



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

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

**2021**



# Contents

<b>APPROACH</b>	2
<b>ABOUT THIS REPORT</b>	4
Scope of the Report	4
Feedback	4
<b>ABOUT THE GROUP</b>	5
Our Business	5
Our Vision	5
Board of Directors	5
<b>OUR STAKEHOLDERS</b>	6
<b>ESG MANAGEMENT</b>	7
Materiality Assessment	8
<b>ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT</b>	9
Section A: Environmental	9
Emissions	9
Use of Resources	11
The Environment and Natural Resources	12
Climate Change	13
Section B: Social	14
Employment	14
Health and Safety	17
Development and Training	18
Labour Standards	19
Supply Chain Management	19
Product Responsibility	19
Anti-corruption	21
Community Investment	22
<b>ENVIRONMENTAL DATA</b>	23
<b>SOCIAL DATA</b>	25
<b>ESG REPORTING GUIDE &amp; REFERENCE</b>	29

# 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 People’s Republic of China (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.

This report is prepared based on the principles of “materiality”, “quantitative”, “balance” and “consistency”. The board (the “**Board**”) of directors (the “**Director(s)**”) has identified the material environmental, social and governance (“**ESG**”) issues from the annual materiality assessment exercise that involved the ESG working group. The ESG key performance indicator (“**KPI**”) data are presented in specific and measurable numbers.

Reporting principle	The Group’s response
Materiality	The Group reports on issues that are considered as posing significant impacts on environment and society and are important to stakeholders. The issues are presented together with Group’s management measures in the report.
Quantitative	The Group ensures the KPIs are measurable and accompanied by a narrative explaining its purpose, impacts and calculation methodology. The Group has also commissioned an independent consultant in assessing the carbon emissions in accordance with local and international guidelines.
Balance	The Group is committed to preparing the report on an unbiased basis. The Group ensures achievements the Group has made and the challenges it has faced are both reported.
Consistency	The Group is committed that consistent methodologies will be adopted in the future reports for meaningful comparison on the Group’s ESG performance.

## Approach *(Continued)*

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 2021 to 31 December 2021 (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 2021 to 31 December 2021.

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 2021.

## 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 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 2021 (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

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

### *Executive Directors*

**Mr. Wang Le**  
(Chairman)

**Mr. Chen Ying**

### *Non-executive Directors*

**Mr. Wang Ning**

**Mr. Liang Junhua**

### *Independent Non-Executive Directors*

**Mr. Leung Ming Shu**

**Mr. Choi Onward**

**Mr. Tang Shun Lam**

# 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.

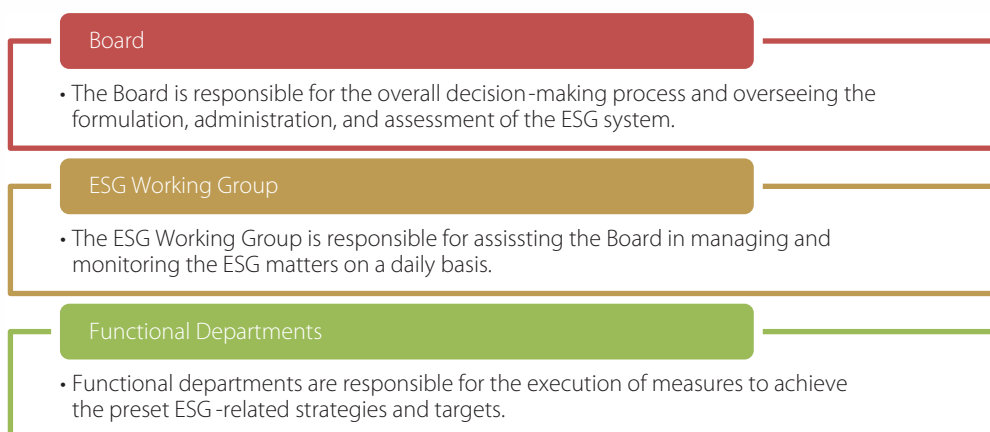
Stakeholders	Probable issues of concern	Communication and responses
<b>HKEx</b>	Compliance with listing rules	Website updates and announcements, discussion as necessary, emails and other correspondence.
<b>Government and regulatory bodies</b>	Compliance with laws and regulations, prevention of tax evasion, 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, and 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.

