# 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)*

## 2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2024 環境、社會及管治報告

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## 1. ABOUT THIS REPORT

### Reporting Period and Scope

This Environmental, Social and Governance ("ESG") Report ("the Report") covers the sustainability strategies and ESG performance of NetDragon Websoft Holdings Limited ("the Company" or "We") and together with its subsidiaries (stock code: 0777) ("NetDragon" or the "Group") for the period from 1 January to 31 December 2024 ("the Reporting Period" or the "Year").

The Report encompasses NetDragon's gaming business primarily based in the People's Republic of China (the "PRC") and education technology business primarily based in the United States of America (the "USA"), the United Kingdom (the "UK") and Europe. This Report also contains details of our sustainable development, vision and progress made on the implementation of our ESG strategy during the Year.

The qualitative and quantitative information regarding the Group's approach, initiatives and priorities in managing material ESG aspects are disclosed in the Report. For further disclosures on corporate governance, please refer to the Corporate Governance Report of NetDragon's 2024 Annual Report.

### Reporting Standard

The Report has been prepared in accordance with the "mandatory disclosure requirements" and adheres to the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide ("ESG Guide") under Appendix C2 of the Main Board Listing Rules ("Listing Rules") issued by The Stock Exchange of Hong Kong Limited ("Stock Exchange").

### Reporting Principles

- **Materiality:** Material topics are identified, assessed, reviewed and confirmed by senior management and materiality issues verified by the Board of Directors are disclosed with emphasis to ensure their significance.

- **Quantitative:** Applicable quantitative key performance indicators outlined in Appendix C2 of the ESG Guide under the Listing Rules are disclosed to comprehensively evaluate the Group's ESG performance during the Reporting Period. The calculation methods, standards, assumptions, and references for the quantitative data, as well as the sources of the main emissions factors and definitions of terms are also provided.

- **Balance:** The ESG performance data is disclosed on an unbiased basis with a full picture of both our accomplishments for the Reporting Period and potential for enhancement in the future.

- **Consistency:** The data is calculated using consistent methodologies to allow effective year-over-year comparisons and objectively present the Group's ESG management performance.

Contact

We appreciate your feedback on our report, reporting content and sustainability performance. Please contact us through our Investor Relations department:

Mail: Units 2001-05 & 11, 20/F, Harbour Centre, 25 Harbour Road, Wan Chai, Hong Kong.

Email: ir@netdragon.com

## 2. SUSTAINABILITY GOVERNANCE

As a prominent online games pioneer in China and global leader in education technology, NetDragon takes on a sense of social responsibility befitting a publicly listed company and maintains high levels of sustainability governance standards. Our commitment to corporate social responsibility is deeply ingrained in the corporate culture, aiming to achieve the perfect balance between economic growth, social progress, and environmental protection. In doing so, we not only drive sustainable growth but also deliver stable returns to investors, laying a solid foundation for our future development.

The Group has established a comprehensive governance structure led by the Board of Directors, under which each function contributes diligently and prudently to advancing the Group's sustainability efforts, working together towards achieving the organisational sustainability goals.

### Governance Structure

| | | |
|---|---|---|
| Highest Governance Body | NetDragon Board of Directors | |
| Board | Audit | External Assurance[1] |
| Management | Executive | |
| Implementation of Sustainability | Group Functions and Business | |
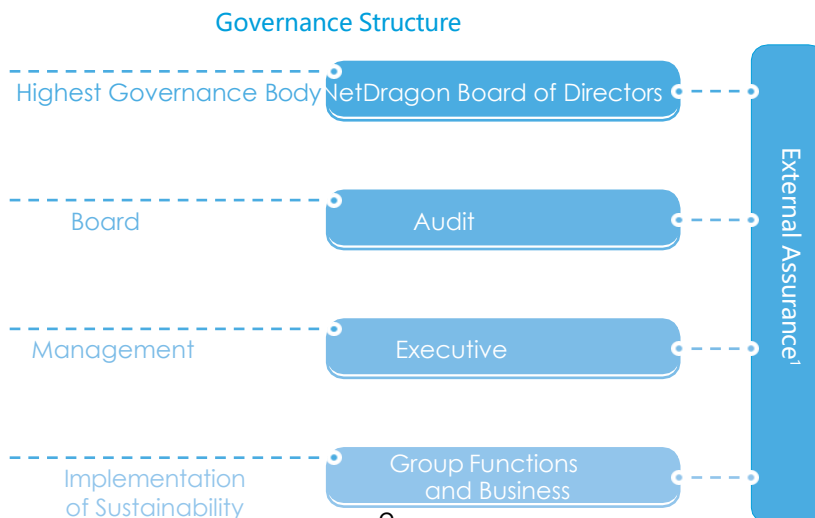
NetDragon's ESG management structure and the respective roles of each layer are as follows:

