance and corporate brands of the Group. During the Reporting Period, the Group has complied with relevant laws and regulations and no non-compliance cases related to service quality were found.

Feedback Management

Customers can submit complaints, suggestions and opinions on our services to our legal and compliance department via email. The legal department will conduct internal investigations on the issues raised by customers and return the results to customers in a timely manner. During the Reporting Period, the Group did not receive any complaints about products and services.

OUR SERVICES

ADVERTISING PROMOTION AND COMPLIANCE

The Group strictly complies with the *Advertisement Law of the PRC*, the *Interim Measures on Internet Advertisement* and the *Administrative Regulations on Radio and Television* and other relevant laws and regulations. Such laws and regulations require the Group to standardize the authenticity and legality of the released advertising content, ensure proper competition in advertising and protect consumers' legal rights and interests. If the relevant provisions are not followed, the Group shall assume civil and criminal liabilities according to laws, which will have material and adverse impacts on the operations and brands of the Group. The Group has adopted a series of management measures to ensure that the advertising content which is produced or distributed by us is true, accurate and lawful. Before reaching advertising customers, we will conduct basic background check. For the advertising content related to certain types of products and services, such as alcohol, cosmetics, medicines and medical procedures, we must confirm that advertisers have obtained the necessary government approvals, including such information as business qualification, quality inspection certificates of advertising products, government pre-approval of the relevant content of the advertisements, and record filed with local government agencies. In the contracts, we also clearly require our advertising agencies to declare to us that they ensure that their advertisements comply with all applicable laws and regulations. At the same time, when making online marketing solutions, through algorithm-based screening and manual review, the internal advertising content produced in-house by us and advertising customers is reviewed to ensure that the advertising content is not false, fraudulent or misleading, free of improper use of words and infringement and other misbehaviours. If we find the above-mentioned problems in the process of distributing advertisements, we will communicate with customers in a timely manner, and verify and modify the content of the advertisements to ensure compliance with relevant laws and regulations.

INTELLECTUAL PROPERTY RIGHTS

The Group knows that the protection of intellectual property rights is of vital importance to our success and competitiveness. The Group has complied with the *Copyright Law of the PRC*, the *Computer Software Protection Regulations*, the *Computer Software Copyright Registration Measures*, the *Trademark Law of the PRC*, the *Patent Law of the PRC*, the *Administrative Measures for Internet Domain Names*, to prevent our intellectual property rights from being infringed by any unauthorized third party or our infringement of the intellectual property right of other related parties to result in lawsuits or claims against us. The potential lawsuits will have material and adverse impacts on our business, financial situation and operation performance. Given all this, the Group has implemented measures to protect the intellectual property rights of our data assets, proprietary technologies, and software copyright¹. For example, when we enter into an annual framework agreement with advertising customers, we clearly specify the ownership and terms of use of intellectual property rights, and communicate with customers to confirm that the intellectual property rights of the advertising content we produce belong to us, and the advertising customers only have the right to allow the content to be used in advertising campaigns launched or managed by us to reduce the risk of infringement upon intellectual property rights. In addition, to maintain the exclusive rights of our intellectual property rights and prevent unauthorised use of the Group's intellectual property rights, the Group also specifies the confidentiality clauses about the ownership of intellectual property rights in the Employee Handbook, stipulating that employees shall not disclose or transfer to any third parties, publish or apply any business secrets and confidential information outside the Group without our written consent whether they are employed by or have left the Company. As of 31 December 2020, the Group owned or jointly owned 39 registered trademarks in China, 8 registered trademarks in Hong Kong, 54 registered software copyrights and 25 registered domain names.

¹ The Group's intellectual property assets include: data assets, proprietary technologies, software copyrights, registered trademarks, computer software, copyrights and domain names.

OUR SERVICES

DATA PRIVACY AND SECURITY

In order to ensure user information security and comply with China's laws and regulations related to data privacy and security, such as the *Network Security Law of the PRC* and the *Measures for Data Security Management*, the Group has formulated the *Database Protection Mechanism* and the *Administrative Regulations for Information Confidentiality* and taken a number of measures to standardise the handling and management of its confidential information procedures and rules to ensure the security of data assets and customer information, and in the meantime, prevent loss of customer sources, reduced use of services, brand damage, etc. as the result of improper use or disclosure of data, causing adverse impact on our finance.