# ESG Management

As a responsible corporate citizen, we value the concept of sustainability and have been actively fulfilling our corporate social responsibilities. This ESG Report summarizes the strategy, practice and vision of our Group in respect of the issues related to ESG, and conveys a clear message of our Group's devotion for sustainability. To enhance our resilience and adaptive capacity to potential ESG-related risks and opportunities, all potential ESG issues are covered and evaluated in the annual assessment.

To facilitate an effective management of the ESG issues, the Group has established a governance structure. The Board has an overall responsibility for overseeing the Group's ESG-related risks and opportunities, establishing and adopting the ESG-related strategies and targets of the Group including setting KPI for environmental-related issues, reviewing the Group's performance annually against the ESG-related targets, and revising the ESG-related strategies as appropriate if significant variance from the ESG-related target is identified. The Group has set up an ESG working group which includes the senior management to support the Board in implementing ESG-related strategies and targets, and promoting the implementation of measures in relation to the ESG issues identified.

Based on the set goals and targets, the Board will continue to review the Group's progress in relation to ESG issues in order to build a more sustainable business and bring greater benefits for the society as a whole.



The Board is dedicated to improving and developing the ESG strategy which is acting in best interests of our stakeholders. Under the section "Our Stakeholders", the mechanism and the idea of stakeholders' involvement in developing our ESG strategy are clearly stated.

This ESG Report was approved by the Board of the Company on 30 May 2022. For details of the corporate governance of the Company, please refer to the "Corporate Governance Report" on pages 41 to 55 of the annual report of the Company for the year ended 31 December 2021.



## ESG Management *(Continued)*

### Materiality Assessment

During the annual assessment of ESG strategy and development, the Board and management would discuss and review the areas of attention especially concerned by our stakeholders which will help the business meet the potential growth and be prepared for the future challenges.

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 table below summarizes the results of the materiality assessment on the identified material ESG issues:



# 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*

During the Reporting Year, the Group owns one vehicle and the air emission from the use of vehicle amounted to approximately 0.002436 tonnes of nitrogen oxides ("NO<sub>x</sub>"), 0.000086 tonnes of sulphur oxides ("SO<sub>x</sub>") and 0.000179 tonnes of particulate matters ("PM"). The intensity of air emission from the use of vehicle is 0.000076 tonnes of NO<sub>x</sub>, 0.000003 tonnes of SO<sub>x</sub> and 0.000006 tonnes of PM. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the air emission intensity between 90% to 120% of the level of baseline year ended 31 December 2021 in the next reporting year.

#### *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 41 tonnes (2020: 22 tonnes), with a corresponding emission intensity of approximately 1.27 tonnes (2020: 0.46 tonnes) per employee. The increase in GHG emissions intensity when compared to the previous reporting year was mainly due to the usage of newly acquired vehicle, business air travels, and also the decrease in the number of employees and thus an increase in total employee-based emission during the Reporting Year.