**NetDragon Board** of Directors

- Supervise the practices and implementation procedures for corporate governance
- Maintain appropriate and effective risk management and internal control systems to ensure compliance with all applicable regulations within the Group
- Review and approve ESG reports

**Audit Committee** financial

- Assist the Board of Directors in verifying the objectivity and credibility of reports, and ensure that directors act in accordance with the *Director's Responsibility Guidelines* when disclosing financial results to shareholders
- Assist the Board of Directors in establishing effective risk management and internal control systems, while maintaining good corporate governance standards and practices
- Review ESG reports and provide recommendations for review and approval by the Board of Directors

**Executive Chairman** of the Board

- Serve as general ESG management consultant under the full authorisation of Directors

**Group Functions and** Business Units

- Our various business units promote the implementation of the Group's ESG policy and integrate ESG targets into the Group's daily operations
- Our subsidiaries formulate and implement ESG-related measures in accordance with the Group's ESG policies and targets, taking into account their own business characteristics and actual circumstances, and collect and summarise the progress and performance of ESG work
- All group functions, business units, and subsidiaries assist in the preparation of ESG reports and conduct ESG-related research

**External Assurance** our internal

- The Audit Committee conducts semi-annual reviews of the effectiveness of control efforts with third-party assistance to comply with the relevant provisions of the Corporate Governance Code of the Listing Rules.

2.1 Board Independence, Diversity and Performance

We firmly believe that a diverse Board serves as one of the key factors in enhancing our overall performance. Board diversity not only broadens our perspectives but also translates into better decisions and outcomes. In addition to skills, knowledge, and professional experience, the Group considers and balances differences in background, ethnicity, age, gender, and service experience of our Board members. The Board's mission is to select and appoint outstanding individuals to its membership on the basis of merit as well as their contribution to the Group's strategic objectives and sustainable development. We established a Board diversity policy in 2013, which has been under continuous monitoring and maintenance. Aligned with the policy, we have recently appointed two new board members, including one female member, for optimal Board tenure. These directors will stand together to lead the Group towards a more prosperous and sustainable future.

During the Reporting Period, NetDragon received annual confirmation of their independence from each independent non-executive director in accordance with Rule 3.13 of the Listing Rules. These directors have more than 10 years of experience in corporate operations and management, well-versed in all aspects therein. The Nomination Committee is confident that they exhibit total independence of character and judgement in their duties as Board members and designated roles.

Besides diversity criteria and independence requirements, we perform regular self-assessment of Board performance to monitor Board effectiveness and systematically evaluate their performance for the past financial year.

2.2 Business Ethics and Compliance

2.2.1 *Business Ethics and Oversight*

The Group has always been committed to maintaining excellent corporate governance performance. We view corporate governance as a driving force for our sustainable development and place high importance on business ethics and integrity. To ensure effective management, we conduct our business activities in all functional and business units with the highest ethical standards and have developed organisation-wide regulations for employees, including the *Anti-Fraud and Anti-Bribery System* and the *Whistleblowing System* . To fulfil this commitment, we entrusted third-party to assess our ethical standards.

All stakeholders who engage in business with the Group, including suppliers, service providers, contractors and customers, are required to comply with the integrity provisions in our bidding/tender documents and contracts. In terms of supplier management, our Internal Audit department and Human Resources department actively communicate relevant business ethics principles to suppliers and business partners, ensuring that they share our commitment to upholding high standards of business ethics.

In terms of employee management, all new hires are required to sign a *Confidentiality and Integrity Statement* to ensure that they practice good business ethics from day one. We also require procurement staff to sign the *Procurement Department Violations* and *Penalties Rules* and to comply with conflict-of-interest provisions. Meanwhile, we have formulated the *Code of Conduct for Avoiding Conflicts of Interest* , which requires employees to conduct self-examination and declaration of organisational beneficial interests, in order to identify and prevent potential conflicts of interest and to prevent and control staff management risks. We have set up a dedicated team to handle conflicts of interest, investigate and assess potential conflicts and develop mitigation strategies as appropriate.