The Group's data assets are encrypted and stored on our firewall-protected cloud-based servers in Shanghai and Zhejiang Province, and we back up our data assets every day. We regularly conduct data recovery tests to check the status of the backup system. We strictly limit the scope of the data that each employee is authorised to access based on his/her seniority and function. We keep detailed records of access log, and conduct regular reviews. We have also designated experienced employees to be responsible for data protection and monitoring the operation of our IT infrastructure to ensure its security, reliability and stability. To prevent the system from being invaded by hackers, we have put in place multiple security measures for our internal network to isolate the database from unauthorised access, and use complicated security procedures for internal and external communication and transmission of encrypted data. We also use firewalls to prevent unauthorised access to our systems. Furthermore, we also have an automatic monitoring system to monitor the key indicators of our business operations and IT infrastructure, and an alarm is triggered when any indicator exceeds the safety limit, so that we can quickly respond to emergencies. In addition, a variety of data backup methods, including MySQL and incremental backup, as well as local backup and cloud backup, are used to ensure the security of our data and avoid data loss. We provide employees with data protection training from time to time, and have entered into confidentiality agreements with employees to prevent improper use or disclosure of data.

The Group has operated two websites (namely, Huabian Platform and hepai.video), which involve online data-related activities for the collection, storage and use of website user data. The user information collection system on the website uses encrypted transmission to ensure the security of information submitted by users online. User registration information can only be accessed by our specific department specialists, and the security of account passwords must be properly managed. Disclosure to other unauthorised persons by means of borrowing, helping or any other forms is prohibited.

In terms of risk management measures for information systems, we require our employees to update the power-on password every two months. The password contains at least eight numbers, characters and special symbols to prevent it from being cracked. We also require employees to be responsible for encrypting confidential data and documents in their daily work. The heads of each department are responsible for managing the passwords for encrypted data and documents. Double encryption is used to prevent important information from being divulged. We assign specific employees to check and update the password on a quarterly basis. To prevent computer virus, we conduct regular health checks for software, and use an anti-virus software built into the operating system to provide comprehensive, continuous and real-time protection, to protect our information system against threats from computer viruses, malware, spyware, and other software.

During the Reporting Period, the Group did not identify any non-compliance with laws and regulations related to data privacy.

ANTI-CORRUPTION

In order to advocate a clean corporate culture and safeguard the Company's legal rights and interests, the Group has established a rigorous anti-corruption management system and internal rules to regulate business operations and employee behaviours in terms of anti-corruption, anti-money laundering, confidentiality of business information, declaration of conflicts of interest, and elimination of improper transactions. As stipulated in the *Employee Code of Conduct*, *Integrity Clause* and *Confidentiality Obligation* in the *Employee Handbook*, as well as the *Code of Professional Ethics and Business Conduct*, the Group requires employees to strictly abide by business ethics when performing their duties to maintain a high-integrity working environment. Among them, the Group strictly prohibits employees from directly or indirectly accepting entertainment, banquets and gifts or money from customers or partners. If, for the sake of the maintenance of courtesy and business partnership, the relevant gifts that cannot be immediately rejected should be reported and handed over to the human resources department for processing, to show fairness and integrity. Except for the consent and authorisation from the Company's management or legal requirements, employees must keep all confidential information confidential to protect the interests of the Group and prevent unfair competition or improper use of inside information or utilise their powers to seek their own interests from business transactions.

The Group has also formulated the *Measures for Anti-Money Laundering Management* to minimise the risk of anti-money laundering in its daily operations. Our Audit Department and Risk Management Department are responsible for implementing and supervising the anti-money laundering internal control system. We emphasised the identification of customers in the *Measures for Anti-Money Laundering Management*. When the Group signs financial business contracts with customers, all customers are requested to go through strict identification procedures to ensure the authenticity, integrity and security of their identity information. The Group will also assign risk levels to customers based on factors such as industry, geographic location and identity. For customers from countries (regions) with weak supervision over anti-money laundering and anti-terrorist financing activities and customers with high risk levels, we adopt more stringent and frequent audits. If the customer's identity is suspicious, like being suspected of being involved in terrorist activities, having the same name as a financial criminal, etc., his/her identity will be re-reviewed carefully. Once any suspicious persons or transactions are found, the Risk Management Department will report to the Board and China Anti-Money Laundering Monitoring and Analysis Centre (if necessary). The Audit Department will also conduct regular internal reviews on anti-money laundering to eliminate any possibility of corruption and bribery.

