NetDragon Websoft Holdings Limited

網龍網絡控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2021 環境、社會及管治報告

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ABOUT THIS REPORT

NetDragon Websoft Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is pleased to present the Environmental, Social and Governance ("ESG") report of the Group for the year ended 31 December 2021 in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The ESG Report focuses of the principle business activities of the Group that have significant ESG impacts and covers the sustainability performance and policies on the Company and its subsidiaries.

ESG GOVERNANCE

As a global leader in building internet communities, the Group believes that it is responsible to promote sustainable development, to help build a fair and equal society and to achieve high standard of corporate governance. The Group is fully committed to achieve ESG excellence by effective implementation of the governance structure and strict compliance of the Group's policies. The Group firmly believes that as the Group follows through on the sustainability visions, the Group would also be put in a great position to deliver sustainable return for the investors. The Board is responsible for overseeing the management of ESG related issues and risks in business operations, implementing the ESG strategies, and reviewing the ESG report. In addition, regular briefings and reporting are arranged to keep the Board abreast of the latest ESG trend and the Group's ESG performance. The management and staff of the Group with corresponding expertise in ESG issues would assist the Board in identifying relevant ESG issues to the Group, monitoring the progress and implementation of ESG policies, procedures and initiatives.

STAKEHOLDER ENGAGEMENT

Stakeholders' opinions are important for the Group to achieve continuous improvement. The Group maintains regular communication channels with key stakeholders, including customers, employees, suppliers, media, shareholders, regulators and the communities, to understand their expectations and address their concerns. The Group collects feedbacks from stakeholders regularly through a range of channels such as general meetings, Company websites, interviews, constructive discussions, surveys and feedback programmes.

IDENTIFYING MATERIAL ISSUES

Stakeholder participation facilitates the identification of potential risks as well as business opportunities. Based on the stakeholders' feedback from various communication channels, ESG issues were ranked and prioritised in terms of their importance to stakeholders and to the Group's business development. Results of the materiality analysis is presented in the following materiality matrix:
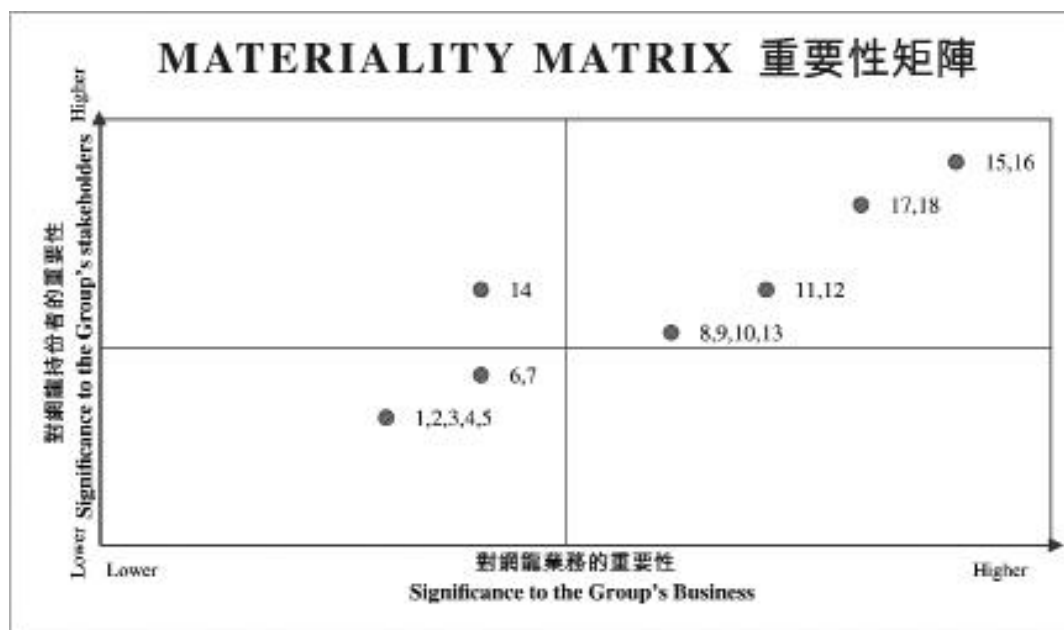
ESG Aspects		ESG Materiality Topics for the Group	
A:	Environmental		
A1:	Emissions	1.	Air Emissions and Gas Emissions
A2:	Use of Resources	2.	Waste Management
A3:	The Environment and Natural Resources	3.	Energy Consumptions
A4:	Climate Change	4.	Water and Effluent Consumption
		5.	Materials Consumptions
		6.	Environmental Risk Management
		7.	Climate Changes
		8.	Human Resources Arrangement
B:	Social	9.	Employment and Remuneration Policy
B1:	Employment	10.	Diversity and Equal opportunity
B2:	Health and Safety	11.	Employees' Health and Workplace Safety
B3:	Development and Training	12.	Employee Development
B4:	Labour Standards	13.	Anti-child and Forced Labor
B5:	Supply Chain Management	14.	Supplier Management
B6:	Product Responsibility	15.	Quality and Safety of Goods and Services
B7:	Anti-Corruption	16.	Intellectual Property Rights and Protection of Privacy and Data Safety
B8:	Community Investment	17.	Anti-corruption and Anti-money Laundering
		18.	Community Investment

A. ENVIRONMENTAL PROTECTION

The Group currently engages in online gaming and online education business and its nature of business is not related to manufacturing or other business which produces emissions (including greenhouse), waste (hazardous and non-hazardous), or other business which have a significant effect on the environment. Therefore, the Group does not contribute to any significant impact in these areas.

The Group recognises the importance of implementing policies and strategies in line with best practices to address climate change risks and mitigate the associated impacts on the Group's business operations. Climate change risks, such as rising sea levels, extreme weather events and rising temperatures, can impact the Group's business, assets and stakeholders. Therefore, the Group is committed to doing its part to combat climate change and conserve the recourses by monitoring the Group's most relevant environmental issues.

Emissions

The Group has enhanced its management of emissions through technological and recycling solutions that seek to reduce the emission of relevant pollutants and greenhouse gases, waste discharged into water and land, as well as the generation of hazardous and non-hazardous waste.

The Group commit to reducing the Greenhouse Gases ("GHG") emissions in line with the Paris Agreement (i.e., to limit global warming to 1.5°C). The Group has set ambitious decarbonisation targets to realise this and will annually purchase enough carbon credits to compensate for the remaining GHG emissions and achieve carbon neutrality.

The Group has drastically reduced direct (scope 1) and indirect (scope 2) energy consumption of the Group and will continue to decarbonise this by transitioning to renewable energy at the Group's headquarter, offices and sites. To tackle the emissions associated with the transportation of goods, the Group is promoting road travel where possible, and opening 3 new US hubs, which the Group anticipates drastically improving routing efficiency. To tackle staff mobility, the Group will revise the global travel policy with more restrictive travel protocols, learning from the Covid-19-related carbon savings. The Group will also explore greener travel incentives for employees in sites where commuting via public transport is feasible and transitioning towards electric vehicle use.

Use of Resources

The Group has been minimizing the adverse effect of its business on the environment by enhancing operational efficiency and implementing environmental measures. All the operations of the Group are committed to ensure compliance with the relevant laws of the jurisdiction where it belongs and to review the practices of business on a regular basis, in order to identify methods for enhancing sustainable development and deploy measures for more effective use of resources.

Environment and Natural Resources

The Group runs its daily office operation with the objectives of energy conservation, adequate utilisation of resources with waste-recycling, as well as enhancing environment awareness of the staff. The Company has spared no effort to advocate "reducing", "re-use" and "recycling" and reduce energy consumption by encouraging the staffs the use of email for internal and external communications, using e-files at the server, double-sided printing and photocopying, promotion of the use of recycled paper, reduce unnecessary printing and photocopying, making best effort in recycling all office supplies and equipment using LED lighting and further installation of occupancy and motion sensors, and reducing the packaging around the purchased products, number of containers and the resultant transport emissions by increasing volume of the container.

