

**赤子城**

newborntown

# Newborn Town Inc.

赤子城科技有限公司

Stock Code: 9911

(Incorporated in the Cayman Islands with limited liability)

## 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## 1. REPORT DESCRIPTION

### 1.1 About this Report

Newborn Town Inc. and its subsidiaries (hereinafter collectively referred to as “the Group” or “we”) prepared this 2022 Environmental, Social and Governance (“ESG”) Report (the “ESG Report” or “this Report”) in accordance with the *Environmental, Social and Governance Reporting Guide* set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange” or “HKEX”), and upholds the reporting principles of materiality, quantitative, balance, and consistency.

In order to disclose to stakeholders the Group’s ESG management and performance in 2022, we identified key stakeholders and the ESG issues of their concern. We prioritised and responded according to stakeholders’ materiality in the chapter of “Stakeholder Engagement” in this report.

We use quantitative data to present key performance indicators (“KPIs”, and each a “KPI”) at the environmental and social levels so that they can be measured and validated. Quantitative criteria, methodologies, assumptions, and/or calculation tools for KPIs, as well as the sources of conversion factors used, have been described herein where appropriate. We have adopted a statistical approach to disclosure that is consistent with that of previous years’, and individual changes have been explained in the corresponding parts of this Report.

This Report aims to reflect our ESG performance in 2022 in an objective, fair, and balanced manner. It is recommended to read the Governance part of this Report in conjunction with the Corporate Governance Report included in the 2022 Annual Report.

### 1.2 About the Group

The Group focuses on the global open social networking sector, as well as emerging modes in social networking including video and audio formats, creating a range of diversified social networking products including video social networking, audio social networking and live-streaming social networking. Its representative products include Yumy, MICO and YoHo, which are highly popular in areas such as the Middle East, North America, Southeast Asia and South Asia.

### 1.3 Scope of this Report

Unless otherwise specified, the scope of this report covers the ESG performance of businesses directly operated and managed by the Group at its principal operating locations in China, with the time frame from January 1, 2022, to December 31, 2022 (the “Reporting Period”). The content of this Report complies with the “mandatory disclosure requirements” and “comply or explain” provisions set out in the ESG Reporting Guide, and the Company gives considered reasons for “comply or explain” provisions in the ESG report.

### 1.4 Source of Information and Reliability Guarantee

The data and cases in this Report are mainly derived or lifted from the Group’s statistical information and relevant documents. The Group undertakes that there are no false records or misleading statements in this Report, and takes responsibility for the authenticity, accuracy, and completeness of its contents.

### 1.5 Access and Respond to this Report

This Report is available in Traditional Chinese and English versions, and is only available online (unless specific requests are received from shareholders). In case of any inconsistency

between both versions, the English version shall prevail. The electronic version is available on the website of the HKEX at [www.hkexnews.hk](http://www.hkexnews.hk) and the Group's website at <https://www.newborntown.com/>. Should you have any comments or suggestions on ESG management of the Group, please contact us via email at [ir@newborntown.com](mailto:ir@newborntown.com), and we look forward to your valuable comments.

## 2. BOARD STATEMENT

The Board takes full responsibility for the Group's ESG related matters. The Board oversees the Group's ESG matters, participates in developing the ESG concept, and supervises the effectiveness of ESG management. At management level in relation to ESG matters, the ESG Working Committee conducts daily management of ESG matters of the Group, directs the implementation of ESG work, and reports to the Board of Directors (the "**Board**"). At the executive level in relation to ESG matters, the ESG execution team composed of varying functional departments of the Group is responsible for implementing, and executing various ESG strategies.

The Group has developed ESG concepts and management strategy, which are regularly reviewed by the Board to ensure the effective implementation of ESG strategy. The Group attaches great importance to the potential impact of ESG related risks and opportunities. The Board carries out ESG oversight and oversees the assessment of ESG-related risks and opportunities and ensures that appropriate and effective ESG risk management and internal monitoring systems are in place. The Group conducted a materiality assessment of ESG issues stakeholders are most concerned with. The Board participated in the evaluation, prioritisation, and management of important ESG issues.

The Group has set business-related environmental targets. The Board conducts regular reviews of the implementation progress of the environmental targets.

## 3. ESG CONCEPT AND MANAGEMENT

### 3.1 ESG Concept

"Connect world, keep prospering". We deeply devoted ourselves to the fields of social networking and gaming, and worked on both domestic and overseas markets with a global perspective. Since the establishment of the Group in 2009, we have delivered dozens of quality Apps to our global users in the social networking, gaming, and tool categories. We not only provide a variety of products that satisfy the diverse needs of our global users, but also actively fulfill our social responsibilities and gradually promote the integration of ESG management into our daily operations. We continuously improve our ESG performance by adhering to compliance operation, emphasizing product and service quality, listening to the voices of our users, ensuring information security, promoting green office, and focusing on community investment. The Group looks forwards to working with all stakeholders to support the sustainable development of the industry, environment as well as the society.

### 3.2 ESG Management

To better practice our ESG concept and strategy, bolster our capability of sustainable development, we formulated a three-tier governance structure, which contains governance, management, and execution, with documented rules guiding the work and responsibilities of each tier to promote our ESG work.

#### ***Governance***

The Board of Directors is the highest decision-making body on the Group's ESG management. It oversees the Group's ESG matters and assumes overall responsibility for ESG strategies and reporting.



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## **Management**

The ESG Working Committee is the management body for ESG matters in the Group, responsible for developing ESG strategies, framework, principles, and policies, guiding ESG practices, as well as reviewing the implementation of ESG targets.

## **Execution**

Comprised of representatives from relevant functional departments, the ESG execution team is responsible for promoting the execution of the Group's ESG management strategies and achievement of ESG targets, assessing ESG materiality and associated risks, organising trainings to raise employees' ESG awarenesses, as well as reporting to the management and governance levels regularly.

### **3.3 Stakeholder Engagement**

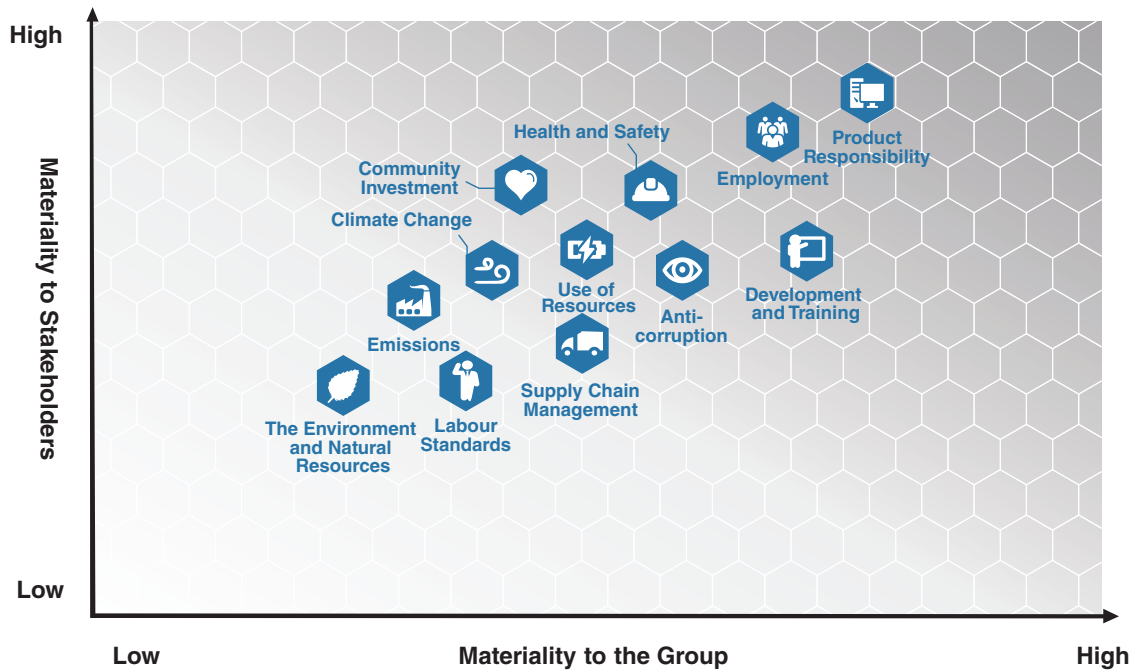
The Group attaches importance to the communication with stakeholders and the feedback obtained, establishes a good communication mechanism and diversified communication channels with stakeholders, and actively improves our ESG management by considering stakeholders' concerns.