OUR SERVICES

ANTI-CORRUPTION (Continued)

The Group has also set up reporting channels to encourage all employees and stakeholders to report any suspected or actual violations of professional ethics and corruption cases to the legal department. When the legal department receives the reported case, it will file the case for investigation to verify the reported case. All report materials of reported cases will be kept confidential, and all report materials, records and investigation results will be properly recorded and handled after the case is investigated. Relevant investigation results and work reports will be reported to the Board. Once a corruption case is confirmed, the Group will immediately take appropriate remedial measures and evaluate their effectiveness and internal control procedures to avoid the recurrence of corruption cases. Moreover, the punishment results will be discussed with the management, and appropriate disciplinary actions taken against the offenders, and the investigation results may be reported to internal and external third parties and law enforcement agencies when necessary.

During the Reporting Period, the Group has complied with relevant applicable laws and regulations, such as the *Prevention of Bribery Ordinance* (Cap. 201 of the Laws of Hong Kong) and the *Anti-Money Laundering and Counter-Terrorist Financing Ordinance* (Cap. 615 of the Laws of Hong Kong), the *Criminal Law of the PRC*, the *Anti-Unfair Competition Law of the PRC* and the *Anti-Money Laundering Law of the PRC*, to avoid adverse impacts on our operations, business and finance due to disciplinary punishments or restrictions on related parts of our business imposed by government authorities and relevant financial regulators. The Group has not found any violation of relevant laws and regulations on bribery, extortion, fraud and money laundering activities, nor has it filed and concluded any corruption lawsuits against the Group or its employees.

SUPPLY CHAIN MANAGEMENT

The Group recognises that maintaining close cooperation with our business partners (media partners, including online publishers and media agents which engage with us on behalf of online publishers, third-party content distribution partners bringing and importing traffic to our Huabian Platform, as well as suppliers of supplies required for daily operations and professional services providers) is one of the key factors for business success and helps us maintain a high-quality level of service.

The Group has formulated the *Procurement Management System*, which aims to regulate the management of suppliers, provide clear regulations and implement monitoring on procurement procedures, bidding procedures, and contract signing procedures to optimise procurement costs, improve efficiency and product service quality, comply with the *Anti-Monopoly Law of the PRC*, and maintain fair and open competition. We will select and hire suppliers by adopting agreement procurement, bidding procurement, negotiation procurement, and inquiry procurement methods, making comparisons (except for the procurement of some customised products), and taking into account the suppliers' corporate qualifications and the track records of supply/service quality of relevant companies, legal compliance, credit level and financial stability to assess their qualifications and capabilities. The Group will follow the provisions of the *Contract Management System* and sign procurement contracts with all suppliers. The contracts specify the contract terms, the rights and obligations of both parties, and the liabilities for breach of contract, and require mutual compliance in the business cooperation between the two parties. We attach great importance to business ethics and integrity, and maintain long-term cooperative relationships with suppliers and media partners and agencies. We strictly prohibit suppliers from providing any benefits or gifts to employees.

OUR SERVICES

SUPPLY CHAIN MANAGEMENT (Continued)

As of 31 December 2020, the Group employed a total of 174 major suppliers (media partners) in China to support our business development. The following table shows the number of suppliers by type and region:

By type		Number of suppliers	
Online publishers			9
Media agents			165

Number of suppliers by region			
Province/region	Number of suppliers	Province/region	Number of suppliers
Shanghai City	58	Henan Province	1
Beijing City	43	Jiangsu Province	7
Tianjin City	8	Jiangxi Province	3
Chongqing City	1	Shandong Province	1
Anhui Province	1	Shaanxi Province	1
Sichuan Province	2	Hubei Province	5
Fujian Province	1	Hunan Province	1
Guangdong Province	25	Tibet Autonomous Region	1
Heilongjiang Province	1	Xinjiang Uygur Autonomous Region	2
Hainan Province	4	Hong Kong	1
Zhejiang Province	7		

OUR ENVIRONMENT

The Group is fully aware of its corporate responsibilities in environmental protection, and is committed to fulfilling the concept of green operation, focusing on energy conservation and emission reduction in overall operations, reducing adverse effects on the environment, and using resources in a responsible manner to protect the environment. Although the Group is a short video marketing solutions provider and online entertainment platform, our own business operations have a relatively low impact on the environment. Nevertheless, the Group is dedicated to practicing the concept of green operations and has implemented green office initiatives in various business segments to increase employees' environmental awareness to reduce greenhouse gas emissions, properly dispose of waste, optimise the use of resources and other materials, and reduce the environmental footprint of overall operations.