Climate change

Climate change has been an alarming issue all over the world. Some may even coin it as climate "emergency". Hence, the Group has identified and assessed the risks of climate change and developed measures to safeguard the safety of its employees, including strictly complying with relevant extreme weather guidelines issued by the government. The Group has worked out emergency guidelines and measures to reduce damage from disaster attacks in the future. The Group will also follow the Carbon Neutrality Project, which aims to decarbonise the Group through for example, reduction in transport, which will promote the Group's environmental credentials and reduce its environmental impact. Policies for climate changes will be reviewed on a regular basis to ensure their effectiveness.

Summary of Environmental Performance

A1: Environmental

Aspect A1: Emissions

KPI A1.1	The types of emissions and respective emissions data.	Greenhouse gas (GHG) emissions relating to operational activities covering buildings, staff mobility and transport.
		In 2021, the Group's GHG emissions were 9,610 tCO2e.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and intensity (per ActivPanel)	Scope 1 – 1 tCO2e (<1%)
		Scope 2 – 288 tCO2e (3%)
		Scope 3 – 9,321 tCO2e (97%)
		Total – 9,610 tCO2e
		KPI = 0.055 tCO2e/ActivPanels sold
		Number of ActivPanels sold = 175,088
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity (per ActivPanel)	Hazardous waste produced = 3,100 kg
		KPI = 0.0177Kg/ActivPanels sold
		Number of ActivPanels sold = 175,088
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity (per ActivPanel)	Non-hazardous waste – 10.4 tonnes
		KPI = 0.00006 tonnes/ActivPanels sold
		Number of ActivPanels sold = 175,088

Aspect A2: Use of Resources

KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity (per ActivPanel)	Only Electricity used in offices. Electricity – 892 MWh **KPI = 5.10kWh/ActivPanels sold** Number of ActivPanels sold = 175,088
KPI A2.2	Water consumption in total and intensity (per ActivPanel)	Water usage 1,246 m^3 **KPI = 0.007 m^3/ActivPanels sold** Number of ActivPanels sold = 175,088
KPI A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	Electricity used in Office 5% reduction of previous years usage. Achieved by additional LED lighting and further installation of occupancy and motion sensors.
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.	There are no issues sourcing water.
KPI A2.5	Total packaging material used for finished products (in tonnes).	Total weight of packaging materials placed on the Global market 6,825 tonnes. **KPI= 0.034 tonnes/ActivPanels sold** Number of ActivPanels sold = 175,088

B. SOCIETY

I. Employment

The Group offers equal opportunities to all job seekers regardless of race, color, nationality, religion, gender, age, disability or other bias prohibited by any other relevant laws. The policy of the Group is to select the most suitable person who corresponds to particular job requirements taking into account of educational background, working experiences, skills, personal integrity and considerations such as potential to grow in line with the Group. The Group treats every staff with equality and none of their appointment, remuneration packages and promotions will be affected on the grounds of their social identity, such as race, ethnicity, nationality, gender, religion, age, sexual orientation, political grouping and marital status.

In order to attract, nurture and retain qualified employees, the Group is committed to offer professional development opportunities and a healthy working environment for all the employees. In addition, the Group also pursues the principle of employment with equality. The Group requires the employees to bear high standard of business ethics and promotes good personal integrity.

The Group conducts reviews of the remunerations and benefits scheme regularly to ensure the remunerations and benefits remain competitive. Moreover, the Group continues to review the scheme annually and adjusts the remunerations and other benefits of the employees in accordance with the prevailing market condition, including medical scheme, health check, overseas business trip insurance, training allowance and retirement benefits.

The Group strongly advocates community spirit of mutual respect and equal opportunities. The Group strictly complies with the laws of Equal Opportunities, including Sex Discrimination Ordinance, Race Discrimination Ordinance, Disability Discrimination Ordinance and Family Status Discrimination Ordinance. To ensure diversification and equality in career opportunities, the principles of recruitment, remuneration and promotion of the Group are based on the working experiences, skills and performance of the employees, who will not be discriminated on the grounds of age, race, disability, gender or family.

As at 31 December 2021, the Group had its overall headcount of 4,834 with 97% of full-time employees, 89% of the employees were based in PRC and Hong Kong and the remaining 11% were based overseas including US and UK. Male and female employees accounted for 62% and 38% of the overall headcount respectively. Employees aged between 30 and 50 accounted for 48% of the overall headcount while employees aged under 30 and above 50 accounted for 44% and 8% of the overall headcount respectively.

During the reporting period, the Group recorded a turnover rate of approximately 39%. The table below shows the employee turnover rate by gender, age group and geographical region:

	2021 Turnover rate*
By Gender	
Male	**22%**
Female	**69%**
By Age Group	
Under 30	**38%**
Between 30 and 50	**44%**
Above 50	**10%**
By Geographical Region	
China	**42%**
Hong Kong	**7%**
Others	**21%**

* The turnover rate is calculated by: (number of employees who left the Group during the year/average number of employees at the beginning and end of the year) x 100%

II. Health and Safety

Health and safety of employees are the most important obligations concerned by the Group. The Group's management team endeavors to identify, assess and eliminate possible health and safety risks existing in the Group's operations. During the past three years, the Group was not aware of any material work-related health and safety incidents and no work-related fatalities in the Group.

1.   *Safety*

1.1.   Security staff are deployed on duty for 24 hours a day to monitor full coverage of all working venues and they conduct patrols and inspections strictly to ensure a safe working environment. We have established fire services system and professional fire services team in place and organise regular training sessions on fire safety annually, such as fire and evacuation drills, rescue drills for lift-trapped victims and explosion prevention drills, to improve our rescue and employees' self-rescue ability and safety awareness.

1.2.   We have also formulated safety standards and rules for practices and operations in various job positions, accompanied by a comprehensive training programme, to ensure the operational safety of employees.

1.3.   During the pandemic, the Company has developed clear-cut mechanism for epidemic prevention and control and gained in-depth understanding of the relevant procedures including those of entering the Company, quarantine and disinfection, which enabled us to handle emergencies in an orderly and efficient manner. These helped us to ensure that offices in the two places will survive the epidemic and resume normal work order quickly. No case of infection was found following the resumption of work.

2.   *Health*

In compliance with the national EHS regulations, we have continuously improved our environmental safety protective system to ensure a safe working environment and hold ourselves accountable to the society and our employees.

2.1.   Material security: The Group has established strict rules for various processes, such as procurement, acceptance inspection and equipment maintenance, to ensure food safety and normal operation of equipment.

2.2.   Energy consumption such as water and electricity has been under strict control at our workplace to reduce emissions and save energy.

2.3.   We organise regular medical examination for all staff annually and has established a medical clinic with recruited professional doctors and nurses as well as required facilities to ensure that diagnosis and treatment are provided for common diseases, and preliminary treatment will be provided to accidental injury cases for timely transfer to hospital for further treatment.

III.Development and Trainings

Staff Training

NetDragon University is a base for nurturing management and technological talents of the Group. As a powerful support and an important part of the overall strategy of the Group, NetDragon University is committed to providing professional and systematic training services to staff. In 2021, NetDragon University assumed the important role of supporting and empowering knowledge organisation for the whole organization, actively promoting the implementation of knowledge organisation affairs; practicing the concept of Huayu Education, through knowledge precipitation and best practice extraction, supplemented by different learning means and learning products, to realize the overall professional capacity of NetDragon, and help the career development of NetDragon students and the upgrading of NetDragon talents.