The Group has also introduced a feature in its Office Automation (OA) system to collect anonymous complaints about unfair policies and rules or unethical behaviour of employees, especially those in middle and senior management positions.

### 2.2.2 *Anti-Corruption*

NetDragon adopts a zero-tolerance attitude towards corruption and bribery. The Group requires all subsidiaries to comply with anti-corruption legislation in the jurisdictions where they operate, such as the *Prevention of Bribery Ordinance* in Hong Kong and the *Foreign Corrupt Practices Act* in the USA. They are also required to implement the *OECD Anti-Bribery Convention* throughout their operations.

The Group has established an internal anti-corruption management system in accordance with the abovementioned laws and regulations. We regulate employee behaviour through internal policies such as the *Employee Misconduct Handling and Management Measures* , which define and impose penalties for corruption and commercial bribery, establishing robust business ethics rules and codes of conduct.

> *Employee Misconduct Handling and Management Measures* (excerpt)
>
> Employees found to have engaged in misconduct that seriously damages (potentially or in reality) the Company's reputation or interests, such as theft, embezzlement, misappropriation of company funds or other property, abuse of position, fraud, accepting bribes/commissions through abuse of authority, abuse of power, private embezzlement, favouring relatives or seeking personal gain, will have their employment terminated

At the same time, in accordance with the requirements of the Independent Commission Against Corruption (ICAC) of the Hong Kong Special Administrative Region, the Group provides a series of anti-corruption related readers such as the *Business Ethics Training for Listed Companies* and *Anti-Corruption Program – Guidelines for Listed Company* to the Board of Directors and senior management, and organises regular training to strengthen the Group's culture of integrity. These help to ensure that our sustainability goals are delivered.

During the Reporting Period, the Group maintained the highest level of integrity and was not involved in any litigation relating to bribery, extortion, fraud, or money laundering.

### 2.2.3 Reporting Channels

The Group strictly prohibits any unethical business practices and strongly opposes any form of bribery and corruption. To encourage employees to report suspected misconduct in the Group in a confidential manner, we provide a range of reporting channels, including web portal, hotline, email, and intranet.

A reporting feature known as "BUG" has been introduced to our internal OA system. After an investigation by the Internal Audit, if the reported matter is confirmed to be true, the violator will be disciplined by the senior managers of the respective department in accordance with the guidelines provided by the BUG resolution process. The Group plans to develop corresponding internal response procedures for operational problems identified to prevent them from happening again in the future.

To ensure effective whistleblowing, we implement strict confidentiality of the whistleblower's personal information, ensuring that the whistleblower's safety and privacy are thoroughly protected. Our Human Resources department and Internal Audit department work together to ensure that reported matters are handled properly.

Collectively, the above measures and actions instill a culture of integrity in the Group and ensure that this culture is maintained throughout our operations over the long term.

Reporting channels:

Internal

Bug Collection Cabin, email, 99U and other

channels Email: neishen@nd.com.cn

External

Senior Staff Commendation/Complaint

Collection:

https://www.nd.com.cn/2021/collection/

One of our major overseas subsidiaries has released the *Confidential Reporting (Whistleblowing) Hotline Policy, Procedures and User Guidelines* through internal and external channels. The Guide provides detailed instructions on the reporting procedure as well as reporting channels, and defines reportable matters to help employees accurately identify unethical business conduct.

2.3    ESG Risk Management

Excellent risk management capabilities are critical to NetDragon's continued success. Our risk management team works closely with departments across the Group to maintain a keen insight into policy updates, competitive landscape, and technological trends. Cross-departmental collaboration enables us to identify potential risks that may pose a threat to our business in a timely manner, especially those closely related to sustainability.

In the risk management process, our departments continuously monitor and assess potential risks to ensure effective control and mitigation. As soon as risks are identified, the relevant departments will report immediately to the management and, under their guidance, quickly develop action plans and management objectives to reduce losses resulting from the risks.

Mindful of the challenges posed by climate change, NetDragon has taken a series of steps to manage physical and transition risks. These measures are designed to strengthen our climate resilience and ensure that our operations are properly equipped against the adverse impacts of these changes. For more information on how we address environmental challenges, please refer to Chapter 5 Environment in the Report.