The Group has complied with the *Environmental Protection Law of the PRC*, the *Air Pollution Prevention and Control Law of the PRC*, the *Water Pollution Prevention and Control Law of the PRC*, the *Law of the PRC on the Prevention and Control of Solid Waste Pollution*, the *Law on Energy Conservation of the PRC* and other relevant laws and regulations. Since the Group operates mostly in offices, such environmental laws and regulations did not have material impacts on the Group. During the Reporting Period, the Group did not identify any violations of relevant laws and regulations regarding greenhouse gas emissions, air, water and land pollution, and the generation of hazardous waste and non-hazardous waste.

EMISSION MANAGEMENT

In view of the nature of the Group's business, the Group's operations are mainly carried out in the office area and the Group did not use vehicles during the Reporting Period. Therefore, there was no source of air pollutants generated during the operation, and the relevant data is not disclosed in this Report.

WASTE MANAGEMENT

The Group is dedicated to adopting the 4R principles ("Reduce", "Reuse", "Replace" and "Recycle") in its daily operations to reduce waste from the source and optimise the use of resources and materials to avoid wasting resources.

Hazardous Wastes

The hazardous wastes generated during the Group's operations mainly include ink cartridges, waste batteries, waste lamps and old electronic products. All hazardous wastes generated will be handed over to service providers and the property management company for collection and recycling. As the amount of hazardous wastes generated is limited and the Group believes that the hazardous wastes generated from operations during the current year have relatively slight impact on the environment, the relevant data will not be disclosed.

OUR ENVIRONMENT

WASTE MANAGEMENT (Continued)

Non-hazardous Wastes

The non-hazardous wastes generated by the Group mainly include household garbage, paper, glass bottles and plastics. Therefore, the Group strictly implements garbage classification according to local requirements: dry garbage, wet garbage and recyclable garbage. Recyclable waste will be properly classified and handed over to the property management company for collection and recycling.

The Group has taken measures to reduce waste at source, such as:

- Implement double-sided printing, reuse single-sided printing paper, and place waste paper recycling bins next to photocopiers and printers for recycling;
- Use computer technology and communication equipment to share information or for internal communication and document circulation, reducing paper printing;
- Use reusable products (single-sided paper, envelopes, file folders, paper bags and plastic bags);
- Reduce disposable items (such as stationery, paper cups, tissues and paper towels, etc.); and
- Divide recyclable wastes into five categories: plastic bottles, aluminium cans, stationery, plastics and cartons to be collected and recycled.

USE OF RESOURCES

The major resources used in the Group's daily operations are electricity, water and paper. The Group is committed to improving the efficiency of the use of resources to achieve green operations. We also instil the awareness of resource conservation and environmental protection in our employees and business partners, so that we can work together in business activities to optimise the use of resources and reduce the adverse impact on the environment.

OUR ENVIRONMENT

USE OF RESOURCES (Continued)

Energy Use and Greenhouse Gas Emission Management

The main energy consumption of the Group is electricity use. The Group has formulated office management methods and energy-saving measures, and made use of administrative, technical and equipment upgrades to save energy. The Group improves employees' environmental awareness in daily operations, and properly manages our energy consumption, thereby reducing greenhouse gas emissions during the overall operations. The key measures include but are not limited to:

- Post "environmental protection messages" on office equipment and workplaces, such as reminding employees to turn off lights when leaving, to further enhance employees' environmental awareness;
- The internal communication app reminds employees to turn off the lighting system, air-conditioning system and computer-related equipment when they leave the office for a long time or get off work;
- Make full use of natural light during office hours to reduce the energy consumption of lighting equipment;
- When natural ventilation can be used in the office area, minimise the use of air conditioners;
- Maintain the indoor temperature at a comfortable energy-saving level of 24~26°C;
- Switch to more energy-efficient lighting, such as using LED tubes and compact fluorescent lamps in offices;
- Procure, use and switch to more energy-efficient electrical appliances (such as those with first-level certification of China's energy efficiency label) to reduce electricity consumption;
- Encourage employees to use public transportation; and
- Use video conference calls to avoid unnecessary travel arrangements.