Achievements in 2021

In line with the strategic development and key business development of the Company, during 2021, the enterprise-school cooperation department and Netdragon Digital Education Town formed an integrated system of "industry-teaching-creation" and continued to promote the research and study projects in the Education Town; each faculty group made every effort to assist the Company in achieving the annual goals of education business-related projects and improving the skills of key positions. In response to the "corporate affair-oriented" concept put forward by the Company, the Company implemented the value of learning culture, carried out mandatory learning for all employees, drove the learning atmosphere and empowered employees' thinking through the quality content production; helped promote the knowledge organisation of the Company, developed tools for certification development affairs, and promoted the implementation of the certification development affairs of the Company; in terms of management training, the Company established a learning zone for management posts, which iterated management post courses and promoted management post learning to help the Company continuously upgrade its management.

In 2021, NetDragon University organised a total of 205 various training events with total attendance of 111,045 participants (excluding external forums and teaching within NetDragon University.

1. *External Training:*

•   NetDragon University and Netdragon Digital Education Town formed an integrated system of "industry-teaching-creation", developed and designed four types of curriculum systems and 23 study courses integrated with academic subjects for the Education Town's study programs, attracting a total of 5,000 people to the town.

- Through expansion training to support the attraction of Digital Education Town, serving 4,493 people, including 19 sessions of quality development for the external customer team of the Party Construction Institute, 1 session of winter camp for research and technology sports, and 16 sessions of quality development for research projects, with an average satisfaction score of 4.85.

- CAFA Design Methodology: Completing "Design Methodology" in the CAFA, the only higher education institutions of Arts in the Ministry of Education, systematic curriculum development and class of the CAFA can boost to achieve the productization target of Design Methodology curriculum. It is also the best practice of Netdragon AI courseware + practical teaching. Project solution integrates electronic textbooks and affair tools, which are education products of the Company, so as to relieve teacher's teaching and guidance pressure and enhance efficiency of preparing coursework and class. Enhancing learning experience of students through the platform of case study, project-based learning, affair tools and design methodology, and educational concept of learning-based-on-need are also successfully achieved. The project was of great significance in upgrading design methodology knowledge curriculum system. Its in-depth teaching model, curriculum design SOP, granular database of teaching activities were successfully applied in various productization projects of methodology.

- Beijing Normal University's "Design and Learning Project": Supporting the Smart Learning Institute of Beijing Normal University to complete research and development and teaching of the 2021 school curriculum of the Design and Learning programme. The programme adopted an "online + offline" teaching method, and was based on the "PBL project-based learning" and empowered by design methodological transaction tools. 19 education product designs, covering areas including subject education, quality education, vocational education and others were accomplished with the joint guidance of graduate students, undergraduate students, veteran designers and university and college teachers from more than 30 universities and colleges, thus enhancing the innovative design capabilities. Meanwhile, the curriculum not only integrated NetDragon's concept of "learning on demand" with products such as AI courseware and electronic textbooks, but also introduced design literacy such as "discovering beauty" into the curriculum, helping students to keep their passion for life. It was well received by teachers and students.

- Promotion of design methodology in the society: Completing revision of the teaching materials (electronic version) for Product Design Methods for higher vocational education and delivered a new version of teaching materials to 28 higher vocational colleges and universities. Follow-up materials would be published and delivered to 143 cooperative colleges and universities. At the same time, phase I of design methodology training for teachers was organized and completed covering 4 colleges and universities. With the aid of online workshop training and certification, sharing of key teaching strategies and provision of a rich granular database of teaching activities, and teaching programs, college teachers could therefore prepare and present course materials of "Design Methodology" in a more professional and easier way, in turn ensuring efficiency in teaching.

2.   Internal Training:

Mandatory learning programs for all employees: According to the "corporate affair-oriented" management needs of the Company, we have designed and developed more than 20 online series of courses, one course per week, which are launched from the perspectives of new management concepts, excellent working methods, education concepts and business products, with clear corporate characteristics and case practices, and each course has achieved 90% of participation and completion rate which satisfied the learning needs of personnel in the development of the organisation in terms of changes in awareness, cognition and skills. In 2021, we completed 36 delivery tasks with more than 140,000 participants.

Skills promotion project for key positions: We continued to push forward the implementation of the requirements for upgrading key positions, assisted the education business to promote agile development, and promoted the upgrade of the research and development system; launched a special Unity source code training program to improve the 3D development capabilities of the Company; promoted the upgrade of service awareness in Taihe Yayu Company to improve the working atmosphere and enhance the service experience; used affairs tools as a grip, analyzed personnel skills data, and formed The case study of core value and roadmap for deliberate practice, covering 90 senior designers in the design center; in-depth talent training cooperation with Fuzhou University and Fujian Normal University, etc., sorting out the pre-service training program for 8 key positions in each center, and recruiting more than 40 quality graduates for the Company in total with the new school recruitment model of training for recruitment.

Senior management seminar projects: According to the voting results of the issues in the "Vice President Strategy Discussion Pool", more than 300 senior management students were invited to participate in discussion sessions. 110 people participated in two rounds of discussion sessions in order to conduct team discussions and make collective efforts for the strategic business issues of the Company, and 92 viewpoints and countermeasures were collected to support the strategic business development needs of the Company.

Management training projects: We have launched an online management post learning zone, which includes mandatory management post courses based on the management requirements of the Company and excellent management theories in the industry; combined with the problems encountered in the actual work of the management post, we help the management post to improve their management ability and help the Company to continuously upgrade its management through the form of survey and research, online micro-class pre-study and offline workshop.

Routine training projects:

Skills training: In 2021, NetDragon University organised a total of 64 trainings on skills with 4,416participants, including 24 NetDragon Skills Forums with 1,991 participants.

Experiential training: The development of 14 teams was completed with 469 participants.

New staff training: A total of 17 training sessions were organised for new staff with 1,409 participants.

Certification projects:

Internal affairs certification: We have completed the design of the certification development methodology tools; completed the sorting out of the implementation process of the certification operation methodology and the design of the electronic documentation of the certification operation; completed the development and optimization of the certification development methodology course series, and completed the online and offline teaching of TOPTOON customers; completed the development of eight typical cases in the non-objective category; and in the year of 2021, completed the development/optimization/cancellation/reuse of a total of 139 subjects.

U3D series certification: In 2021, the Unity programming development primary certification and the Unity programming development intermediate certification were organized monthly; with 19 participants for the primary certification and 20 participants for the intermediate certification.

Design methodology certification: a total of 14 sessions of design methodology primary certification were organised with 233 participants in total and 13 sessions of design methodology improvement class certification with 37 participants in total.

3.   Construction of Platform Function and Content:

Construction of platform function: We launched a new version of the course module (teaching class), which covers the original open classes and adds classroom practice capabilities and offline session functions; providing sharing functions at the learning resource level (including the web end); supporting oral questions in the examination module; supporting the validation of 2 simulated training courses, and providing feedback to submit function-related suggestions to help optimize the learning experience.

Construction of platform content: In 2021, a total of 1,184 courses were uploaded, including 108 training certification courses.

Platform operation: In 2021, the accumulative learning time was 270,723.23 hours with average learning time per person of 24.58 hours. For the three examination questions per day at the Company level: 181 examinations were organized with average daily participation of 982 persons and a rate of accuracy of 55%.

Overview of administrator cultivation: In 2021, a total of 23 administrators were cultivated and the accumulative number of administrators cultivated amounted to 284 persons.

IV. Labour practices

The Group has been in strict compliance with the Employment Ordinance and in no circumstances engaged in any forced labour or child labour.