## 3.    STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

3.1    Stakeholder Engagement Approach

NetDragon is convinced that the collective engagement of internal and external stakeholders is necessary for achieving our ambitious sustainability goals. These stakeholders include not only our employees, but also our customers, suppliers, partners, as well as regulatory bodies and community members who play important roles in our business. To this end, we strive to create an open communication platform where the voices of all stakeholders are heard, ensuring that their expectations and concerns are well understood and addressed.

3.2   Identification and Update of Material Topics

During the Reporting Period, we analysed ESG topics according to their importance to stakeholders and the Group's business development, based on feedback from various communication channels. These topics are grouped into three tiers: General Topic, Moderate Topic and Material Topic. The results are shown below:

| Category | Topic | Topic Materiality |
|---|---|---|
| Environmental | Climate Change | Moderate Topic |
| | Air Pollutant Management | |
| | Water Consumption and Conservation | General Topic |
| | Energy Management and Carbon Emissions | |
| | Waste Management | |
| | Environment and Use of Natural Resources | |
| Social and Governance | Respect for Intellectual Property Rights | Material Topic |
| | Data Security and Privacy Protection | |
| | Product and Services Safety and Quality | |
| | Innovation Management | |
| | Corporate Governance | |
| | Anti-bribery and Anti-corruption | |
| | Community Investment | Moderate Topic |
| | Diversity, Inclusion and Equal Opportunities | |
| | Responsible Supply Chain Management | |
| | Occupational Health and Safety | |
| | Talent Attraction, Retention & Development | |
| | Commercial Ethics and Antitrust | |

NetDragon firmly believes that high priority must be given to topics that can have a profound impact on our corporate value. This year, through monitoring industry trends, regulatory updates and investor expectations, and based on the results of stakeholder engagement, we identified "Respect for Intellectual Property Rights", "Data Security and Privacy Protection", "Product and Services Safety and Quality", "Innovation Management", "Corporate Governance" and "Anti-bribery and Anti-corruption" as "Material Topic". The significance of these topics reflects their impact on our ESG aspects. We aim to integrate these topics into our day-to-day operations and manage them through our policies and risk management framework.

NetDragon places equal emphasis on General Topics and Moderate Topics. Considering the impact of these topics on our corporate value, we aim to address them through formulating appropriate policies, setting ESG targets, and risk management to ensure that we meet the code of business conduct and ethics across all aspects. This is our commitment to our stakeholders and our investment in the future.

## 4. USER RIGHTS PROTECTION

### 4.1 Cyber Security

As a global leader in building internet communities, NetDragon is well aware of the importance of cyber security to the Group and our stakeholders. We strictly comply with laws and regulations on information security in jurisdictions where we operate, including but not limited to the *Cybersecurity Law* , the *Data Security Law* , the *Personal Information Protection Law* , the *Standard Contract for the Outbound Cross-border Transfer of Personal Information* , the *Procedures for Administrative Law Enforcement by the Cyberspace Administration Departments* , the *Civil Code* and other relevant laws and regulations. We have established a top-down cyber security management framework to ensure that every aspect, from policy development to day-to-day operations, is under strict oversight.

To enable robust cyber security governance, we have clearly defined roles and responsibilities within the team and established efficient reporting mechanisms to ensure agile decision making and precise management. In addition, we continually improve our internal cyber security policies and processes to ensure that our business complies with the law. We view cyber security as a core element of risk management, protecting our operations from any potential threats. This comprehensive security strategy provides a solid foundation for a safe and reliable cyber environment for our customers, employees and partners. Through these strategies and actions, we have consolidated our cyber security leadership and set the stage for continued growth and innovation.

*4.1.1 Governance*

NetDragon's commitment to information security is evidenced by our comprehensive and rigorous governance measures. We have implemented organisation-wide *Information Security Management Measures* in place, to enhance our information security management, ensuring the confidentiality, integrity, and availability of corporate information resources. These measures are designed to prevent leakage, falsification and loss of information, while protecting company assets and customer data from potential threats. In addition, the Group's senior management is actively involved in overseeing cyber security matters, ensuring the strict implementation of each policy.