OUR ENVIRONMENT

USE OF RESOURCES (Continued)

Use of Water Resources

The water resources used mainly include the domestic water used in our daily office operations. We encourage all employees to develop the habit of saving water. There are water conservation signs posted in the tea room and toilets, reminding employees to turn off the taps after using water, so as to reduce water waste and strengthen employees' responsibilities and awareness of water conservation in this regard. During the Reporting Period, as the water used in the operations of the Group was supplied by the property management company, the Group did not encounter any problems in obtaining suitable water sources.

Use of Paper

The Group advocates paperless office, and reduces printing and paper consumption by using the OA system and computer technology applications for internal communication, storage of documents and document circulation. We adjust the printer to the double-sided printing model as a permanent state, and require employees to implement the principle of "thinking it over before printing" and carefully select the documents to be printed. When copying or printing documents, efforts must be made to print on both sides. The Group also encourages the reuse of paper printed on one side and puts the waste paper with both sides used into the recycling bin for recycling.

COMMUNITY INVESTMENT

The Group is fully aware of its responsibilities as a corporate citizen, giving back to society and using it for society while taking it from society. At the stage of formulating a community investment policy suitable for the Group, we are committed to using our expertise and resources to promote the young generation to join the short video industry and help with the sustainable development of the short video industry. We also encourage employees to actively participate in various volunteer services and charitable activities, and care for those in need in the community. The details will be released in the future ESG reports.

OUTLOOK

The Group will continue to comply with the requirements for ESG reports of the Stock Exchange, and enhance the leadership, accountability and the Board's participation on ESG issues. The Group will also set up a corporate governance structure necessary for sustainable development, define ESG goals and formulate overall policies. All ESG issues will be directly reported to the Board, to boost the participation and leadership of the Board, and raise the Group's attention to ESG issues.

In terms of business, we will continue to invest more resources, expand our professional team, and seek to diversify the media partner base in order to provide our customers with more large-scale and more efficient technical and creative services. With the upgrade of the internet infrastructure in other markets, if there are suitable commercialisation opportunities, we will increase investment in international business and work closely with our partners to replicate and apply our technology, knowledge and capabilities to these markets. In terms of internal technology, as the fifth-generation mobile communication technology ("5G") is commercialising, we are closely following technological development, accelerating the upgrade of programmatic advertising and management platforms, cooperating closely on AI technology engineering R&D, and continuing to enhance big data analytics and AI capabilities to improve service quality and customer experience.

Finally, the Group will continue to assume its social responsibility. While promoting economic development, it will also increase investment in all aspects of the community. With leveraging our own resources, we will organise more training courses to train professionals in related industries and actively approach toward the community. We will provide short video related training courses to community groups and the public, especially the elderly, to boost the awareness and participation of short video technology. We strive to fulfil the social value of the Company, achieve the goal of sustainable development, and share economic results with the community so as to give back to society.

PERFORMANCE DATA SUMMARY

ENVIRONMENTAL PERFORMANCE

	Unit	2020 ¹
Greenhouse Gas Emissions²		
Direct Emissions (Scope 1) ³	tCO ₂ e	0
Indirect Energy Emission (Scope 2) ⁴	tCO ₂ e	128.66
Other Indirect Greenhouse Gas Emissions (Scope 3) ⁵	tCO ₂ e	112.24
Total Greenhouse Gas Emissions	tCO ₂ e	240.90
Intensity⁶	tCO ₂ e/full-time employee	0.33
Use of Resources		
Energy		
Electricity	MWh	152.04
Intensity	MWh/full-time employee	0.39
Water	m ³	2,116.67
Intensity	m ³ /full-time employee	5.43
Paper	kilogram ("kg")	1,148.86
Intensity	kg/full-time employee	2.95