V. Management of the Supply Chain

In 2021, Promethean World Limited ("Promethean") had a total of 23 key suppliers. The geographical split of these suppliers was as follows:

Indicators	2021	2020	2019	2018	2017	2016	2015
Number of Key suppliers[1]	**23**	22	21	23	17	15	11
By region:							
Asian countries other than PRC and							
Hong Kong	**1**	3	3	2	2	4	1
Australia	**0**	0	0	0	0	0	0
UK	**1**	0	1	2	0	0	1
US	**8**	7	8	11	5	1	1
PRC	**5**	6	7	6	7	5	4
UAE	**0**	1	0	0	0	0	0
Hong Kong	**5**	2	2	1	1	4	3
European Countries other than UK	**3**	3	0	1	2	1	1
Total amounts invoiced by							
key suppliers (GBP million)	**335.9**	198.2	175.1	246.9	183.7	95.8	90.7

[1]   Key Suppliers refers to suppliers of products/services whose total contract sum amounted to $1m or more in any given year.

Promethean has a documented supplier on-boarding process that is undertaken in respect of significant suppliers of products to the Group. This process includes a review of quality processes, Health & safety, training & development, labour ethics and the environment.

The Promethean's operations team periodically visit significant suppliers in the normal course of business.

During the year, the Promethean Group was not aware that any key suppliers had any significant actual and potential negative impact on business ethics, environment protection, human rights and labour practices nor was the Group aware that any of them had any non-compliance incident in respect of human rights issues.

Engaging suppliers: Key ODM suppliers are managed by the Quarterly Business Review (QBR) process.

The number of suppliers where the practices are being implemented. Promethean's two suppliers of Interactive Flat Panels account for 70% of total company spend are managed by the QBR process. Other Key suppliers based on pareto 80% value are managed by six or twelve month business reviews.

These are implemented and monitored by way of a QBR presentation pack which is produced for the review meeting and subsequent actions logged and reviewed/closed out at the following meeting.

VI. Product Liability

The Group enforces a complete set of internal policies and procedures on information security management based on the framework in the "Information Safety Technology and Personal Information Safety Standard" (GB/T 35273-2020) that released by PRC Government in March 2020, which cover all relevant business lines of the Group. These policies and procedures include the following:

- Full-cycle preventive measures covering data collection, transmission, storage and usage phases

- Clear definition of data owners' right

- Mechanism to handle collection of complaints and response procedures

- Mechanism for reporting of data breach incidences

- Data protection impact assessment

- Organizational measures to strengthen information security management

- Regular engagement and cooperation with the regulatory bodies

Privacy and Data Security Principles of the Group are as follows:

Data Collection Phase：
- Principle of Legality: No data collected from any illegal channels

- Principle of Minimum Necessity: Only collect the data necessary to fulfill the application

- Principle of Autonomy: Set isolated application scenarios and provide unbundled services, allowing for user's autonomy

- Principle of Authorized Consent: Fully inform users about the intent, method and range of the data collection before their authorization, and no data collection without user authorization

Data Storage and Transmission Phase：

- Shortest Time Principle: The storage period is the minimum time required

- De-Identification Management: Apply de-identification after the data collection, store the data separately and strengthen access and usage control

- Encryption Measures: Apply national encryption standard during data storage and transmission

Data Access and Application Phase：

- Principle of Access Control: Implement minimum access control strategy, internal supervision and approval process for data revision and download

- Principle of Purpose Limitation: Data application must comply with the purpose stated during collection phase, any applications beyond the stated purpose need separate authorization

- Principle of Publicity Restrictions: Utilize de-identification technology to exclude sensitive information in the presentation of personal data to protect privacy and security

The Group is committed to protecting personal data owners' rights during all business operations. Users have explicit rights and convenient channels to inquire, revise, delete, revoke the authorization of all their personal data.

The fully complies with all relevant laws and regulations on cross border transmission of personal data to ensure users' privacy and personal data are safe and protected. The Group achieved segregated management of onshore and offshore personal data by implementing effective business structures together with the use of technology infrastructures of the Group. Going forward, the Group will continue to strive to uphold the highest global standard to enhance Privacy and Data Security.

Based on the standard of a computerised software test, the Group has performed strictly product inspection, including function test, weak network test, safety test, compatibility test, integration test and interface test, etc. and applied extensively automated testing technology to avoid and control, to the largest extent, risks of human factors to ensure the product functions and various indexes meet the quality standard. Moreover, for the purpose of a further guarantee for continuous improvement on product quality and on the quality of the production procedures, the Group has established an analysis mechanism for causes to defects and prevention measures for defects through big data management of BUG, along with regular technologies exchanges with corporates and universities, as well as continuous improvement and testing for related new tools and new methods.

The Group has taken the following measures to guarantee product quality:

1. Giving out daily journals on quality, demonstrating on a multidimensional scale the quality and progress of the latest version of the products, and coordination for issues addressing on a timely basis to avoid and control risks to the largest extent in order to ensure the progress of the products;

2. On the basis of the 7 x 24 cloud service of the automated testing technology, performing self-development of a tailored testing cloud platform to conduct various specific tests such as functions, compatibility, network and safety for the products for a comprehensive protection of quality;

3. Strict implementation of the procedures and standards related to quality control, including review of product demand, test activities such as management of test plans, management of test rules, management of test performance, management of feedback on risks and management of bug information;

4. Establishment of a quality monitoring and control system through online dial testing, by performing regular/triggered dial testing tasks automatically to discover production defects in a timely manner, instant monitoring and control of product quality can be guaranteed;

5. In accordance with the requirements under Cybersecurity Law of the PRC (網路安全法) and other relevant laws and regulations, the Group developed standards for security test and regulations or guidelines for testing in relation to five areas, namely protection of personal privacy on Apps, information security for users, real-name registration, content security and anti-addiction system of games, Moreover, the Group submitted testing reports on product conformity in a timely manner using self-developed security scanner and its online quality monitoring technology that is unique in the industry for the purpose of compliance. These measures supported the Company's products in complying with laws and regulations of the State.

6. Minor Internet User Protection
   - To protect minor internet users, 16 self-operated games of the Group (including <Eudemons>, <Conquer>, and <Heroes Evolved>) are connected to the national real-name registration system. Furthermore, the Group implemented playing-time controls for minor gamers in accordance with the <Notice on Further Strengthening Regulation to Effectively Prevent Online Gaming Addictions Among Minors> issued by the National Administration of Press and Publication.

   - Add age-appropriate reminders in prominent positions within the game download, user registration and user log-on interfaces of the games according to the requirements by China Audio-video and Digital Publishing Association, and applies similar age-appropriate reminders in all promotion materials.

   - Promote the online parental supervision platform launched by the Group to help parents prevent excessive use of online services by minors and provides all-channel and seamless service support for parents and has a dedicated process and team in place to deal with minor gamer refund issues in compliance with relevant regulations and industry best practices.

In 2021, the Group was not aware of any incidents of non-compliance with regulations and voluntary codes concerning the provision and use of the Group's products and services, including but not limited to, product and service information and labelling, marketing communications including advertising, promotion and sponsorship, and property rights including intellectual property rights that have a significant impact on the Group.

Health, Safety and Environment: Promethean Limited transitioned over to the revised International Environmental Management Systems Standard ISO 14001:2015 in 2018

In accordance with the ISO 14001 certification requirements, Promethean Limited are subject to annual surveillance audits and a recertification audit every three (3) years. At the recertification audit, which, due to Covid Restrictions, took place remotely in July 2021, Promethean Limited was confirmed as demonstrating that Promethean Limited operated in line with and met the requirements of ISO14001:2015. The next surveillance audit is expected to take place in July 2022.

An Environmental Management System is a structured framework used by organisations to manage and reduce their impact on the environment.

It brings with it many benefits for a business, including:

• Reduced impact on the environment to maintain a healthy planet for future generations

• Legal compliance

• Reduced operational costs by improving efficiency

• Competitive advantage during a tender process

The Group has had no health & safety related product recalls during the six years ending 31 December 2021.

Product Recalls

During the six years ending 31 December 2021, Promethean has had no significant product failures. Any normal run rate failures are covered by Promethean's warranty offerings.