To strengthen this commitment, we have established the Safety and Compliance Committee, led by the vice president of Netdragon and overseen by a Board member, demonstrating the utmost importance we place on cyber security. The Information Security Department of the Group is responsible for the Group's information and cyber security affairs, carrying out functions such as policy formulation, security training, risk assessment, security monitoring, emergency response, and technical support. It undergoes regular internal and external audits and assessments to ensure that our security measures remain at the forefront of the industry. Guided by the *Information Security Management Measures* , the Technical Maintenance Department, server and application system operations and maintenance personnel from other departments, as well as all our employees are required to participate in related security initiatives. At NetDragon, decisions regarding cyber security are made and implemented collectively by these professional departments, ensuring that we can respond quickly and effectively to any security challenges and provide a secure cyber environment for our customers, employees, and partners.

From developing rigorous guidelines for cyber security and personal privacy protection to addressing regulatory requirements, we conduct sound data classification and security assessments, demonstrating NetDragon's steadfast commitment to user data protection. The Company not only conducted security testing of internal systems, but also paid special attention to five key areas: protection of personal privacy on mobile Apps, information security for users, real-name registration, content security, and anti-addiction system of games.

We adopt a series of measures across various domains, including terminal security management, network security management, password security management, software usage management, security development management, back-end system security, data security management, operation and maintenance security management, vulnerability management, outsourcing management, security incident response management, perimeter security management, and offboarding procedures for departing employees. These measures

are implemented to proactively mitigate the risk of cybersecurity incidents. Looking ahead, NetDragon will continue to closely monitor the latest developments in the field of cyber security, introduce advanced solutions, and continuously improve and strengthen our information security system to ensure maximum protection of user data security and privacy.

### 4.1.2 *Independent Assessment and Certifications*

NetDragon's Information Security team is committed to the protection of data by implementing well-defined management policies and regularly conducting comprehensive security audits of the Company's information systems, business systems and IT infrastructure. In terms of external audits, the local administrative authorities where our main operations located also conduct strict reviews of these security measures to ensure that NetDragon implements high-standard management in information security.

The China based gaming and education businesses of the Group have all obtained the State National Information Security Protection Level 3 Certification, which is the most authoritative information security certification scheme in China, and have qualified for reassessment during the Reporting Period. This reflects NetDragon's firm commitment to following national information security regulations and technical standards, as well as our continuous efforts to assess and enhance information system security levels.

Fujian Province Huayu Education Technology Co. Ltd. ("Fujian Huayu"), a subsidiary of Netdrgon, has achieved remarkable achievements in information security and obtained the internationally recognised ISO27001 Certification in 2023, further underlining NetDragon's global leadership in information security.

### 4.1.3 *Cyber Security along the Value Chain*

NetDragon views information security as a critical standard in the selection of suppliers and partners. Besides meeting the strict requirements of the State National Information Security Protection Level 3 Certification itself, the Group requires the security qualifications of cloud service providers and other relevant suppliers to have the same capability, if not a higher level of Certification, in their security qualifications. In accordance with our *Information Security Management Measures* , all third-party data service providers shall provide relevant data security certifications and shall file the same with the Information Security Department, ensuring their compliance with data protection regulations and the implementation of appropriate security measures.

### 4.1.4 *Cyber Resilience Commercialisation*
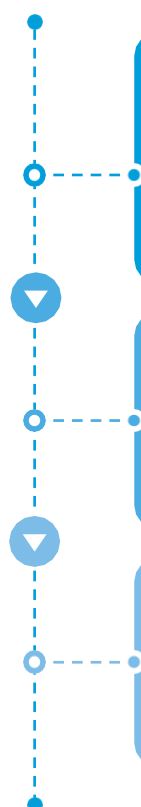
NetDragon not only focuses on cybersecurity in our daily operations, but also integrates this concept into the design of our products and services. The Company is committed to delivering sustainable designs that translate cyber resilience into commercial value. By undertaking outsourced cyber security attacks and defense drills, NetDragon has improved its capacity to assist corporate clients in safe operations.