SOCIAL PERFORMANCE

	Unit	2020
Employee Data⁷		
Total workforce	Number of people	390
Number of employees by gender		
Male	Number of people	188
Female	Number of people	202
Number of employees by age group		
<30	Number of people	270
30-50	Number of people	119
>50	Number of people	1
Number of employees by employment type		
Full-time	Number of people	390
Part-time	Number of people	0
Number of employees by employee category		
Management	Number of people	4
Operation	Number of people	118
Content production	Number of people	120
Sales and Marketing	Number of people	72
Research and Development	Number of people	39
Finance and Administration	Number of people	37
Number of employees by geographical region		
China	Number of people	390

PERFORMANCE DATA SUMMARY

SOCIAL PERFORMANCE (Continued)

	Unit	2020
Employee Turnover Rate		
By gender		
Male	%	34.5
Female	%	34.6
By age group		
<30	%	39.6
30-50	%	19.6
>50	%	0
By geographical region		
China	%	34.6
Employee Training⁹		
Total percentage of employees trained	%	97
Total training hours of employees	Hours	10,731
The percentage of employees trained by gender		
Male	%	100
Female	%	95
The percentage of employees trained by employee category¹⁰		
Management	%	58.3
Operation	%	144.3
Content production	%	89.5
Sales and Marketing	%	73.2
Research and Development	%	62.0
Finance and Administration	%	35.5
The average training hours completed per employee by gender		
Male	Hours	13.6
Female	Hours	13.8
The average training hours completed per employee by employee category		
Management	Hours	5.3
Operation	Hours	25.8
Content production	Hours	12.8
Sales and Marketing	Hours	3.9
Research and Development	Hours	3.5
Finance and Administration	Hours	2.3

PERFORMANCE DATA SUMMARY

SOCIAL PERFORMANCE (Continued)

	Unit	2020
Occupational Health and Safety		
Number of work-related fatalities in the past three years	Number of people	0
Rate of work-related fatalities	%	0
Number of work-related injuries	Number of people	0
Lost days due to work-related injury	Days	0
Number of suppliers¹¹		
China	Number	174
Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the Group or its employees	Number of case	0

Notes:

- The Group is primarily engaged in online marketing solutions business and pan-entertainment content services business. As we are not engaged in manufacturing, we do not use any packaging materials. The amount of hazardous waste generated by the Group's business is limited, and the Group considers that the adverse impact on the environment of hazardous waste generated by its operation this year is relatively slight, so the relevant data will not be disclosed. Non-hazardous wastes are mainly collected and disposed of by the property management company, so we do not have quantitative waste data for disclosure. As at 31 December 2020, the number of employees was 390. The relevant data will be used in the calculation of intensity.
- The data are calculated by reference to the *GHG Protocol Corporate Accounting and Reporting Standard* issued by the World Business Council for Sustainable Development and *How to Prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs* issued by the Stock Exchange, and the *Guidelines of the Greenhouse Gas Emissions Accounting and Reporting for the Public Building Operation Enterprises (Trial)* issued by the General Office of the National Development and Reform Commission.
- Scope 1 Emissions refer to direct greenhouse gas emissions from combustion of fuel in mobile sources controlled by the Group.
- Scope 2 Emissions refer to indirect greenhouse gas emissions from energy generated by the use of electricity purchased from local power companies. The calculation is based on the 2017 Emission Factors for Purchased Electricity in Mainland China (Baseline Emission Factors of China's Regional Power Grid for 2017 emission reduction projects) issued by the Ministry of Ecology and Environment of the PRC.
- Scope 3 Emissions only include other indirect greenhouse gas emissions generated by business travels of the Group's employees.
- The intensity of greenhouse gas emissions equals the sum of Scope 1 and Scope 2 emissions divided by the intensity unit.
- The number of employees is calculated based on the number of employees of the Group as at the end of the Reporting Period.
- The employee turnover rate equals the total number of employee turnover in corresponding gender group divided by the total number of employees in the gender group.
- The employee turnover rate equals the total number of employee turnover in corresponding age group divided by the total number of employees in the age group.
- The percentage of employees trained exceeded 100% is mainly due to the employee turnover rate during the Reporting Period. Training courses for employees include training for new employees, business-oriented professional training, training for industry-related certification, and leadership training for the management.
- This number only includes major suppliers (media partners) of business operations.