Customer Enquiries

Promethean also monitors customer feedback and product related enquiries. Of the customer enquiries received over the course of the four years ending 31 December 2021, less than 1% of such enquiries result in a complaint.

As per the below table in six (6) years Promethean had 563,829 inbound contacts to the Contact Centre, 405 of these were complaints, as such only 0.07% were complaints.

Year	Contacts into Support	Complaints received	% Complaints
2016	91,615	41	0.04%
2017	94,294	76	0.08%
2018	99,818	111	0.11%
2019	113,158	93	0.08%
2020	77,600	38	0.05%
2021*	87,344	46	0.05%
Total	563,829	405	0.07%

*   Up to 31 December 2021

The complaints are dealt with on a case by case basis via feedback Customer Satisfaction surveys. These are dealt with by a dedicated team who record the feedback and in return contact the customers in order to best resolve the complaint.

ClassFlow and Data Privacy

ClassFlow is a service which collects personally identifiable information from teachers, parents and students. Since its initial release in 2014, Promethean has made significant efforts to comply with data privacy regulations around the world. Promethean has made significant efforts to ensure that it is particularly sensitive to its use of personally identifiable information belonging to students (children under the age of 18). To that end, Promethean has developed a privacy policy which is constantly updated with each new release of the Service and takes into consideration the ever-changing legal regulatory landscape on a global level. To date, there have been no incidents of security or data breaches related to the ClassFlow Service.

Quality Assurance

Promethean's commitment to a continual improvement in our processes and products is a pillar of our business strategy. Maintaining quality and achieving customer satisfaction are mutual goals of both Promethean and our Suppliers. To achieve these objectives, Promethean's global Quality Assurance is working with our supplier/business partners to continually improve product/processes to ensure that very high standards, in terms of Quality, Reliability, Cost and Delivery (QCD) performance, are achieved.

The overall responsibilities include ensuring that Quality Assurance principles are built into the supplier/business partners new product release and product life cycle processes; driving a culture of continual improvement whilst also ensuring that they maintain ISO 9001 Quality Management System certification, compliance and other relevant standards.

VII. Anti-corruption

The Group goes to great length to ensure the employees adhere to business ethics at the highest standard. In December 2001, the Group released the 'Employee Disciplinary Action Measures', which provides a full set of code of conduct, including comprehensive rules related to business ethics. The policy is now at its 7.3 version and has undergone 15 rounds of updates in the past two decades. Apart from providing trainings to all employees, the Group actively communicate the relevant business ethics principles to employees of suppliers and business partners. Leveraging the unique technological capability, the Group has also developed functions in the internal OA system to collect, handle and resolve "complaints and compliments for middle to senior-level employees" and so called internal "BUG". These two functions are intended to collect anonymous complaint reports towards unfair policies and rules, or unethical behavior by certain employees, especially those in middle to senior level-positions. The whistleblower's information is also being well protected and kept strictly confidential. To ensure proper execution, the Group has a dedicated Internal Audit Department that works together with the Human Resources Department to implement the program. Over the years, this robust governance measure has served to extensively detect problems within the Group operations, leading to creation of internal process and procedures to prevent the same problems from happening.

In addition to the above, the Group strictly requires all subsidiaries to follow relevant regulations globally, such as 'Prevention of Bribery Ordinance' in Hong Kong, 'Foreign Corrupt Practices Act' in the US, and the Group has also adopted relevant aspects of OECD Anti-Bribery Convention rules into the Group's policies.

During 2021, the Group did not have any fraud cases such as bribery, extortion, fraud and money laundering.

VIII. Community Contribution (Public Service Activities)

Major Community Contribution Events of NetDragon in 2021

The Group is committed to fulfilling corporate social responsibility in providing feedback to the community by maintaining long-term sustainability of our businesses and the communities in which we operate and actively engaging in community contribution activities.

The activities undertook by the Group as at 31 December 2021 include:

January	**NetDragon's intelligent classroom solution was adopted as a statewide project by the Ministry of Education of Sarawak, Malaysia**

The Minister of Education, Science and Technology Research of Sarawak state of Malaysia approved NetDragon's holistic edtech intelligent education solution, which will be used in the first phase of the statewide project aiming to provide local students with equal access to digital education. The project will explore whether students could effectively master the skills required by the 21st century society through digital education. It was also intended to solve the problem of imbalance in the teaching of science and mathematics subjects caused by shortage of teachers in rural schools.

Fujian Province Huayu Education Technology Limited (福建省華漁教育科技有限公司) ("Fujian Huayu") participated in the research on the topic of "Blockchain + Chinese Education"

The research on the topic of "Blockchain + Chinese Education" participated by Fujian Huayu was successfully completed. The research was initiated by Cultural China Fund under the Chinese Language and Culture Education Foundation, and brought together an expert research team consisting of Tsinghua University, Beijing No.4 Online School, Fujian Huayu and other individuals. Through implementation and results of the research, Fujian Huayu was able to promote the application of blockchain technology in digital education combining with the characteristics of decentralization, traceability and non-tampering of blockchain technology. This research has generated much value for the enhancement of the credibility of teaching data, an open and fair education policy, copyright protection of digital education resources, and construction of an intelligent and open education ecosystem.

Fujian Huayu joined hands with the China's lunar and planetary exploration projects to explore a new model of space education

Fujian Huayu signed a cooperation framework agreement with 嫦娥奔月航天科技(北京)有限責任公司 and Kuaike Intelligent Technology (Shanghai) Co., Ltd.. In the future, Fujian Huayu will cooperate with the cooperative parties in the areas of education and digital media distribution for China's lunar planetary exploration projects to develop digital products for popularization of aerospace science education.

By joining hands with 嫦娥奔月公司 and Kuaike Intelligent Technology (Shanghai) Co., Ltd. (快課智能公司) and leveraging advanced technologies such as artificial intelligence and big data, Fujian Huayu will develop digital products for popularization of aerospace science education, which will fully stimulate interest of young people to actively explore the mysteries of science, enhance their awareness of the aerospace and promote patriotism, and sow the seeds of " Chinese dream, the dream of flight, the dream of aerospace" in the young generation, in turn contributing to the development of China's aerospace education.

The 6th Smart Learning Academic Week kicked off and NetDragon supported future education with its innovative design

The 6th Smart Learning Academic Week was held online from 13 to 20 January 2021, which was organised by Beijing Normal University, the National Engineering Laboratory of Cyberlearning and Intelligent Technology and Application for Internet Education (互聯網教育智能技術及應用國家工程實驗室), and the Institute of Smart Learning of Beijing Normal University, in cooperation with Fujian Huayu. Through holding seminars of specific themes and the Global Future Education Design Competition (全球未來教育設計大賽), local and overseas well-known academic experts, teachers and representatives from technology enterprises were invited to participate in the event and give deep thought to the application of artificial intelligence, analysis of learning, virtual reality and other technologies in education, as well as the trend and direction of education reform in the post-pandemic era. The event aimed at further strengthening academic exchanges and promoting two-way empowerment of technology and education.

A letter of appreciation was issued by the Ministry of Education to Fujian Huayu for sowing seeds of hope in the poverty-stricken areas

Fujian Huayu received a letter of appreciation from the Department of Science and Technology of the Ministry of Education. It is stated in the letter that: "Fujian Huayu, adhering to a high sense of social responsibility, has actively responded to the call of the Ministry of Education, participated in the critical moves to implement the cyber intelligence support project, and given a generous donation of hardware facilities of VR innovation and smart laboratory to the impoverished counties. Fujian Huayu has received full recognition and heartfelt appreciation from local government of the impoverished counties. The great act of love by Fujian Huayu has enabled the teachers and students in impoverished areas to share the results of educational informatization, has sown the seeds of hope in those areas, and has contributed valuable effort to the cultivating socialist successors in all-round development."