This year, the Group continues to identify and respond actively to ESG issues of concern to stakeholders. Our stakeholders include government and regulators, shareholders and investors, employees, users, suppliers, media, and communities. Based on the evaluation of stakeholders' ESG concerns, the materiality analysis was conducted, and its result is presented as follows.

<b>Stakeholders</b>	<b>Communication Channels</b>	<b>Major Concerns on ESG Issues</b>
Government and Regulators	Official correspondence, policy consultation, on-site supervision, information disclosure, etc.	Product responsibility, anti-corruption, climate change
Shareholders and Investors	Shareholders' meetings, internal announcements, announcements and circulars, corporate events, etc.	Product responsibility, anti-corruption, use of resources, climate change
Employees	Communication meetings, internal announcements, skills training, employee wellbeing activities, employee feedback mechanisms, corporate events, etc.	Employment, Labour standards, health and safety, development and training
Users	Customer service feedback, user feedback activities, membership service, exhibition activities, satisfaction survey	Product responsibility
Suppliers	Supplier strategic cooperation negotiation, cooperation agreement, regular communication and business meetings, etc.	Supplier management, anti-corruption
Media & NGOs	Social media, press conferences, news interviews, advertising, etc.	Product responsibility, climate change
Communities	Public welfare activities, employment promotion, community activities, poverty alleviation projects, etc.	Community investment, employment

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The materiality assessment matrix of the Group's ESG issues is as follows:



## 4. ENVIRONMENTAL PROTECTION

The Group actively undertakes its environmental protection responsibilities and strictly abides by environmental laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*. We actively practice the green office concept, advocate paperless and green office mode, promote resource recycling and enhance employees' awareness of environmental protection. We continue to implement multiple resource saving and emission reduction measures to reduce the environmental footprint in our business operation and help the Group's low-carbon transition.

## 4.1 Resource Conservation

The main resources we use in our daily operations are electricity, paper, and water. To improve the efficiency of resource utilization, we have formulated the Energy Saving Management System, which details conservation measures for major resources used in our daily operations such as water, electricity and office supplies, in order to promote the rational use of resources. In 2022, we implemented a number of resource conservation management practices to reduce the level of resource consumption in our office operations. The main resource conservation measures adopted by the Group include:

### Resource Conservation Measures



#### Water resource conservation

- Strengthen the daily inspection, maintenance and management of water-using facilities, and promptly dealing with problems such as dripping and leaking.
- Using induction faucets to reduce water consumption.



#### Promote paperless green office

- Use online office system to practice paperless and green office and using electronic documents for document delivery as much as possible.
- Applying online legal and financial office system for online review and management of labor contracts and financial reimbursement-related documents.
- Encouraging double-sided printing and promoting secondary use of paper.



#### Improve space utilization in office areas

- Carrying out office area assessment and setting up multi-functional spaces to flexibly switch between different use scenarios such as office and leisure to enhance space utilization and effectively reduce total office electricity consumption.



#### Reduce consumption of office materials

- Recyclable resources such as paper, packaging materials, etc., are collected and handled by the third-party recycler for recycling.
- Reducing the use of ballpoint pens and encouraging employees to refill pens rather than use new ones if they are not damaged.
- Keeping record of office supplies and will continue to use supplies that are still usable.



#### Reduce energy consumption of office facility

- Using electrical equipment such as computers, printers, and copiers in an energy-saving manner, and turning off the equipment or lighting after work to avoid prolonged standby of office equipment.
- Installing lighting timing switch system to avoid long-lasting lights.
- Replacing incandescent lamps with energy-saving lamps and using natural light in office areas when possible.



#### Awareness development

- Publicizing excellent practices of resource conservation, carrying out education and activities related to resource conservation among employees, and promoting employees to take resource conservation practices into their daily work and life.

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## Key Performance Indicators<sup>1</sup>: Energy and Resource Consumption<sup>2</sup>

Indicators	2022 Data
Comprehensive energy consumption <sup>3</sup> (MWh)	445.19
Density of energy consumption (MWh/employee)	0.53
Density of energy consumption (MWh/m <sup>2</sup> )	0.070
Gasoline consumption (MWh)	45.38
Purchased electricity (MWh)	399.81

### 4.2 Emissions Control

Based on our main operation patterns, the emissions generated by the Group are mainly greenhouse gases (GHG)<sup>4</sup>, non-hazardous waste (such as office waste, household waste and electronic waste) and hazardous waste (such as used toner cartridges and ink cartridges).

In terms of greenhouse gas emission management, we have enhanced our energy consumption management and reduced greenhouse gas emissions by strengthening energy consumption management of office equipment and fostering awareness of energy conservation among employees.

In terms of waste management, we have formulated internal management systems such as the Waste Management Policy and the Fixed Assets Management Policy to strengthen our waste management. Non-hazardous waste is collected and processed by the property management team of our office areas for unified treatment. Among the non-hazardous waste, the property management team collects, categorizes and transfers recyclable waste to the designated location for secondary use. For electronic waste, we have established a standard process of evaluating and phasing out office electronic equipment and cooperated with third-party recycling company to conduct end-of-life treatment for electronic equipment that are outdated and have excessive energy consumption, in order to reduce electricity consumption. For hazardous waste, such as used toner cartridges and ink cartridges, we send them to the corresponding printing service providers for recycling and disposal.

<sup>1</sup> The energy consumption of the Group is mainly electricity consumed by office operations. The statistical scope of energy and resource consumption covers the Group's main offices in Beijing, Jinan, Guangzhou and Shenzhen.

<sup>2</sup> The water consumed by the Group is mainly from municipal water supply and purchased bottled drink water. We have no issues in obtaining suitable water resources. Given that we share the water facilities with other companies in the office area, it is impractical to measure the water consumption separately from municipal water supply. Key performance indicator A2.2 – Water consumption in total and intensity is not disclosed in this Report. Since our operations do not involve the production of physical products, the key performance indicator A2.5 – Finished Product Packaging Material does not apply to the Group and is not disclosed in this Report.

<sup>3</sup> Total energy consumption is measured by using direct and indirect energy consumption with reference to the coefficients as listed in the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020).

<sup>4</sup> Based on the operational nature of the Group, the main gas emissions of the Group are GHG emissions arising mainly from electricity generated by burning fossil fuels.

## Waste Management Measures



### Appoint designated personnel responsible for waste disposal

Each department designates personnel to be responsible for waste write-off and disposal, and the administrative team is responsible for waste disposal supervision and make sure the compliance of waste recycling and disposal process.



### Specify waste recycling and disposal process

Each department declares the waste that is ready for disposal, and the waste approved for write-off will be notified by the designated personnel to the administration team for unified management. The administrative team then collect and verify waste from departments and engage with qualified third parties and suppliers for waste disposal and recycling.



### Announce waste disposal status

The administrative group is responsible for keeping records and disclosing of the waste disposal process to prevent improper disposal and increase transparency of waste handling process.