GLOSSARY OF TECHNICAL TERMS

“ad performance”	advertising performance, the outcome of advertisements, such as downloads, installs, clicks or conversion rate of target consumers
“advertiser”	any persons, companies, organisations which advertise their brands, products and services through placing advertisements
“advertising agency”	an intermediary service provider in the online marketing industry acting as an agent to engage online publishers on behalf of advertisers to market their products and/or brands
“advertising space”	the space on websites or mobile apps available for advertisements, the price of which varies due to the specific location
“AI”	artificial intelligence
“API”	application programming interface, a set of routines, protocols and tools for building software applications
“big data analytics”	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information that can help organisations make more informed business decisions
“DMP”	data management platform, a technology platform used for collecting and managing data, mainly for digital marketing purposes
“IP”	intellectual property
“KOL”	key opinion leaders
“MCN”	multi-channel network, an organisation that works with video platforms to offer assistance to a channel owner in areas such as product, programming, funding, cross-promotion, partner management, digital rights management, monetisation/sales, and/or audience development, in exchange for a percentage of ad revenue from the channel
“media agent”	an intermediary service provider in the online marketing industry which does not own any content distribution platforms and acts as an agent to sell ad inventories on behalf of online publishers
“pan-entertainment”	the broader scope of entertainment including but not limited to literature, music, film, video and other new forms of online and offline entertainment
“PGC”	professionally generated content, any form of content created by experts in the relevant fields and made available on online publishers
“PUGC”	professional user-generated content, produced by professional users, as complement to PGC and UGC

GLOSSARY OF TECHNICAL TERMS

“SaaS”	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
“short video platform”	a platform focusing on facilitating creation and sharing of short-form videos, which range from seconds to minutes in duration and easily shared and accessed across the mobile internet
“Supplier A”	Beijing Ocean Engine Internet Technology Co., Ltd.
“UGC”	user-generated content, created by users of online publishers and made available on such online publishers
“visitor”	a person who visits a site or mobile app or web page at least once within the certain period

ESG REPORTING GUIDE INDEX

ESG Reporting Guide		Chapter/Statement
A. Environmental		
A1 Emissions	General Disclosure Information on: (a) The policies; and (b) 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.	Our Environment–Emission Management Our Environment–Waste Management Our Environment–Use of Resources
KPI A1.1	The types of emissions and respective emissions data.	Performance Data Summary
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Our Environment–Emission Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Our Environment–Waste Management
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environment–Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Our Environment–Use of Resources

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KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Our Environment–Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, volume per production unit.	Performance Data Summary
A3 Environment and Natural Resources	<p>General Disclosure</p> <p>Policies on minimising the issuer’s significant impact on the environment and natural resources.</p>	As the business operations of the Group are mainly conducted in the office, the Group considers that the business does not involve any significant impact on the environment and natural resources, and therefore the Group will not disclose it
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	As the business operations of the Group are mainly conducted in the office, the Group considers that the business does not involve any significant impact on the environment and natural resources, and therefore the Group will not disclose it

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B. Social		
B1 Employment	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our Employees–Employment Practices and Labour Standards
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Performance Data Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary
B2 Health and Safety	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our Employees–Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Performance Data Summary
KPI B2.2	Lost days due to work-related injury.	Performance Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our Employees–Health and Safety
B3 Development and Training	General Disclosure Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Our employees–Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary
B4 Labour Standards	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our Employees–Employment Practices and Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Employees–Employment Practices and Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Employees–Employment Practices and Labour Standards

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B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Our Services–Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Performance Data Summary
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.	Our Services–Supply Chain Management
B6 Product Responsibility	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our Services–Service Quality Our Services–Advertising Promotion and Compliance Our Services–Data Privacy and Security Our Services–Intellectual Property Rights
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	No complaints relating to products and services were received during the Reporting Period
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our Services–Intellectual Property Rights
KPI B6.4	Description of quality assurance process and product recall procedures.	Our Services–Service Quality
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our Services–Data Privacy and Security
B7 Anti-corruption	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Our Services–Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding new corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Performance Data Summary
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Services–Anti-Corruption

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B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas (e.g. education, environmental issues, labour needs, health, culture, sports) of contribution.	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus areas.	Community Investment