In recent years, the Department of Science and Technology of the Ministry of Education has carried out in-depth poverty alleviation, through science and technology in colleges and universities, and poverty alleviation through education, and has taken critical moves for implementation of the cyber intelligence support project, in order to improve the information infrastructure and teaching environment of schools in impoverished areas. When taking the critical moves, Fujian Huayu donated hardware facilities of VR innovation and smart laboratory to three impoverished counties, namely Chuxiong in Yunnan, Ziyun in Guizhou and Sanjiang in Guangxi. At the same time, Fujian Huayu also cooperated with the National Center for Educational Technology to jointly donate a complete set of products and resources for virtual experiments, and provide training services to facilitate the enhancement of the level of educational informatization in local areas.

Fujian Huayu helped to organize the Global Future Education Design Competition (全球未來教育設計大賽) to expand the boundary of individualised education

From 18 to 20 January 2021, the finals of the "2020 Global Future Education Design Competition" was successfully held. The competition was organised by Beijing Normal University and implemented by the International Exchange and Cooperation Office of Beijing Normal University, the student union of Beijing Normal University, the Smart Learning Institute of Beijing Normal University, the International Research and Training Centre for Rural Education of the UNESCO, and Fujian Huayu, with the theme of "seeing the future through the pandemic, seeing the world through students, and seeing education through design". It aimed at raising society's awareness of inclusive education, promoting the achievement of the United Nations' Sustainable Development Goals, and preparing rich and effective solutions for the future education, full of uncertainties, based on the perspective of university students worldwide.

February	**NetDragon's Design Methodology has been used in the classroom of the CAFA!**
	NetDragon Websoft Inc. allied with CAFA to jointly develop the professional course for game design, and the course content and effectiveness of teaching were highly appraised by the teachers and students of CAFA. This cooperation was a beneficial attempt of school-enterprise interaction as well as a useful exploration of school-enterprise alliance for cultivation of creative talents.
	Fujian Huayu joined hands with Beijing Normal University Education Group (北師大教育集團) to create AI courseware
	Fujian Huayu entered into a cooperative agreement with Beijing Normal University Education Group, pursuant to which both parties will commence production of the first batch of AI courseware for children's music teaching. Fujian Huayu will use AI, 3D and other technologies to simulate real classroom teaching scenarios to present the knowledge in children's music teaching and provide lively and interesting teaching content so as to provide enlightenment teaching to children in a more intelligent way. It was reported that the first batch of AI courseware for children's music teaching would be prioritised to be adopted by 12 kindergartens which were affiliates of Beijing Normal University Education Group.
March	**The Global Digital Education Resource Production Base was selected on the list of key tasks of the National Digital Economy Pilot Zone (國家數字經濟試驗區區重點任務清單)**
	The Fujian Provincial Government issued the "Work Plan for the National Digital Economy Innovation and Development Pilot Zone (Fujian) " (《國家數字經濟創新發展試驗區(福建)工作方案》) and announced the list of key tasks in the pilot zone. The Global Digital Education Resource Production Base under construction by NetDragon was selected as an important starting point for the pilot zone to accelerate the construction of the "Digital Silk Road" (數字絲路). To be included as one of the key tasks of the National Digital Economy Innovation and Development Pilot Zone (Fujian) is another important milestone for the construction of the Global Digital Education Resource Production Base. In the next stage, the base will make good use of the preferential policies, further accelerate the pace of construction and strive to build a globally oriented digital education industry highland so that digital education will become a business card for Digital China to go global!

NetDragon joined hands with the Institute of Psychology of the Chinese Academy of Sciences to promote mental health education for primary and secondary school students

With the professional and systematic mental health education curriculum resources for primary and secondary schools provided by the Institute of Psychology of the Chinese Academy of Sciences, and integrating with digital technologies such as AI, AR, VR and 3D, Fujian Tianquan Education Technology Limited, a subsidiary of NetDragon, has created scenarios for the use of the "Mental Health Education Platform for Primary and Secondary Schools" (中小學心理健康教育平台). The platform would provide support for the 2021 "Positive Psychological Quality Cultivation Project for Primary and Secondary School Students" (中小學生積極心理品質培養項目) in Cangshan District of Fuzhou City. 16 experimental schools, including Maiding Primary School (麥頂小學), Cangshan Experimental Primary School (倉山區實驗小學) and Fuzhou No. 40 Middle School (福州第四十中學), will take the lead to use the platform to offer mental health teaching to primary and secondary school students.

Fujian Huayu was elected as the vice chairman unit of the Online Education Professional Committee (在線教育專委會) to promote healthy development of online education

The inaugural meeting of the Online Education Professional Committee of the China Federation of Internet Societies (中國網絡社會組織聯合會) was held in Beijing, and Fujian Huayu was elected as the vice chairman unit of the Online Education Professional Committee.

The Online Education Professional Committee is the third branch of the Federation with 58 member-units initially, comprising member-units in the federation who are engaging in the field of online education. The committee has strived to unite social organizations, Internet enterprises, experts and scholars in the field of online education, build a communication platform, consolidate social consensus, strengthen self-discipline in the industry, and better gather academic resources and strengths in the industry to promote healthy development of online education.

NetDragon joined hands with UNESCO to build a digital education resources platform for teachers worldwide.

The official website of the UNESCO Institute for Information Technology in Education (UNESCO IITE) announced that they would join hands with NetDragon, the world's leading creator of internet communities, to launch the joint Project "Teacher Capacity Building with AI and Digital Technologies: E-library for Teachers". The project is aimed to support the ongoing growth and capacity building of teachers in the era of smart learning by fully unleashing the potential of ICT and Artificial Intelligence (AI). It would provide around 100,000 educators at global level with open educational resources, free public tools as well as online and onsite trainings, thereby empowering teachers to deliver quality and equitable education.

Fujian Huayu joined hands with the fifth Institute of the Ministry of Industry and Information Technology to build the China Xinchuang Education Big Data Training and Certification System (中國信創教育大數據培訓認證體系)

Fujian Huayu and the Fifth Institute of Electronics of the Ministry of Industry and Information Technology (工信部電子第五研究所) have reached a cooperation agreement to jointly build the China Xinchuang Education Training and Certification System. Both parties will establish a website for Xinchuang Certification and publish training news and related information; all the trainees who participate in the training and obtained the certificate of completion will be listed online in batches; the conditions and forms of application for companies and schools to apply for Xinchuang Certification will be published; and the list of companies and schools that have successfully obtained Xinchuang Certification will be published in batches. Both parties would develop a training course system for enterprises and colleges and universities. Courses for enterprises will mainly be based on the existing courses by the Fifth Institute of the Ministry of Industry and Information Technology with appropriate adjustments according to the needs of local governments and enterprises. New teaching models such as animation and AI will be developed and embedded. Trainings for colleges and universities, focusing on practical skills, will be developed by Fujian Huayu according to the requirements of different disciplines to meet the needs of graduates to study and obtain qualification certificates.

April	**The project donated by Fujian Huayu were launched in Guizhou and Yunnan Province to support targeted poverty alleviation through informatization of education**

The virtual experimental products of the central library and the VR innovation and smart laboratory jointly donated by Fujian Huayu and the National Center for Educational Technology were launched in Minority Senior Middle School in Ziyun Autonomous County, Guizhou Province (民族高級中學) and Beipu Middle School (北浦中學) in Chuxiong Autonomous Prefecture, Yunnan, and were officially put into use. After a period of classroom practice and exchange of feedbacks, teaching tools including VR virtual experiments were shown to have significantly improved teaching effect, were thus well-received by teachers and students.