### Key Performance Indicators: Emissions<sup>5</sup>

Indicators	2022 Data
Total GHG emissions <sup>6</sup> (Scope 1 and Scope 2) <sup>7</sup> (tonnes)	268.08
GHG emissions (Scope 1) (tonnes)	11.11
GHG emissions (Scope 2) (tonnes)	256.97
GHG emissions density (tonnes/employee)	0.32
GHG emission density (tonnes/m <sup>2</sup> )	0.042
Hazardous waste (tonnes)	0.068
Density of hazardous waste (tonnes/employee)	0.00008
Density of hazardous waste (tonnes/m <sup>2</sup> )	0.00001
Non-hazardous waste <sup>8</sup> (tonnes)	73.43
Density of non-hazardous waste (tonnes/employee)	0.087
Density of non-hazardous waste (tonnes/m <sup>2</sup> )	0.012

<sup>5</sup> The statistical scope of emissions covers the Group's main offices in Beijing, Jinan, Shenzhen, and Guangzhou.

<sup>6</sup> GHG emissions data is presented in carbon dioxide equivalent and is measured based on the *2019 Baseline Emission Factors for Regional Power Grids in China* issued by the Ministry of Ecology and Environment of the People's Republic of China, and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Edition)*.

<sup>7</sup> GHG emissions (Scope 1) arise mainly from the consumption of "direct energy" by the Group's operation; GHG emissions (Scope 2) arise mainly from the consumption of "indirect energy" (purchased or obtained electricity) by the Group's operation. The Group's major GHG emissions this year arise from the consumption of purchased electricity.

<sup>8</sup> The non-hazardous wastes generated by the Group mainly include household waste and waste electronic equipment generated in office areas. Household waste mainly includes office waste, which is processed by the property management team of our office areas. We estimated the non-hazardous waste data according to the *Manual for the First National Pollution Source Survey of Urban Domestic Sources Emission Coefficient* issued by the Office of the Leading Group of The State Council for the First National Survey of Pollution Sources. Waste electronic equipment are disposed of and recycled by qualified third parties and suppliers. In 2022, the total amount of non-hazardous waste increased compared to 2021, mainly due to the increase in the total number of employees in 2022, while our office space did not change significantly in 2022.

## 4.3 Climate Change

Climate change has become a global concerning issue, which brings challenges and opportunities to the sustainable operation of enterprises. We deeply understand the importance of climate actions, actively identify potential risks of climate change, and closely follow to the promulgation and development trends of national policies on climate change. At the same time, we continue to explore the opportunities brought by climate change to help the sustainable development of the Group.

Extreme weather caused by climate change, such as floods, snowstorms, typhoons, may affect our business continuity and pose challenges to the health and safety of our employees. Meanwhile, the chronic risks of climate change, such as extreme temperature, drought, and abnormal climate, may increase the Group's office operational energy consumption and operating costs. In order to avoid and reduce company property losses and casualties caused by extreme weather, the Group has established an emergency plan for extreme weather. According to the relevant requirements in the emergency response plan, efficient handling will be carried out during the occurrence of extreme weather to minimize its impact and loss.

In terms of transition risks, facing the long-term trend of developing a green economy and low-carbon transition, we closely follow the national regulations and policies related to climate change as well as carbon emission, and actively respond to the global development trend of low-carbon and environmental protection. In addition, we promote a variety of low-carbon operation management measures to reduce carbon emission caused by our operation, and reduce resource consumption through increasing the proportion of paperless online working. We prioritise the suppliers' environmental features, while selecting our suppliers. For example, when selecting cloud service providers, we consider the energy efficiency levels of the potential providers. When purchasing electronic equipments such as computers, monitors, mobile phones, printers, network equipment, etc., we refer to the energy consumption levels of the equipment. Under the circumstance that the product quality and functions are similar, the equipment with lower energy consumption level is preferentially purchased.

Climate change brings about risks as well as opportunities. The Group actively identifies potential opportunities brought by climate change. By improving the use efficiency of natural resources during office operations, we save business costs and continuously promote our sustainable development.

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## 4.4 Environmental Targets

In 2021, we formulated environmental targets based on the characteristics of our office operations. Please see the table below for the progress we made in 2022 of our environmental targets:

<b>Environmental targets</b>	<b>Progress in achieving environmental targets in 2022</b>
From 2022, smart light switches will be enabled in all newly renovated office areas to uniformly control lighting hours.	In 2022, all newly renovated office areas have installed smart light switches and uniformly controlled lighting hours.
From 2022, all newly renovated office areas will use sensor taps to reduce water waste.	In 2022, all newly renovated office areas have installed sensor taps.
Encourage 100% waste sorting in office buildings.	In 2022, 100% waste sorting has been encouraged in office buildings.

Our GHG emissions are primarily from office and operational energy consumption. Based on the energy efficiency targets we have already set, we are not setting a separate target for GHG emissions reduction in the current year.

## 5. RESPONSIBLE OPERATION

The Group regards honesty and responsible operation as the foundation of enterprise development, providing users with high-quality and healthy products, establishing information security management system to ensure the security of company and users information, building fair and transparent cooperative relationships with suppliers and partners, prohibiting any corruption, and creating a business environment with honesty and integrity.

### 5.1 Product Responsibility<sup>9</sup>

The Group constantly pays attention to the product quality and improves the quality by strengthening product management, exercising strict control over the content of our products, actively interacting with users, listening to user's feedbacks, respecting and protecting the intellectual property rights of relevant parties, and ensuring compliance promotions and advertisement. We have established a data analysis team that operates independently from our business operations, aiming to conduct neutral and objective analysis of product quality. The team regularly communicates data performance of each product with the corresponding business department, to continuously optimise our product quality.

<sup>9</sup> Given that the operations of Newborn Town do not involve the production of physical products, Key performance indicator B6.1 – Percentage of total products sold or shipped subject to recalls for safety and health reasons does not apply to Newborn Town and is thus not disclosed in this report.



## I. *Products Upgrade and Innovation*

### (1) *Game Apps*

- **Conduct user research to improve product quality:** Regularly collect questionnaires from users, build user profiles, and make reasonable product improvements based on users' preferences for game materials.
- **Analyse market trends and improve the product matrix:** Continuously optimise development process of our game Apps, conduct regular market trend analysis according to our game Apps development strategy, respond to market dynamics for game transformation, to build a comprehensive product matrix.
- **Strengthen the talent pool and innovate product and game features:** Ensure the game development team has sufficient design and development capabilities and rich experience, increase product development quality and efficiency, and test the playability of different products to ensure product development quality; establish an internal sharing mechanism for various content such as product design resources, art material resources, and planning resources to effectively improve communication and sharing efficiency.
- **Improve the alignment of promotional materials and optimise the utilization efficiency of promotions:** Enhance the alignment between promotional materials and the gameplay, target audience, art design, and product stories in our game Apps. Continuously optimise the quality of promotional materials, keep the material setting methods and core elements updated with product iterations, and improve the effectiveness of promotions. Balance user experience and effective use of promotional spaces, research and optimise the size and form of promotions, and promptly remove promotions that may affect user operations.
- **Optimise game products based on user behavior:** Continuously study users' gaming behavior, optimise product design in combination with behavior performance, for example, when we recognise that a particular game level is experiencing frequent user dropouts, we will reconsider the difficulty setting for that level to improve product gameplay and enhance user experience.

## (2) *Social Apps*

- **Elevate product localization to fulfill the global user community's social needs:** Based on the culture and user preferences in social interactions of the target regions, launch region-specific products, continuously optimise content distribution strategies, and improve user matching efficiency to precisely respond to users' social needs. Combine local festivals and events to host unique activities, conduct detailed local operations, and bring better social products to our global users.
- **Focus on product technological optimization and enhance product performance:** Ensure stable product operation to improve user experience. Establish monitoring mechanisms to issue warnings when users' network conditions fluctuate and assist operators in resolving network abnormalities in a timely manner.
- **Emphasize user experience and strengthen entertainment-based social interactions:** By analyzing user behavior patterns and satisfaction with product features, drive improvements in product and operational quality, and continuously introduce features that users enjoy.