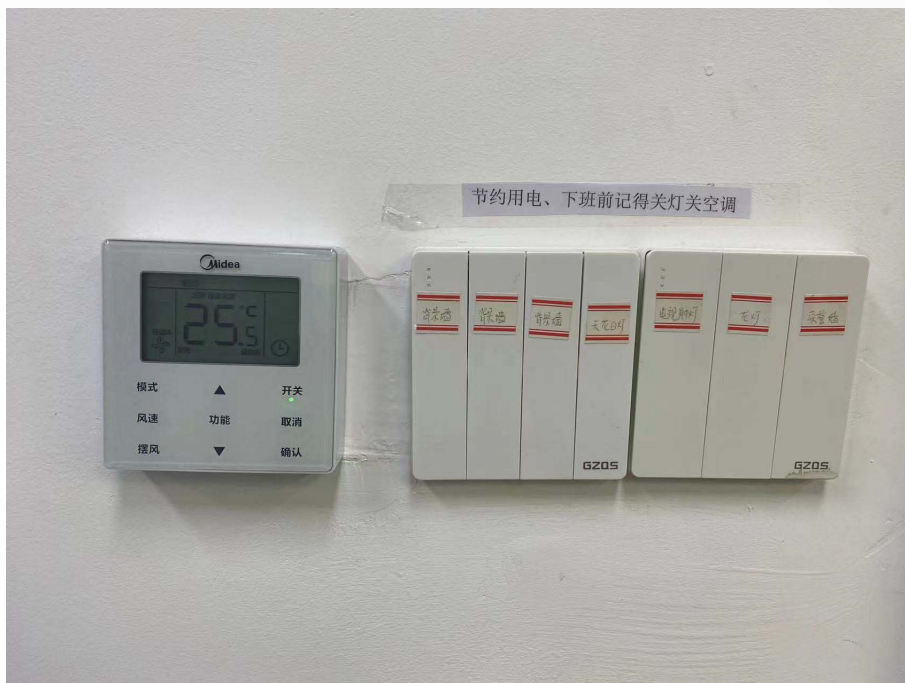
The Group's major sources of GHG emissions could be attributed to the indirect emission from electricity consumption<sup>2</sup>, which is regarded as scope 2 emission and accounted for approximately 56% of the GHG emissions (2020: 91%). Meanwhile, the indirect emission from paper waste disposed at landfills and the business air travel by employees accounted for approximately 6% (2020: 9%), which is regarded as scope 3 emission. Also, the Group has generated direct GHG emissions from the use of vehicle, which is regarded as scope 1 emission and accounted for approximately 38% (2020: 0%). To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the total greenhouse gas emission intensity between 90% to 120% of the level of baseline year ended 31 December 2021 in the next reporting year.

<sup>1</sup> The different intensity figures in this report were calculated per employee, which were 32 employees as at 31 December 2021 (2020: 48).

<sup>2</sup> The carbon emission factor in the PRC was set at 0.5810 according to the latest data published by the Ministry of Ecology and Environment, PRC.

## 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 0.35 tonnes (2020: 0.40 tonnes), with a corresponding intensity of 0.011 tonnes (2020: 0.008 tonnes) per employee. Although the total amount of non-hazardous waste produced decreased, the respective intensity increased due to the aforementioned reason which is the decrease in the number of employees during the Reporting Year. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the total non-hazardous waste intensity between 90% to 120% of the level of baseline year ended 31 December 2021 in the next reporting year.

## 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 38,973 kWh (2020: 25,100 kWh), with a consumption intensity of approximately 1,218 kWh per employee (2020: 523 kWh). The increase in the energy consumption and the respective intensity during the Reporting Year was due to the easing of the coronavirus diseases 2019 ("COVID-19") and the resumption of work in office which required more electricity consumption, and also the aforementioned reason of the decrease in the number of employees.

# 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. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the total electricity consumption intensity between 90% to 130% of the level of baseline year ended 31 December 2021 in the next reporting year. 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)*

## Climate Change

The Group reviews and identifies the climate-related risk annually while conducting the risk assessment. We have considered the potential climate-related risks in respect of the recommendations of the Task Force on Climate-related Financial Disclosure, which are the physical risks such as acute extreme weather conditions, chronic sustained high temperature, and transition risks such as regulatory change on environmental matters, and the potential climate-related risks are summarised as below:

Risk Type	Risks	Potential Financial Impact	Short	Medium	Long	Mitigation Strategy
			(current reporting period)	(one to three years)	(four to ten years)	
Physical Risks	• Extreme weather conditions such as flooding and typhoon	• Reduced revenue from business and supply chain disruptions	✓	✓		• Established adverse weather condition policy
	• Sustained elevated temperature	• Reduced revenue from business and supply chain disruptions			✓	• Adopted energy conservation measures to avoid overconsumption of natural resources
	• Changes in environmental-related regulations	• Transitional Risks		✓	✓	• Adopted energy conservation measures to reduce emissions  • Continues to monitor the regulatory environment to ensure that the Group complied with the environmental-related law and regulation
	• Shift in consumer preference to products incorporating more environmentally-friendly concept	• Reduced demand for games and other contents, decreased competitiveness and impact on revenues			✓	• Adhere to the Group's sustainable development concept, strictly control the game and content production process and commit to produce high-quality products to meet the expectations of consumers and the market

# 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 2021, the Group was consisted of 32 employees. The detailed composition of our employees are as follows:

Employment	Percentage in 2021
<b>Employment type</b>	
<b>Gender</b>	
Male	44%
Female	56%
<b>Age Group</b>	
18–25	12%
26–35	19%
36–45	66%
46–55	3%
<b>Job position</b>	
Frontline	59%
Middle management	22%
Top management	19%
<b>Employment type</b>	
Full-time	97%
Temporary	3%

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. We believe that a harmonious workplace is beneficial to our employees' well-being, which in turn enhances their productivity at work.



# Environmental, Social and Governance Report *(Continued)*

## ***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.

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, the Group's overall turnover rate as at 31 December 2021 was 94%, with the average turnover rate by gender being 86% and 100% for male and female employees respectively. Meanwhile, the average turnover rate by age range being 200%, 167%, 53% and 100% for age 18–25, 26–35, 36–45 and 46–55 respectively. Also, the average turnover rate of PRC was 94%, while for Hong Kong was 0%<sup>3</sup>.

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<sup>3</sup> The turnover percentage of employees for the Reporting Year is disclosed in accordance with the "Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange, which was different from the method of monthly turnover rate adopted in the previous reporting year.

# Environmental, Social and Governance Report *(Continued)*

## 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.

During the Reporting Year, the Group recorded 1 case of work injury and no relevant lost days resulted from the said injury (2020: 0 case; 2019: 0 case). No work-related fatalities were recorded by the Group in the past three years including 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.

In the midst of the COVID-19, the Group has implemented all practicable preventive and protective measures to minimize occupational risk, including but not limited to encouraging the employees to wear surgical mask and remain social distancing, when necessary, and provision of sanitizers. The Group will pay close attention to the latest development and regularly reviews the measures implemented to ensure the measures are effective.

# 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.

Within the Group, about 75% of the employees had took part in training sessions during the Reporting Year. Among them, 29% and 71% of the employees who took part in training is male and female respectively. The breakdown of the frontline staff, middle-management and top management who took part in the training sessions is 75%, 17% and 8% respectively.

During the Reporting Year, the Group has offered a total of 532 hours of training to its employees. Each of the trained employees received an average of 17 hours of trainings. The Group offered an average of 1 hour and 29 hours of training to male and female employees respectively; while an average of 9 hours, 10 hours and 48 hours of training were provided to frontline staff, middle-management and top management respectively.

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. Suppliers who consider the environmental and social compliance would be more favorable to be accepted as approved suppliers. 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 2021, the Group has engaged 42 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. On top of this, the Group takes active and effective measures to protect the physical and mental health of children and teenagers, including adopt the real-name verification system, anti-addiction system and game age reminders, and strictly implement the “Notice on Further Imposing Strict Administrative Measures to Prevent Minors from Becoming Addicted to Online Games” issued by the National Press and Publication Administration on August 30, 2021, which only provide 1-hour online game services to minors from 8:00 p.m. to 9:00 p.m. on Fridays, Saturdays, Sundays and statutory holidays to fully protect the children and teenagers growth healthily.