NetDragon's Digital Technology has empowered aerospace science education

From 1 to 30 April, the theme exhibition of "The Centennial of the Founding of the Communist Party · A Powerful Nation in Aerospace" (建黨百年· 航天強國) was exhibited at the Cultural Corridor of Nanjing East Road Metro Station in Shanghai. The theme exhibition was jointly organised by the Lunar Exploration and Space Engineering Center of China National Space Administration and 嫦娥奔月航天科技(北京)有限責任公司 with the "Our Space" Innovative and Practice Center ("我們的太空"創新實踐中心) and jointly promoted by Kuaike Intelligent Technology (Shanghai) Co., Ltd., with full technical support from NetDragon. The organizer hoped to showcase major scientific and technological achievements such as China's lunar and Mars exploration and manned space missions through the theme exhibition, so that the public could better understand China's aerospace industry. The exhibition was also presented as a gift for the centenary of the Communist Party of China to promote the aerospace spirit of vigorous coordination, selfless dedication, rigor and pragmatism, and the courage to climb higher.

Fujian Huayu and the National Center for Educational Technology reached strategic cooperation to promote the construction of new norm in education

On 13 April 2021, Fujian Huayu and the National Center for Educational Technology officially signed a strategic cooperation framework agreement in the Digital Education Town located in Fuzhou. Both parties would be committed to creating a new intelligent education model based on emerging technologies such as virtual reality, artificial intelligence and big data, and exploring the boundary of developing educational informatization.

Based on the strategic cooperation agreement, Fujian Huayu and the National Center for Educational Technology will carry out strategic cooperation in areas such as virtual simulation technology, online learning, artificial intelligence, game-based learning so as to facilitate the development of educational informatization from multiple dimensions. In the future, both parties will continue to cooperate to develop more innovative education products based on the new online learning model of "new education infrastructure" and will establish an online learning service system highlighting the characteristics of intelligence, independence, self-help and progressiveness. Promotion of such products and system will be conducted in areas which fulfil necessary conditions, with an aim to promote basic education nationwide to form a new teaching model combining online and offline education.

"Digital Party Building" summit forum was held in 2021! NetDragon Launched the "Centennial Celebration Project for the Founding of the Party" (建黨百年獻禮工程)

On 23 April, the 2021 "Digital Party Building" summit forum with the theme of "Centennial Communist Party with a Youthful Spirit, New Empowerment by Digital Party Building" (建黨百年正青春數字黨建新賦能) was held in NetDragon Digital Education Town.

At the forum, Fuzhou Digital Party Building (NetDragon) Academy (福州數字黨建(網龍)學院), as one of the organizers, presented the "Centennial Celebration Project for the Founding of the Party" under the cooperation of the production teams of the projects "Immersive Film Show of 100th Anniversary of the Founding of the Party" and "Productization of Robots". It showcased a series of achievements of digital party building and introduced new digital party building products, including the "Permanent Digital Party Building Exhibition Hall" created with cutting-edge digital technology; the "CAVE Immersive Film Show of the Party's History" which highly integrated virtual reality system with education in the history of revolution; the multi-functional "Party History Study Pod" for individualised and intelligent party history study and education; and the "Party Building AI Robots" which used artificial intelligence to help intelligent party building. In the future, they would also inject new momentum into Fuzhou's "digital party building" to continue to serve the grassroots and promote development.

Smart Learning Institute of Beijing Normal University joined hands with NetDragon released the Analysis of Informatised Classroom Teaching Behavior (《信息化課堂教學行為分析》)

On April 26, the Smart Learning Institute of Beijing Normal University and NetDragon jointly released the report on "Analysis of Informatised Classroom Teaching Behavior" at the Digital Society Sub-forum of the 4th Digital China Summit (數字中國建設峰會). The report was one of the important results of the Digital China Summit and had positive reference value for promoting in-depth integration of information technology and classroom teaching process. The Analysis of Informatised Classroom Teaching Behavior provided a comprehensive insight into the development trend and characteristics of informatised teaching, which would bring new inspiration to the whole teaching process from integration of information technology into teaching activity design, teaching behavior implementation to teaching evaluation reflection.

May	**Entering the old revolutionary base area: NetDragon donated intelligent education products to Yan'an Zaoyuan Primary School (延安棗園小學)**

On 12 May 2021, "Joyful Reading • Makes Life Better: Igniting Hope, Warming Children's Hearts" (悅讀•越美好：點燃希望，情暖童心), one of the activities of the series "Revisit The Old Revolutionary Base Area" (重走革命老區) organised by the Game Working Committee of China Audio-Visual and Digital Association under the guidance of China Audio-Visual and Digital Publishing Association, was held in Yan'an Zaoyuan Primary School in Shaanxi Province. NetDragon and 29 caring enterprises entered into the old revolutionary base area and donated to Yan'an Zaoyuan Primary School a batch of intelligent classroom software and hardware products and supporting resources, including 101 education PPT preparation and teaching integrated software, 101 intelligent classroom education software, Prometheus interactive LCD touch screen and tablets. Those teaching resources will be used in daily teaching activities of Yan'an Zaoyuan Primary School to help the construction of intelligent classrooms in the schools in the old revolutionary base area.

Fujian Huayu became a member of the Chinese Language Alliance (中文聯盟) and actively participated in promotion of international Chinese education

Fujian Huayu became a member of the Chinese Language Alliance officially. Through the jointly-established international Chinese education exchange platform, Fujian Huayu will actively communicate and cooperate with members of the alliance to achieve the exchange, integration and innovation of information, resources, tools and channels. Joining the Chinese Language Alliance is conducive to the promotion of cooperation between Fujian Huayu and authoritative teaching and research institutions. It has introduced an integration of abundant teaching resources, scientific education concepts and the Company's advanced technology to create digital Chinese education solutions that fulfilled the demand of overseas markets, which in turn effectively meets the needs for international Chinese education network to improve teaching quality in an all-round way in the post-pandemic era.

NetDragon launched its digital party building products in Beijing to co-create a digital party building ecosystem

On May 17, an intelligent party building product launch event and digital party building roundtable meeting was held by Xinhuanet.com in Beijing, to which Fujian Huayu's project team of "Good Party Members of China" was invited. At the meeting, the project team of "China Good Party Members" released the digital solution for the political life hall of NetDragon's party members (Party Building Exhibition Hall). The solution aims to provide a low-cost and fast-built standardised exhibition hall solution of "digitalization + education in patriotism and revolutionary tradition" for the governments at all levels, enterprises and schools. It combines digital technologies, such as VR/AR, with education in patriotism and revolutionary tradition, and enhances the appeal of education in patriotism and revolutionary tradition by an innovative and excellent cultural presentation and teaching models of education in patriotism and revolutionary tradition.

Fujian Huayu and Xinhua Net Co.,Ltd., as strategic partners for many years, will further integrate the authoritative content system and professional technology system to jointly develop new application scenarios and explore new development paths to create a digital party building ecosystem.

June   **NetDragon assisted Serbia's National Teacher Education Informatization Program to be launched**

NetDragon Websoft Inc. signed a memorandum of understanding on trilateral strategic cooperation with the Teacher Education College of the University of Belgrade (貝爾格萊德大學教師教育學院) in Serbia and the Serbian Institute for Improvement in Education (塞爾維亞教育改進研究所). Pursuant to which they will jointly facilitate the commencement and launch of Serbia's National Teacher Education Informatization Program (hereinafter as the "National Education Program") to cultivate quality teachers of the digital era and strengthen the development of teachers for basic education, so as to promote the development of intelligent education in Serbia through educational research and teacher training. NetDragon has once again received recognition from Serbian Education Department, after the delegation of Serbian President Aleksandar Vucic visited the Belgrade Robotics and Artificial Intelligence Education Center (貝爾格萊德機器人和人工智能教育中心) which were jointly built by NetDragon in June 2020. This marked a positive progress of the cooperation for national education between NetDragon and Serbia.