## II. *Product Content Management*

### (1) *Content Management for Game Apps*

- **Manage game genre settings:** Game product types include fine games, casual games, etc. No inappropriate game types are involved in our business.
- **Meet platform management requirements:** Identify and comply with content requirements of the application launching platform, specify appropriate age groups when the product is launched to prevent usage by inappropriate age groups.
- **Strengthen internal product management:** Implement quality standards, establish a content reviewing mechanism, avoid inappropriate information display, and provide a high-quality gaming experience.
- **Enhance the compatibility of art materials and products:** Continuously improve the suitability between in-game character IPs and game themes. Designate legal department to review IP compliance and avoid inappropriate IP content.
- **Clarify promotional material reviewing system:** Strictly adhere to the application launching platform standards and recommendations for promotional materials. Designate the corresponding business department to review the authenticity, accuracy, and content appropriateness of promotional materials.

## (2) *Content Management for Social Apps*

- **Meet platform management requirements:** Identify and comply with content requirements on the launching platform of our social Apps, regularly update product management policies and establish a content safety reviewing mechanism, clarify definitions of improper content, and standardize the handling of discovered improper content.
- **Improve product review effectiveness:** Strengthen review efforts on user violations such as nicknames in manual reviews; refine review indicators, improve risk control models, and continuously refine review mechanisms in automated reviews. Enhance content management by combining manual and automated reviews to eliminate violent, bloody, and explicit content.
- **Identify inappropriate product users:** Analyse users' profile pictures, age, registration information, etc., to identify and block underage users.
- **Strengthen image content review:** Use professional image identification software to analyse and identify video and image content within our product, perform manual reviews on content with potential violation risks, remove improper content promptly, and ensure the health and safety of the content.
- **Strengthen text content review:** Conduct keyword searches for chat and real-time interactive content, block and ban improper content, and introduce third-party AI review tools and AI translation systems for secondary confirmation of advertisements, explicit content, harassment, and violence in multilingual scenarios.
- **Improve the reporting function for improper content:** Encourage users' mutual oversight, limit the spread of content that has been reported multiple times, and have customer service and operation teams promptly handle reports, continuously improve user feedback and reporting systems, and enhance the efficiency of handling user reports.
- **Conduct employee content management training:** Adhere to our operating principles, conduct employee trainings on product content health and safety, and provide users with a healthy product experience.

### **III. Information Security Management**

With various stakeholders all over the world paying more attention to the issue of information security and privacy protection, several countries have introduced corresponding laws and regulations, such as the *General Data Protection Regulation (GDPR)* launched by the European Union. As a globally operating company, we regard the protection of user information security as our important mission.

We abide by laws, regulations and national standards such as the *Civil Code of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, the *Measures for the Determination of the Collection and Use of Personal Information by Apps in Violation of Laws and Regulations*, the *Information Security Technology – Personal Information Security Specification*, and the *Children's Online Privacy Protection Rule*, the *Federal Trade Commission Act*, the *California Consumer Privacy Act* from the United States, as well as the *General Data Protection Regulation (GDPR)* from the European Union. We proactively respond to the supervision regulations of the product as well as the product launching platforms' management requirements in regions where the main body of each company of the Group is located. We established legal teams and cooperate with professional legal consulting companies in regions where we launch our products, to constantly follow the updates of local laws, regulations and policies related to information security and privacy protection. When there are changes in laws and regulations, we promptly communicate and collaborate with relevant business departments to make timely adjustments, ensuring compliant operations.

While pursuing business development, the Group continuously strengthens its management capabilities of information security and privacy protection, clarifies the internal organisational structure, and fosters a top-down culture for information security and privacy protection. The Group has formulated internal information security management and user privacy protection systems such as the Personal Data Protection System, the Specific Measures to Protect Personal Data Under GDPR and the Confidentiality Management Procedure, to continuously strengthen the data protection of our employees and users, standardize the Group's requirements for handling user information to ensure the security of user information. We address users' concerns about personal privacy security by improving mechanisms, optimizing methods, and enhancing time efficiency. We have carried out a number of measures to ensure the security of company information. Our practices for information security protection are as follows:

## Information Security Management Measures



### Privacy Policy

Configure privacy policies in products according to laws and regulations, update and optimize user agreements/privacy policies for different products for multiple times, including users' right on erasing personal information and how to permanently delete users' account data through the App. While deleting users' account, the account related behavior data, account number, mobile phone number, payment related sensitive identity data will be promptly erased. Our privacy policy also include how we deal with the minors provided personal information.



### Data Reporting

Following the principle of minimizing data collection, users can directly log in as tourists or complete registration through third-party account authorization when using our products. The Group will not collect users' sensitive information. If it is necessary to collect user information, authorization and consent of users will be obtained in advance. At the same time, we clearly inform users of the situation when our company and other relevant information processors process user's personal information, and inform users of the personal information protection rules applicable to the relevant processing activities.



### Information Disclosure

Publish rules on products and platforms such as Privacy Policy, User Agreement, Community Convention, etc. At the same time, set popup window of user agreement and privacy policy on the launch page of our product to fully guarantee users' right to know and right of privacy.



### Awareness Establishment

All employees, contractors and agents who have the access to users' information are required to strictly abide by the confidentiality obligations stipulated in the contract.



### Data Encryption

Use encryption technology to ensure the privacy of user data during transmission.



### Firewall Defence

Build firewall to enable proactive protection against potential cyber threats.



### Authorisation Management

Require employees to access the company network through VPN (Virtual Private Network) under the non-office network to prevent unauthorized personnel from accessing our system.



### Device Management

When phasing out electronic devices with users' personal information, special personnel are arranged to carry out data erasing in a unified manner.

The Group focuses on enhancing employees' awareness and capabilities in information security through various forms of regular publicizing and training. In 2022, we required all employees to take information security training upon joining the Group, which covers concepts of confidential information and information security, case studies, information security risks, and how employees fulfill their confidentiality obligations. We also sent articles on enhancing confidentiality awareness to all employees through our internal subscription channels "Chizi's Law Study" and "Legal Affairs Talk." We organised multiple face-to-face information security training sessions for employees in China, covering basic introductions to information security issues and information security measures sharing, and collected employee feedback and organised online tests after trainings.

Additionally, we have established crisis event management measures to handle information security related emergencies. We continuously identify and assess potential information leakage risks. When information leakage, damage, or loss occurs or is likely to occur, we promptly and properly handle the incidents through management measures. For leaks that have already occurred, we immediately take remedial actions, investigate the causes of the leakage, minimize the negative impact of the incident, notify users in accordance with relevant laws and regulations, and report to the relevant authorities when necessary. No major information security incidents occurred in the Group this year.

#### **IV. *Customer Feedback and Feedback Management***

The Group has established a professional customer service team, set up smooth communication channels, to actively respond to customer feedback. The Group constantly refines the customer complaint and feedback management processes and continuously optimises our products and services based on customers' feedback.

The Group continuously expands customer feedback channels. Customers can submit complaints and feedback through the feedback portal within the App, leave messages on the product launching platform, provide feedback through App store reviews, emails, and online customer service, etc. We record customers' feedback and complaints through our management system, quickly track and respond to customer issues and demands, and ensure the smooth resolution of customers' problems. In addition, we have designated personnel to handle customer feedback on the product launching platform, check and reply to customer questions daily, and guide customers to contact the corresponding service support team through different channels, to realise the concept of paying attention to each customer's complaint, providing proactive service, and fulfilling our commitments on service quality.