### 4.1.5 Cybersecurity Training and Education

In 2024, we continued our focus on compliance training in terms of data and information security at the Group level. The detailed program and progress include:

1. The Group provides various safety and compliance training to employees. These include mandatory safety and compliance training for new employees, special safety and compliance training for core business personnel, and voluntary information security series certification. In 2024, NetDragon provided information security training to 306 people. The total number of training hours was 162.18 hours, averaging 0.53 hours training hours

2. *Common Password Vulnerabilities and Prevention Methods* training introduced preventive

3. All new employees received the *New Employee Information Security Awareness*
*Training* course to gain basic information security knowledge, security

4.2   Privacy and Data Protection

*4.2.1   Privacy and Data Security Principle, Commitments and Approach*

As the world's leading operator of online communities, we oversee a vast database of personal information. In this data-intensive era, we recognise the importance of protecting this information and enforce strict data protection measures in all facets of our business. Our guiding principle is to retain user's personal information for the shortest period permitted by law to minimise any potential privacy risks. Specifically, as required by applicable laws and regulations, we formulated the *NetDragon Game Privacy Policy* to ensure compliance and to protect the privacy of our users. NetDragon adopts the contents of *Information Security Technology Personal Information Security Specifications* (GB/T 35273-2020) as the framework to form our organisation wide information security management system, and has formulated the following principles, commitments, and approach:

O   Data Collection Phase:

- Principle of Legality: No deception, no misleading, no concealing, no data collected from any illegal   channels;

- Principle of Minimum Necessity: Only collect the data directly related to the implementation of products  or services;

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

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

O   Data Storage and Transmission Phase:

- Shortest Time Principle: The storage period is the minimum time required to achieve the purpose of processing;

- 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.

o     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 the collection phase, any applications beyond the stated purpose need separate authorisation;

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

o     Data Destruction Phase:

- Users may contact our customer service representatives at any time to request account closure. We will delete or anonymize the user's information and account-related data, and promptly notify any parties that have obtained the personal information of the user from us and request them to delete the information in a timely manner. In compliance with applicable laws and regulations, user log data and internet security protection technical records shall be retained for at least of 60 days, while transaction records shall be retained for at least 180 days.

### 4.2.2 *Scope of Privacy and Data Protection Policies*

Protecting the security and privacy of personal data is a top priority in our operations. The Group develops and continuously updates a comprehensive series of privacy policies that apply to all of its controlled companies to ensure the protection of user data on a global scale.

### 4.2.3 *Personal Data Consents, Rights and Control*

NetDragon provides users with the right to control their personal information, including but not limited to the right to access, update, delete and withdraw the authorisation. We provide an intuitive interface that allows users to easily update or modify their personal information, such as phone numbers, in the designated application. In addition, when users choose to cancel their accounts, we ensure that their personal information is automatically and securely removed from the system to protect their privacy.

#### 4.2.4　Cross-border Data Management

In order to protect our users' privacy and personal data, NetDragon complies with all applicable laws and regulations on the cross-border transmission where we operate. If there is a need to transport personal information across borders, NetDragon will separately and independently obtain the user's authorised consent to specify the purpose, type and recipient of the outbound transmission of personal information. The Group also implemented efficient business structures and used the technical infrastructures of the Group to ensure segregated management of onshore and offshore personal data.

#### 4.2.5　Privacy and Data Engagement and Certification

The Group provides in-depth privacy and data security training to all employees, especially those involved in handling personal information. Prioritising "data minimisation" and "privacy by design", one of our major overseas subsidiaries integrates these principles into its products and services to minimise the processing of personal data. At the same time, the subsidiary has deployed advanced software scanning tools to detect vulnerabilities in code, ensuring that issues are identified promptly to provide secure products and services. A service offered by the overseas subsidiary has been certified by iKeepSafe (Internet Safety Alliance©). This confirms that the overseas subsidiary's service strictly complies with certain state and federal regulations in USA on the handling of sensitive personal information.

#### 4.2.6　Third-party Data Management

The Group does not rent, sell, or provide personal data to third parties other than for the following purposes: to complete a merger, acquisition, asset transfer or similar transaction with user consent; to perform specific services with user consent; when inquired by local jurisdictions and regulatory department to be compliant with the relevant requirements of laws and regulations.

#### 4.2.7　Data Breach/Incident Response Plan

The Group has introduced a series of innovative technologies and measures to minimise the risk of data breaches. In addition to developing a comprehensive data security management strategy and contingency plan, we have also established a robust incident response mechanism to ensure a rapid and effective response to information security incidents.

In the event of an information security incident, our Information Security department will take immediate action and assign professional staff to perform an incident analysis. We will collect evidence at the scene of the incident, thoroughly understand the cause and handling of the incident, and conduct a rigorous assessment of its impact. Our aim is to ensure the effectiveness of response measures, to learn from the incident, to make recommendations for improvement and to prevent similar incidents from happening again. In addition, our Information Security department regularly reviews and updates information security policies and procedures to strengthen our information security defense mechanism and continuously improve our information security management level.