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 did not receive any 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.

## Environmental, Social and Governance Report *(Continued)*

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.

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. During the Reporting Year, the Group has provided orientations to the new employees in relation to business ethics including anti-corruption. The Group closely monitors the regulatory development and will arrange relevant trainings for the Directors and its employees, where necessary.

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 2021, 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.

# Environmental, Social and Governance Report *(Continued)*

## Community Investment

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.

During the Reporting Year, the Group had not organized any community and charity activities due to the COVID-19 pandemic and public health concerns. The Group will explore volunteer opportunities and organise relevant activities in the future after the COVID-19 situation are improved and restrictions are lifted.

# Environmental Data

<b>Emissions Indicators</b>	<b>Year ended 31 December 2021</b>	<b>Year ended 31 December 2020</b>
<b>Air Emissions</b>		
NO <sub>x</sub> emission	<b>0.002436 tonnes</b>	N/A
NO <sub>x</sub> emission intensity	<b>0.000076 tonnes</b>	N/A
SO <sub>x</sub> emission	<b>0.000086 tonnes</b>	N/A
SO <sub>x</sub> emission intensity	<b>0.000003 tonnes</b>	N/A
PM emission	<b>0.000179 tonnes</b>	N/A
PM emission intensity	<b>0.000006 tonnes</b>	N/A
<b>Greenhouse Gas Emissions</b>		
Total greenhouse gas emissions	<b>40.74 tonnes</b>	22.09 tonnes
Greenhouse gas emission intensity	<b>1.27 tonnes per employee</b>	0.46 tonnes per employee
CO <sub>2</sub> emission		
Scope 1 emission — Vehicle	<b>15.51 tonnes</b>	N/A
Scope 2 emission — Electricity consumption	<b>22.64 tonnes</b>	20.17 tonnes
Scope 3 emission — Paper waste disposal at landfills	<b>1.67 tonnes</b>	1.92 tonnes
Scope 3 emission — Business air travel by employees	<b>0.92 tonnes</b>	N/A
<b>Hazardous waste</b>		
Total hazardous waste produced	<b>N/A</b>	N/A
Hazardous waste intensity	<b>N/A</b>	N/A
<b>Non-hazardous waste</b>		
Total non-hazardous waste produced (paper waste)	<b>0.35 tonnes</b>	0.40 tonnes
Non-hazardous waste intensity	<b>0.011 tonnes per employee</b>	0.008 tonnes per employee



## Environmental Data *(Continued)*

Use of Resources Indicators	Year ended 31 December 2021	Year ended 31 December 2020
<b>Energy consumption</b>		
Total electricity consumption	<b>38,973 kWh</b>	25,080 kWh
Electricity consumption intensity	<b>1,218 kWh per employee</b>	523 kWh per employee
<b>Water consumption</b>		
Total water consumption	<b>N/A</b>	N/A
Water consumption intensity	<b>N/A</b>	N/A
<b>Packaging materials</b>		
Total packaging material used	<b>N/A</b>	N/A
Packaging material used intensity	<b>N/A</b>	N/A

# Social Data

Employment Indicators	Year ended 31 December 2021
<b>Employment</b>	
Total number of employees	32
By Gender	
Male	14
Female	18
By Age Group	
< 18	0
18–25	4
26–35	6
36–45	21
46–55	1
> 55	0
By Job Position	
Frontline	19
Middle management	7
Top management	6
By Employment Type	
Full-time	31
Temporary	1
By Region	
Hong Kong	0
PRC	32

## Social Data *(Continued)*

	Year ended 31 December 2021
<b>Employment Indicators</b>	
<b>Employment turnover</b>	
Overall employee turnover rate	94%
By Gender (in %)	
Male	86%
Female	100%
By Age (in %)	
18–25	200%
26–35	167%
36–45	53%
46–55	100%
By Job Position (in %)	
Frontline	121%
Middle management	100%
Top management	0%
By Region (in %)	
Hong Kong	0%
PRC	94%
<b>Health and Safety Indicators</b>	
Number of reported injuries	1
Number of working days lost	–