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The Group continuously optimises the customer complaint handling process. We set sensitive words and warning conditions in the customer feedback system. If the information triggers warning conditions, the front-line customer service team will manually mark it as a complaint case and handle it according to complaint handling procedures. The service management team will then monitor the handling process and outcome of the complaint case. At the same time, our customer service team collaborates with business departments to provide customers with explanations and reassurance, and offer reasonable compensation based on the severity of the complaint, customers' level, and other conditions. We estimate the processing time for each complaint type and inform customers of the expected response time. Meanwhile, we proactively contact customers before the expected response time to make regular progress updates. We also organise business departments to discuss the final solution, communicate it with customers until an agreement is reached. For complaints that cannot be resolved promptly, we escalate the case to be handled by customer service personnel with higher authority. Ten minutes after closing a customer complaint case, we send follow-up information to the customer through email or online chat, including the customer's satisfaction with the complaint handling process and outcome, aiming to continuously optimise the customer complaint handling process.

The Group continuously optimises customer service experience. Based on data statistics and analysis, we identify high-frequency customer feedback content, summarize common problems in different feedbacks, and report them to relevant business departments to drive business improvements based on customer needs and reduce the probability of customer complaints from similar problems. In addition, we conduct public opinion analysis on our customer complaint system, utilizing AI-based intelligent systems to count the frequency of customer dialogue keywords and sensitive words, and adjust or develop relevant strategies based on actual business situations.

Furthermore, we provide regular training courses on complaint handling and response skills to all customer service staff, and in 2022, we added special cases synchronously real-time sharing to enhance their professional capabilities.

**Key Performance Indicator: Customer Complaints**

Indicator	2022 Data
Customer complaints	<b>3,781</b>
Total number of customer complaints	
Customer complaint settlement rate (%)	<b>99.71%</b>



## **V. Intellectual Property Rights Protection**

The Group understands that intellectual property (IP) rights are important assets and regards IP rights as the cornerstone of our business. We strictly abide by laws and regulations on the protection of IP rights, such as the *Copyright Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, and the *Trademark Law of the People's Republic of China*.

To effectively protect the Group's intellectual property rights and respect others' intellectual property rights, we have established the Intellectual Property Protection Management Policy, the Patent Management Measures, and the Patent Reward Policy to clearly define the responsibilities, scope, ownership, and rewards related to intellectual property rights management. We continuously carry out standardized intellectual property management, promote corporate innovation, stimulate product research and development vitality, and implement intellectual property protection measures in various business departments and operational dimensions while maintaining the smooth operation of the Group's intellectual property protection management system and strictly regulating intellectual property licensing.

In terms of intellectual property rights protection, the Group actively evaluates the output content of our business, applies for trademark and patent registration, or registers copyrights to protect our intellectual property rights in a timely manner. We also cooperate with professional intellectual property agencies and external law firms to ensure the timeliness and accuracy of intellectual property protection applications. Additionally, we entrust external institutions to issue analysis reports before applying for intellectual property protection, helping us identify infringement risks and maintain our intellectual property rights while reducing the risk of infringement. In 2022, we strengthened the collaboration between functional departments and business departments in managing intellectual property rights, controlled the compliance use of the Group's product intellectual property rights, and promptly and seriously fought against counterfeit products to better protect our legal interests.

Meanwhile, to further enhance employees' awareness of intellectual property risks, the Group actively conducts intellectual property-related training. In 2022, we organised online training and offline exchange activities for various business departments such as product design department, research and development department, product planning department, product operation departments, and other functional departments, focusing on patent basics, game design, intellectual property infringement risks, and industry trends.

In addition, the Group has established intellectual property management positions to carry out intellectual property protection work. Intellectual property personnel are responsible for assisting in formulating the Group's intellectual property strategy and overall layout, and building an intellectual property protection process system covering maintenance and operation. We dedicate to properly procuring software and equipment with legitimate IP rights. Such commitment not only aims to protect our legitimate rights and interests but also to avoid IP rights infringement from others.

As of the end of 2022, the Group owned 392 intellectual property rights, 174 trademark rights, 203 copyrights, and 15 patent rights across multiple countries and regions around the world.

## **VI. Advertising Compliance Management**

We strictly abide by the laws and regulations related to advertisements of the jurisdictions where we launch our apps, such as the *Advertising Law of the People's Republic of China*, the *Interim Measures for the Administration of Internet Advertising from the People's Republic of China*, and the *Federal Trade Act* from the United States. The Group has developed the internal Advertising Policy, to manage and control advertising activities in avoiding any deceptive, misleading, or inaccurate information.

The Group continuously deepens its understanding of the advertising rules and policies announced by the platforms where our products are released, and actively tracks and follows up on regulations. We continuously optimise advertising management mechanisms, strengthen the configuration of the reviewing team personnel, establish data support teams, and establish contact with advertising platforms. During advertising promotion activities, we review the advertisement according to the platform's advertising rules and content requirements. Before the release of advertising content, the publishing department conducts an internal review of the advertising language and, when uncertain about the use of advertising language, submits it to the legal department for a second review. To ensure compliance advertising, we actively manage advertising content and avoid displaying inappropriate content to users of unsuitable age groups. We also impose restrictions on our advertising partners by clearly stipulating advertising promotion requirements in the contracts we sign with them to ensure that both parties provide complete, true, and accurate promotional materials and data while avoiding violations of laws, regulations, and platform rules. At the same time, we require advertising partners to sign confidentiality agreements to ensure that they do not disclose the Group's sensitive information and avoid using user privacy information. We regularly scan the market for unauthorized use of our advertising materials and promptly communicate the results to our legal department, aiming to promote fair, just, and compliant industry development.

We continuously strengthen employees' awareness of advertising content compliance by creating compliance reminder articles covering topics such as advertising language use, advertising risk points, and compliance measures. We regularly send these articles to employees via email.

## **5.2 Supplier Management**

The Group is committed to establishing long-term cooperative relationships with suppliers that are mutually beneficial, honest, and transparent, in order to promote progress within the industry chain. We adopt consistent standards of responsible operating for suppliers around the world, and continuously monitor the responsible operating performance of suppliers in their operating locations. We have established and covered all 80 suppliers' acceptance and assessment system while incorporating the evaluation of environmental and social risk management performance into the supplier assessment. During the supplier selection process, the Group evaluates the service quality and its past service experience, pays attention to the supplier's reputation and business conduct guidelines, and considers the fulfillment of supplier's social responsibilities.

In addition, the Group requires suppliers to establish, standardize, and improve user information protection methods and control potential information security risks to the greatest extent possible in order to avoid information leakage risks. The Group ensures the transparency of the procurement process when cooperating with suppliers, adheres to the principle of fair competition, and resolutely eliminates all forms of commercial bribery. We require suppliers to sign confidentiality agreements and, in 2022, added anti-corruption clauses to our standard procurement contract in order to better protect the Group's interests and create a fair and transparent cooperation environment.

The Group's main suppliers or business partners are cloud service providers and equipment providers. Adhering to the green procurement concept, we assess the service stability, network coverage, and after-sales support capabilities of cloud service providers during the server rental process, with an emphasis on their information protection capabilities and performance. We prioritise environmentally friendly products and services, and when purchasing electronic devices such as computers, monitors, mobile phones, printers, and networking equipment, we refer to the devices' energy consumption levels, prioritising those with lower energy consumption levels.

In 2022, the Group has a total of 80 suppliers, including 30 in the mainland of China, 27 in Hong Kong, Macao and Taiwan, and 23 overseas.