NetDragon and TCL entered into a strategic cooperation to jointly build a global education ecosystem

On June 18, NetDragon and TCL signed a strategic cooperation agreement in Digital Education Town in Binhai New Town, Fuzhou. Pursuant to which both parties will jointly design, research and develop teaching equipment benchmarking products targeted the needs of the global education market for application scenarios. This strong collaboration is a complementary combination of high-end and high-quality resources, which enables them to jointly build a safe and efficient inter-connected digital education ecosystem. This will allow more schools and families to access fair and intelligent education terminals and rich and interesting contents, in turn add momentum to the globalisation of the "Education China Initiative" (中國方案).

July

NetDragon joined hands with China Railway Association (中鐵協) to facilitate construction of the "Digital Triathlon Sports City" (數字鐵人三項運動之城)

NetDragon Websoft Inc. entered into a strategic cooperation with the China Triathlon Sports Association (中國鐵人三項運動協會), and the "China Triathlon Sports Association – Netdragon Sports and Education Integration Experimental Base" (中國鐵人三項運動協會網龍體教融合實驗基地) and the "China Triathlon Sports Association – Netdragon Youth Training Base" (中國鐵人三項運動協會網龍青少年訓練基地) were officially launched. Under the guidance of the "Digital Triathlon Goals" (數字鐵三), both parties will use the Digital Education Town as a carrier to give full play to their respective technological edges and resources, and would cooperate to facilitate integration of sports and education, create smart stadiums, carry out digitalised event operations, and promote digitalised youth training. Together they would build the Digital Education Town into a world-renowned "Digital Triathlon Sports City".

NetDragon and the School of Design of CAFA promoted the establishment of teaching practice base

The research team of the topic of *The Design and Research on Inheritance Model of Intangible Cultural Heritage under Future Scenarios* (《未來場景下非遺傳統技藝的傳承模式設計研究》) led by Professor Zhang Xinrong (張欣榮), the deputy dean of the School of Design of CAFA, initiated off-campus teaching practice activities in the Digital Education Town. NetDragon has been relying on the Digital Education Town to promote cooperation with the School of Design of CAFA for jointly establishing an off-campus teaching practice base. This activity will further consolidate the functions of the town as an off-campus teaching practice base, which exploits the functions as a platform of the town in terms of talent cultivation, cultural exchange, teaching cooperation, scientific research, team building, etc.

NetDragon participated in the drafting of China's first association standard for game audio design and development process

China Audio-video and Digital Publishing Association officially released the Association Standard for the Game Audio Design and Development Process (《遊戲音頻設計與開發流程》) (hereinafter referred to as the "Standard"), which is the first standardised references to the development process in the Chinese game audio industry in China. It gives a standardised reference to the development process. As a leading global internet community creator and one of the pioneers of online games in China, NetDragon Websoft Inc. participated in the drafting of the Standard. Practitioners believe that the release of the Standard has a positive effect on standardization of the development of game audio design process, improving the overall production quality of China's game products, and promoting the development of China's game research and development to a higher level.

| August | **NetDragon signed a memorandum of understanding with the Ministry of Education in Thailand to launch English Smart Classroom Lab project** |

NetDragon has signed a memorandum of understanding with the Office of the Basic Education Commission of the Ministry of Education in Thailand to build English smart classroom laboratory for local schools in Thailand. The signing of the memorandum of understanding is an important milestone for the Ministry of Education in Thailand to achieve Education 4.0 program, which aims to nurture Thai students with global competitiveness to embrace the new economic era of innovation and digital technology. This collaboration will have a positive and transformative impact on education in Thailand, which it will not only help to improve the quality of education in Thailand, but also contribute to the long-term development of the Thai economy.

Fujian Huayu reached strategic cooperation with Children's Fun Publishing Co., Ltd.

Fujian Huayu reached a strategic cooperation framework agreement with Children's Fun Publishing Co., Ltd. Both parties will leverage on their advantages in resources, technology and channels, actively explore the integration and innovation of information technology and paper publications, and jointly study the combination of localised contents and overseas publications. The promotion and application of digital reading interactive experience model in the market will be promoted, and the development, sharing and use of high-quality digital resources will be continued to promote.

Fujian Huayu has established a strategic cooperation with China Science Publishing & Media Group Ltd.

Fujian Huayu and China Science Publishing & Media Group Ltd. established strategic cooperation agreement, both will collectively organize educational informatization of online and offline quality publishing resources and channel resources, and cooperate to develop short videos for science popularization of educational products. At the same time, both parties will make use of their industrial advantages to build a global data base with experts and scholars and construct a vertical intellectual network social platform based on content.

September	**Strait Digital Sports Competition was successfully held and injected new energy to digital sports**

2021 Strait Digital Sports Competition came to an end at the Education Conference and Exhibition Center of Changle Digital Education Town in Fuzhou. As a highlight project of the 9th Straits Youth Day (海青節), 2021 Strait Digital Sports Competition was collectively held by Fujian Radio & Television Network and Netdragon Websoft Holdings Limited. In the future, an in-depth cooperation in vertical fields of eSports can be further promoted across the Strait, to set up an eSports culture communication platform and explore a breakthrough for eSports together. It can promote straits youth to cooperate in the fields of talents training, culture and creativity, digital content and innovation and entrepreneurship, and collectively boost the eSports industry in China moving forward to a new stage of high-quality development.

Esports communication activity as a bridge, 2021 Strait Digital Sports Competition facilitated exchanges between straits youth and industry players, and provided new development opportunities for cross-strait eSports. At the same time, taking advantage of the form of eSports and taking the opportunity of those activities, the Fujian model of exploring the TV + digital sports industry was launched, and a new track was set up for the construction of digital economy.

NetDragon and the Ministry of Education of Ghana signed a memorandum of cooperation to implement the nationwide blended learning system

NetDragon announced that it signed a memorandum of cooperation with the Ministry of Education of Ghana. Both parties will establish a long-term cooperative relationship. NetDragon will invest in a range of solutions and services to help the Ministry of Education of Ghana achieve its education goals and ensure equal access to quality education and lifelong learning opportunities for all Ghanaians. This collaboration aims to ensure that everyone has access to a quality education regardless of socio-economic conditions and geographical location. Moreover, this blended learning system integrates cutting-edge education technology into the education system, to develop the skills the young people need, so as to boost the social and economic development. At the same time, it will also revolutionize teaching methods, benefiting 9.3 million students across Ghana.

NetDragon's successful cooperation in Africa was included in the China-Africa Economic and Trade Cooperation: Case Studies and Plans (《中非經貿合作案例方案集》)

The 2nd China-Africa Economic and Trade Expo was held at Changsha. Prior to its opening, the China-Africa Economic and Trade Cooperation: Case Studies and Plans, a highlight of the Expo, was also officially launched. That case study demonstrates the achievements and experience of China-Africa economic and trade cooperation in all aspects. The case of China-Egypt digital education cooperation presented by NetDragon was included in the chapter of "Technology Innovation and Digital Economy''. It shares good experiences and practices of China-Africa economic and trade cooperation, to accelerate China-Africa economic and trade cooperation to develop to a higher level with better quality.

October	**Live-teaching of Design Methodology in K12 class of "Red Army' Schools"**

Design Methodology, which was once taught in some renowned schools like Harvard University and the CAFA, finally comes to its first K12 edition! On October 25, Liu Dejian, the chairman of NetDragon, was invited by the Fuzhi Spiritual Education Center to teach at Nanyang Red Army' Schools, Yulinqiao Battle Red Army' Schools, Baisha Gutian Meeting Spiritual Red Army' Schools, Zhiluo Battle Red Army' Schools and Caixi Shi Ming Red Army' Schools through remote live broadcasting. Students from those 15 Red Army' Schools attended a design enlightenment course with the theme of Little Designers.

Design Methodology reached another phased achievement in teaching in K12 class. It can help children to gradually gain a deeper understanding of design-related knowledge, expand their logical thinking and practical skills, and set a benchmark and model for the curriculum to enter more primary schools nationwide in the future.