## Social Data *(Continued)*

<b>Development and Training Indicators</b>	<b>Year ended 31 December 2021</b>
Total number of employees trained	<b>24<sup>4</sup></b>
Total employees trained (in %)	<b>75%</b>
Breakdown for employees trained by Gender (in %)	
Male	<b>29%</b>
Female	<b>71%</b>
Breakdown for employees trained by Job Position (in %)	
Frontline	<b>75%</b>
Middle management	<b>17%</b>
Top management	<b>8%</b>
Total number of training hours	<b>532 hours</b>
Average number of training hours per trained employee	<b>17 hours</b>
Average number of training hours by Gender	
Male	<b>1 hour</b>
Female	<b>29 hours</b>
Average number of training hours by Job Position	
Frontline	<b>9 hours</b>
Middle management	<b>10 hours</b>
Top management	<b>48 hours</b>

<sup>4</sup> The numbers of employees trained for the Reporting Year is disclosed in accordance with the "Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

## Social Data *(Continued)*

Development and Training Indicators	Year ended 31 December 2021
<b>Supply Chain Indicators</b>	
Total number of approved suppliers	42 in PRC
<b>Product Responsibility Indicators</b>	
Total number of complaints received	–
<b>Anti-corruption Indicators</b>	
Number of concluded legal cases regarding corruption	–
<b>Community Indicators</b>	
<b>Community Investment</b>	
Corporate charitable donation	–

# 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.

9-11

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

9

KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emission in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).

9

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

N/A (10)

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

10

KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.

9-10

KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.

10-11

### A2. Use of Resources

Page #

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

11-12

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).

11

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

N/A (12)

KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.

11-12

KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.

12

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

N/A (12)

### A3. The Environment and Natural Resources

Page #

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

12

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

12

### A4. Climate Change

Page #

Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.

13

KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

13

# ESG Reporting Guide & Reference *(Continued)*

## B. Social

## Reference in this Report

### B1. Employment

Page #

Policies and compliance with 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.

14-16

KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.

14

KPI B1.2 Employment turnover rate by gender, age Group and geographical region.

16

### B2. Health and Safety

Page #

Policies and compliance with laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.

17

KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.

17

KPI B2.2 Lost days due to work injury.

N/A (17)

KPI B2.3 Description of occupational health and safety measures adopted and how they are implemented and monitored.

17

### B3. Development and training

Page #

Policies on improving employees' knowledge and skills for discharging duties at work.

18

Description of training activities.

KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).

18

KPI B3.2 The average training hours completed per employee by gender and employee category.

18

### B4. Labour standards

Page #

Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.

19

KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.

19

KPI B4.2 Description of steps taken to eliminate such practices when discovered.

19

# ESG Reporting Guide & Reference *(Continued)*

## B. Social

## Reference in this Report

### B5. Supply chain management

Page #

Policies on managing environmental and social risks of the supply chain.	19
KPI B5.1 Number of suppliers by geographical region.	19
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.	19
KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	19
KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	19

### B6. Product responsibility

Page #

Policies and compliance with laws and regulations relating to health and safety. Advertising, labeling and privacy matters relating to products and services provided and method of redress.	19-21
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.	19
KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	20-21
KPI B6.4 Description of quality assurance process and recall procedures.	19-20
KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	20

### B7. Anti-corruption

Page #

Policies and compliance with laws and regulations relating to bribery, extortion, fraud and money laundering.	21
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.	21
KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	21
KPI B7.3 Description of anti-corruption training provided to directors and staff.	21



# ESG Reporting Guide & Reference *(Continued)*

B. Social		Reference in this Report
<b>B8. Community investment</b>		<i>Page #</i>
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.		22
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	22
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	22