### 5.3 Anti-Corruption

The Group is committed to creating an honest and fair business environment. We strictly abide by the *Criminal Law of the People's Republic of China*, and laws and regulations pertaining to anti-corruption, anti-money laundering, anti-bribery and anti-unfair competition such as the *Anti-Money Laundering Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*. In 2022, the Group has continued to strengthen our focus on anti-corruption legislation in the regions where the main entities of the Group are located, as well as in the regions where products are launched. We have actively identified and monitored changes in laws and regulations relevant to business operations in various locations.

We have formulated the Regulations on the Management of Anti-Fraud and Reporting Mechanisms, which clearly define fraud, behaviors of fraud, and anti-fraud responsibilities, as well as establish and implement anti-fraud procedures. Our anti-fraud working group is responsible for organising and executing cross-departmental anti-fraud assessments. Each business department undertakes anti-fraud measures to effectively prevent the risk of anti-fraud. Employees of the Group can report fraud through email and other channels, and the Legal Department, Human Resources Department and other relevant departments will jointly conduct follow-up investigations according to the priority of reported incidents. During the investigation process, we strictly protect the identity of the informant, and once the investigation is completed, we will inform the whistleblower of the investigation results.

To enhance employees' understanding and awareness of anti-corruption, we entered into the Anti-Commercial Bribery Agreement in our labor contracts with every employee, where the commercial bribery, property, and rebates are explained in detail. Employees are explicitly required to adhere to the principle of integrity, and shall not give, ask for or accept any financial benefits such as commissions, brokerages, securities, gifts or possessions in any way. In case of violation of relevant agreements, the Group has the right to unilaterally terminate the labor contract with the employee. If a criminal offense is constituted, we have the right to undertake legal proceedings. In 2022, we revised the Employee Handbook, adding the prohibition of bribery to the disciplinary punishment principle. These revisions were distributed digitally to all employees, allowing for convenient access and learning at any time. Furthermore, we included professional ethical standards and guidelines for preventing fraud and corruption in the employee handbook to standardize employees' business ethical conduct.

To further motivate employees to participate in the construction of a clean and honest business environment, the Group regularly organises training on topics such as anti-corruption and anti-money laundering. We conduct comprehensive anti-corruption training for both management and non-management employees, introducing relevant cases, scenarios, laws, regulations, and anti-corruption measures. For new employees, we introduce the code of conduct they should follow during onboarding training and require them to accept the Group's integrity requirements to ensure they continuously maintain the Group's culture and values of self-discipline and honesty. At the same time, we have launched an internal legal education platform "Chizi's Law Study", which regularly shares the latest judicial cases in the industry, promotes various anti-corruption measures within the Group, and sends related articles through an internal subscription platform, promoting integrity education among all employees and continuously raising the awareness of management and employees against fraud and corruption. Moreover, we regularly send out emails related to anti-commercial bribery to all employees, invite professional guest speakers to give lectures on anti-commercial bribery to management and board members, and continuously enhance employees' and executives' awareness of anti-commercial bribery to prevent corruption, bribery, or fraud.

In 2022, the Group and its employees have not been involved in corruption, bribery, fraud and money laundering violations and relevant lawsuits.

## 6. EMPLOYEE WELLBEING

Employees are an important driving force for the enterprise to achieve sustainable development, and we treat our employees as our most valuable asset. By taking legal and fair employment principle, optimizing the remuneration and benefits system, enriching employee communication channels and improving the training system, we are committed to creating a fair, diverse, healthy and comfortable work environment, and helping employees achieve professional development on a broad developing platform.

### 6.1 Employment

The Group firmly implements the principle of legal and fair employment, safeguards equal employment, opposes discrimination, and is committed to creating a fair and diverse work environment, ensuring the health and safety of employees. We focus on the growth and development of employees, and actively communicate with employees to understand their inner voices.

#### I. Legal Employment

The Group strictly abides by the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, *Provisions on the Prohibition of Using Child Labour*, *Law of the People's Republic of China on the Protection of Minors*, and other relevant laws and regulations, to ensure employees' legitimate rights and interests, and avoid employing child labour and forced labour.

We have formulated the Employee Handbook according to relevant laws and regulations to standardize the management processes of employee recruitment, resignation, working hours, remuneration, benefits, holiday and promotion. The employees' working hours, job description, remuneration and benefits, and working conditions are clearly stipulated in the labour contract. During the recruitment process, we do not discriminate against job applicants by race, age, gender, marital status, social class, and religious beliefs, which ensures the fair employment. Meanwhile, we verify the information of employees before on boarding, to avoid employing child labour. We fully respect the willingness of employees, and ensure that employees participate in work voluntarily basis, avoiding forced labour. During the process of employee resignation, we handle the relevant resignation procedures for the departing employees in accordance with relevant laws and regulations.

In addition, in accordance with the requirements of relevant laws and regulations, and internal measures, we clarify the remedial measures to be implemented in the event of child labour and forced labour, such as holding relevant personnel accountable, etc., and review the incident to prevent its recurrence.

## **II. Remuneration and Benefits**

The Group provides employees with competitive remuneration. At the level of individual employee remuneration, we have established a systematic remuneration scheme based on performance evaluation, and set comprehensive evaluation indicators including working attitude, performance results, task completion, corporate culture recognition, etc., conducting comprehensive performance evaluation of employees on a quarterly basis. At the level of team performance management, we have carried out the OKR (Management Method for Tracking Goals and Their Completion) system for all employees and the management, which aims to help each business department adapt to the dynamic changes of goals, improve employee participation, encourage employees to challenge themselves, actively innovate, and optimise the overall work management model of the enterprise. In 2022, we refined and improved the dimensions of the management performance evaluation, strengthened the scientificity and rationality of evaluation, and increased the incentive intensity of performance bonuses.

The Group offers a variety of incentive awards for its outstanding employees and teams. We provide Full Attendance Awards for employees who work for full hours in the whole month, regularly select excellent teams and set up excellent individual awards such as Smart Partner Award, Performance Contribution Award, and Outstanding Newcomer Award to evaluate employee performance from multiple dimensions and motivate the growth of employees.

We provide all employees with pensions, work injury insurance, maternity insurance, unemployment insurance, medical insurance, and housing fund. In addition, we provide employees with additional commercial medical insurance, accident insurance and child medical insurance. In 2022, we upgraded the commercial insurance of employees by increasing the number of insurance types and reimbursement limit of single insurance to ensure better commercial insurance benefits for employees. In the case of employee travel abroad, the Group purchased insurance for employees to ensure the travel safety of employees. In addition, we carried out commercial medical examinations for all employees' parents to ensure the health and safety of employees and their families.

The Group emphasizes the work-life balance for employees, and continuously optimises employees' attendance management system, set flexible intervals for employees' time on-and-off work, achieving humanized and flexible management of employees' working hours. We provide diversified welfare and holidays for employees. We provide employees with various benefits, including onboarding anniversary benefits, major holiday benefits, birthday benefits, overtime meal subsidies, afternoon tea, etc., and set special benefits such as "Wedding Gift Money" and "Childbirth Gift Money" to provide employees with sufficient humanistic care. Employees enjoy annual leave, paid sick leave, maternity leave and other statutory leave required by laws and regulations. We respect and care for female employees and provide them with special full-pay holidays and baby care room, so as to actively care for the physical and mental health of female employees during special periods.





*Site Photos of Excellent Team, Excellent Person Award Winning*

### **III. Employee Activities**

We attach great importance to the promotion and implementation of corporate culture and are committed to creating a relaxing corporate atmosphere to help employees relieve physical and mental stress at work. In 2022, we actively carried out a series of corporate culture activities, combining corporate culture and business characteristics to create cultural medals as prize of the activities, so that employees can deepen their understanding and recognition of corporate culture while relaxing and entertaining.

The Group regularly organises group activities such as sports and fitness every month, so as to enrich the spare time of the employees, promote communication between employees and enhance the cohesion of the Group. In 2022, the Group organised a number of employee activities such as electronic sports games, book club, food competition, established staff clubs including badminton, baseball and other ball sports, and organised employees to carry out holiday activities during festivals such as the Lantern Festival, Dragon Boat Festival and Mid-Autumn Festival. At the same time, the Group held annual meeting event every year and set up a variety of fun game projects and a large number of prizes for employees, bringing care and encouragement to employees.

In addition, we have set up a team-building fund to motivate various departments to organise a variety of team-building activities and actively promote unity within the departments. We actively conduct employee activities including dinners, tours, movies, etc., to enhance the cohesion of the employees.



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Site Photos of Employee Festival Activities on the Qi Xi Festival and Lantern Festival



Site Photos of Annual Meeting Event

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## IV. Employee Communication

The Group continuously expands communication channels for employees and actively listens to employees' opinions and suggestions. We set up various communication channels such as e-mail, social media, and communication meetings, and conduct one-on-one communication for employees at important nodes such as employee promotion and performance evaluation, providing timely feedback on employees' opinions, suggestions and requirements. In 2022, we build an online community of "Newborn Circle" and set a module of "Roast and Suggestion" to collect employees' views and suggestions on their own development and work experience.

In addition, we build up the channel for employees to communicate with the management level, conduct face-to-face communication activity with the CEO, in which the CEO directly answer various questions that employees encounter in their work and life. In 2022, we held onboarding training for new employees and tea parties for new regular employees. While celebrating their onboarding and becoming regular employees, we created a relaxing and open environment for employees to communicate with the CEO and solve problems.

We continuously improve employee satisfaction, regularly conduct employee satisfaction survey covering all the employees, understand the employees' satisfaction of the Group, including employees at different job levels, departments, and positions, in order to carry out targeted optimization work on employee experience. In 2022, the employee coverage rate of satisfaction survey reached 100%.

### Key performance indicators: Employment

Indicators	2022 Data
Total number of employees	846
Number of employees by employment type (person)	Labour contract employee Contractor and others
	820 26
Number of employees by gender (person)	Male Female
	496 350
Number of employees by age group (person)	Under age 30 Age 30 to 39 Age 40 to 49 Age 50 and above
	436 386 24 0
Number of employees by geographical region (person)	The Mainland of China Hong Kong, Macao, and Taiwan Other countries and regions
	843 3 0
Total turnover rate <sup>10</sup> (%)	22.39
Employee turnover rate by gender (%)	Male Female
	20.89 24.41
Employee turnover rate by age group (%)	Under age 30 Age 30 to 39 Age 40 to 49 Age 50 and above
	23.64 21.06 20.00 0
Employee turnover rate by geographical region (%)	The Mainland of China Hong Kong, Macao and Taiwan Other countries and regions
	22.45 0 0

<sup>10</sup> Employee turnover rate = the number of employee departure in the reporting year/(the number of employee departure in the reporting year + the number of employees at the end of the reporting year) \*100%

## 6.2 Employee Health and Safety

The Group is committed to providing employees with a healthy and safe working environment, improving employees' awareness of occupational health and safeguarding our employees' physical and mental health at work in all respects.

The Group emphasizes the health and safety of work environment. We strictly abide by the *Work Safety Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and other relevant laws and regulations, formulate occupational health and safety management measures to regulate occupational health and safety matters in the workplace. We focus on the safe use of electricity and water, and firefighting in the workplace during daily operations. In 2022, we conducted fire safety inspections on newly decorated office area, effectively reducing safety hazards. The Group regularly conducts safety awareness trainings for employees, and the theme includes occupational disease hazards and work environment safety, etc., and conducts daily safety knowledge popularization and promotion for employees. We focus on enhancing employees' awareness of response to safety emergencies and conduct fire drills twice a year. In addition, we use environment-friendly materials during the office decoration process, purchase ergonomic tables and chairs, and hire a professional design team to match furniture colours and create a wide-vision area, providing employees with a comfortable office environment.

The Group advocates the concept of healthy living, and we provide free medical examination for our employees every year. We encourage employees to participate in outdoor sports. In each September, we organise large outdoor hiking activities to encourage employees to exercise and relax on the basis of ensuring their safety. Besides, we provide hot ginger tea and medicines for preventing colds during the flu season. In addition, we invite therapists from the China Academy of Chinese Medical Sciences to conduct occupational health diagnosis for our employees, to prevent and treat occupational diseases in time.



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*Site Photos of Chinese Medicine Diagnosis and Treatment Activities*



*Outdoor Hiking Activities*

During the COVID-19 epidemic period (hereinafter referred to as the “epidemic”), we formulated the Safety Guidelines for Epidemic Prevention, which provides detailed instructions on the epidemic prevention requirements for employees entering and leaving the workplace, safety management of office areas, instructions for holding remote meetings, procurement of emergency supplies and emergency handling plans. In addition, to ensure the physical and mental health of employees, we adopted online remote work during the epidemic and provided employees with masks, medicines, antigens and other supplies to ensure employees’ basic protection needs. In 2022, to address the difficulties faced by employees in nucleic acid testing, we invited external nucleic acid testing institutions to conduct on-site testing, and bore all costs.

The Group had no work-related fatalities in the past three years (including 2022). No work-related injuries occurred during this year and the number of lost working day due to work-related injuries was nil.

### **6.3 Development and Training**

The Group continues improving the talent training system, planning clear career development pathways for employees, providing a superior environment of career development. We have established a systematic training system including onboarding training, knowledge and skills, and career development, and tailored a series of training courses for employees to continuously enhance their professional skills, professionalism and leadership, thereby helping employees improve their career competitiveness. Furthermore, we carry out special cultivating program for fresh graduates, open some positions to fresh graduates, share practical business experience, help fresh graduates better fit the needs of the position, and retain the graduates with outstanding performance.

The Group regularly conducts lectures on the promotion and implementation of the Group’s management system, as well as the introduction of group culture, covering all employees. We have set up a variety of training models for employees in different business departments and of different types so that they can acquire knowledge of different fields easily. For new employees, the Group has established a new-employee training program, adopted a relaxing and lively training method and the form of group games to make new employees familiar with corporate culture and understand the Group policies, benefits, etc., helping new employees establish a sense of belonging, quickly integrate into the workplace. For the management employees, the Group has opened trainings on management skills, aiming to improve the comprehensive ability of the management personnel, so that they can lead the team to accomplish tasks efficiently; for each business department, the Group has set up trainings on improvement of professional skills to enhance the professional ability of employees. We emphasize the importance of information security and privacy protection in trainings to raise employees’ awareness of information security. For the contents related to information security trainings we provided this year, please refer to the Chapter “Responsible Operation-Information Security Management” in this Report.

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Site Photos of Employee Training

## Key performance indicators: Employee training

Indicators		2022 Data
Percentage of employees trained by gender (%)	Male	99.40
	Female	100
Percentage of employees trained by management level (%)	Management	100
	Non-management	99.61
Average training hours of employees by gender (h)	Male	2.54
	Female	3.37
Average training hours of employees by management level (h)	Management	3.59
	Non-management	2.44

## 7. GIVING BACK TO THE SOCIETY

The Group seeks development while paying due attention to community needs, actively giving back to society, and fulfilling social responsibilities. We have long-standing relationship with the communities where we operate and organise a diverse range of public welfare activities based on their needs and contribute to the harmonious development of the community.

### 7.1 Business Overseas, Benefiting the World

While continuously improving our products and services for users, we actively participate in charitable activities, donating to vulnerable groups, building schools, and supporting content creators in impoverished areas, conveying positive social values in various ways.

In February 2022, the Group held a large annual event in Cairo, Egypt, and all live streaming revenues were donated to local charities.





*The Large Annual Event in Cairo, Egypt*

In April 2022, the Group held a series of charity events during the Ramadan in the Middle East, collaborating with the Egyptian Food Bank to distribute aid supplies such as over 300 boxes of various types of food and more than 700 hot meals to local impoverished residents on the first and last day of the Ramadan. This initiative aimed to improve the lives of the underprivileged and called for attention to vulnerable groups. In addition, we focused on local children with cancer and launched a public welfare campaign to care for children with cancer. Our social platform YoHo introduced the Charity Room activity, inviting volunteering doctors to educate users about children's cancer prevention measures and calling for donations to the 57357 Children Cancer Hospital in Egypt to benefit local children with cancer.



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*Distributing Supplies and Food to Local Impoverished Residents on the First and Last Day of the Ramadan*



*The Group's Donation to the 57357 Children Cancer Hospital, Egypt*

In May 2022, before International Children's Day, the Group and other Chinese companies in Egypt, such as the China Construction Egypt Branch, visited the African Hope Learning Centre, a school for African refugee children in Egypt, and presented the children with textbooks, stationery, children's masks, and other gifts.



*Donation to the African Hope Learning Centre, a School for African Refugee Children*

## **7.2 Peer-to-peer Poverty Alleviation and Targeted Assistance**

Since its establishment in September 2009, the Group has continuously carried out various assistance and charity donation activities, hoping to take on more social responsibility as it grows and develops.

In January 2022, the Group launched the "Ink Fragrance Welcomes the New Year, Sending Wishes and Warmth" event in Beijing and Jinan, sending New Year wishes and consolation supplies to elderly Party members and vulnerable groups, conveying social care to the target population.

In October 2022, the Group donated printers worth more than RMB20,000 to the Bakeshiying Central School in Luanping County, Hebei Province, an impoverished mountainous area, to alleviate the school's shortage of teaching supplies.

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*"Ink Fragrance Welcomes the New Year, Sending Wishes and Warmth"  
Spring Festival Charity Event*

## 7.3 Voluntary Anti – epidemic, Social Responsibility Fulfillment

Since the outbreak of the epidemic in 2019, the Group has been actively participating in domestic and international epidemic prevention and assistance in various ways. In May 2022, when the epidemic situation in Beijing resurged, we called on employees to actively participate in the epidemic prevention volunteer services in the Maizidian Street, Chaoyang District, Beijing, assisting community workers in maintaining order at nucleic acid testing sites, information entry, and resident guidance. At the same time, we provided support for epidemic prevention efforts in our overseas operations areas, including inviting local doctors to conduct public welfare live broadcasts to popularize daily epidemic prevention knowledge to the public, and partnering with local charitable organisations to launch epidemic prevention supplies donation campaigns to support frontline workers.

In March 2022, as Hong Kong faced a severe epidemic situation, the Group urgently mobilized 100 boxes of testing kits, 10 boxes of N95 face masks, and other supplies to assist Hong Kong, meeting the needs of more residents for virus testing and daily epidemic prevention. These supplies were donated by the Group and our employees, with a total value exceeding one million Hong Kong dollars. In the same month, the Group donated 100 sets of protective suits, 100 goggles, 3,000 N95 face masks, 200 barrels of alcohol, and 50 boxes of disinfectant to the Ganshiqiao Subdistrict, Shizhong District, Jinan City, Shandong Province, supporting the subdistrict's epidemic prevention and control efforts.



*Site Photos of Volunteer Services in the Maizidian Street, Chaoyang District, Beijing*

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Millions of Hong Kong Dollars of Epidemic Prevention Supplies to Assist Hong Kong



Donating Supplies to Ganshiqiao Subdistrict, Shandong Province

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX

Subject Areas	Aspects	Contents of Disclosure	Section in this Report
-	<b>Board Statement</b>	1. A disclosure of the board's oversight of ESG issues;	2. Board Statement
		2. The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses);	1.1 About this Report 2. Board Statement 3 ESG Concept and Management
		3. How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	2. Board Statement
	<b>Reporting Principles</b>	A description of, or an explanation on, the application of the reporting principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report.	1.1 About this Report
		Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	1.1 About this Report
		Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	1.1 About this Report
		Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	1.1 About this Report
	<b>Reporting Boundaries</b>	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	1.2 Scope of this Report



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Aspects	Contents of Disclosure	Section in this Report
Environmental	A1 Emissions	General Disclosure:  Information on:  (1) the policies; and  (2) 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.	4.2 Emissions Control
		A 1.1 The types of emissions and respective emissions data.	4.2 Emissions Control  KPI: Emissions
		A 1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	KPI: Emissions
		A 1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	KPI: Emissions
		A 1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	KPI: Emissions
		A 1.5 Description of emissions target(s) set and steps taken to achieve them.	4.4 Environmental Targets
		A 1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.4 Environmental Targets

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Subject Areas	Aspects	Contents of Disclosure	Section in this Report
	<b>A2 Use of Resources</b>	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.  Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	4.1 Resource Conservation
		A 2.1 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).	KPI: Energy and Resource Consumption
		A 2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	N/A
		A 2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1 Resource Conservation 4.4 Environmental Targets
		A 2.4 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.	4.1 Resource Conservation 4.4 Environmental Targets
		A 2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
	<b>A3 The Environment and Natural Resources</b>	General Disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.	4. Environmental Protection
		A 3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
	<b>A4 Climate Change</b>	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.3 Climate Change
		A 4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Aspects	Contents of Disclosure	Section in this Report
Social	B1 Social	General Disclosure: Information on: (1) the policies; and (2) 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.	6.1 Employment I. Legal Employment II. Remuneration and Benefits
		B1.1 Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	KPI: Employment
		B1.2 Employee turnover rate by gender, age group and geographical region.	KPI: Employment
		General Disclosure: Information on: (1) the policies; and (2) 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.	6.2 Employee Health and Safety
	B2 Health and Safety	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6.2 Employee Health and Safety
		B2.2 Lost days due to work injury.	6.2 Employee Health and Safety
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6.2 Employee Health and Safety

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Aspects	Contents of Disclosure	Section in this Report
	<b>B3 Development and Training</b>	General Disclosure:  Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.  Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	6.3 Development and Training
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	KPI: Employee Training
		B3.2 The average training hours completed per employee by gender and employee category.	KPI: Employee Training
	<b>B4 Labour Standards</b>	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.	I. Legal Employment
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	I. Legal Employment
		B4.2 Description of steps taken to eliminate such practices when discovered.	I. Legal Employment

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Aspects	Contents of Disclosure	Section in this Report
	<b>B5 Supply Chain Management</b>	General Disclosure: Policies on managing environmental and social risks of the supply chain.	5.2 Supplier Management
		B5.1 Number of suppliers by geographical region.	5.2 Supplier Management
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.2 Supplier Management
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.2 Supplier Management
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.2 Supplier Management
	<b>B6 Product Responsibility</b>	General Disclosure: Information on:  (1) the policies; and  (2) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	5. Responsible Operation
		B 6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
		B 6.2 Number of products and service related complaints received and how they are dealt with.	5.1 Product Responsibility
		B 6.3 Description of practices relating to observing and protecting intellectual property rights.	5.1 Product Responsibility
		B 6.4 Description of quality assurance process and recall procedures.	5.1 Product Responsibility
B 6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.1 Product Responsibility		

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Aspects	Contents of Disclosure	Section in this Report
	<b>B7 Anti-corruption</b>	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.	5.3 Anti-corruption
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5.3 Anti-corruption
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.3 Anti-corruption
		B7.3 Description of anti-corruption training provided to directors and staff.	5.3 Anti-corruption
	<b>B8 Community Investment</b>	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.	7. Giving Back to the Society
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7. Giving Back to the Society
		B8.2 Resources contributed (e.g. money or time) to the focus area.	7. Giving Back to the Society