We regularly conduct comprehensive assessments of our computer systems and make necessary platform upgrades to ensure that our technology remains at the forefront of the industry. Ongoing network vulnerability assessments and penetration testing enable us to identify and address potential security threats in a timely manner. All of our critical IT infrastructure and systems are equipped with advanced monitoring systems that accurately generate and analyse logs and immediately issue alerts when suspicious network activity or attempted attacks are detected. During the Reporting Period, the Group reported no substantial data leaks in our business operations.

4.3    Protection on Minors

NetDragon serves not only as a platform for exciting gaming experiences but also as a socially responsible custodian. We are committed to protecting minors from the potential hazards of online gaming. In compliance with the *National Administration of Press and Publication's Notice on Further Strengthening Regulation to Effectively Prevent Online Gaming Addictions among Minors* , the Group implements real-name registration across all of our self-operated games in Mainland China (such as *Eudemons Online* , *Conquer* , and *Heroes Evolved* ). Minors are required to ensure that they have the consent of their guardians to use our services, and their data will be strictly protected. If we find out that we have collected data without a guardian's consent, we will suspend the service to minors and delete the data as soon as possible to protect the physical and mental well-being of minors, reduce their risk of gaming addiction, and help them develop healthy gaming behaviour.

In accordance with the requirements of the China Audio-video and Digital Publishing Association, age-appropriate reminders are added to the game download, registration and login interfaces of the games, and similar age- appropriate reminders are placed throughout all promotional materials. Meanwhile, we launched an online parental supervision platform to help parents prevent minors from using online services excessively and to provide all-channel and seamless support. Gamer refund issues are handled by a dedicated process team in accordance with relevant regulations and industry best practices.

4.4    Intellectual Property Protection

Intellectual property ("IP") is a critical strategic asset for the Group. Excellence in IP management serves not only as a powerful driver of our core competitiveness, but also as a key factor in stimulating innovation and development. We are constantly striving to nurture and expand our flagship IPs to provide players with a unique gaming experience. To this end, the Group has collaborated with well-known IPs both domestically and internationally and has ensured the highest level of protection and respect for these valuable IPs in various domains by implementing a series of innovative mechanisms.

On our intranet, accessible to all employees, each IP related to our offerings is presented as individual modules with details such as official name, applicable jurisdiction, trademark and category, associated samples, etc. More importantly, each dominant IP has its dedicated user manual, articulating practical business scenarios, IP resource protection-related regulations, basic user specifications, applications case studies, etc. This not only raises employee awareness of IP, but also effectively guides employees to use IP in a correct and compliant manner in their daily work, thereby reducing the risks associated with IP misuse or abuse.

At the same time, the Group holds the IP of others in high regard and continues to promote the use of genuine software. In game development and other creative processes, we strictly adhere to IP laws and never infringe upon the IPs of others.

4.5   Customer Engagement

We value our customers' feedback and reviews of our products and services. We always listen attentively to the voice of each customer and regard their feedback as the key to improving the quality of our products and services. To this end, we monitor and respond to customer feedback and enquiries relating predominantly to the Chinese and English versions of our gaming products and services. Over the past eight fiscal years, the Group has received an average of 0.03% of customer complaints.

**2017-2024 Operation Contacts into Support and Complaints Received within the Group**

| Year | Customer Contacts | Complaints Received | % Complaints |
|------|------|------|------|
| **2017** | 1,908,693 | 211 | 0.011% |
| **2018** | 1,756,206 | 396 | 0.023% |
| **2019** | 1,685,030 | 335 | 0.020% |
| **2020** | 1,837,044 | 607 | 0.033% |
| **2021** | 1,510,396 | 541 | 0.036% |
| **2022** | 1,478,111 | 461 | 0.031% |
| **2023** | 1,240,726 | 633 | 0.051% |
| **2024** | 1,207,609 | 702 | 0.058% |

NetDragon listens and takes every customer's opinion and feedback seriously. Each complaint is handled on a case-by-case basis by studying the feedback from our customer satisfaction surveys. The Technical Support team is responsible for recording the feedback, forwarding it to the relevant personnel for processing, and contacting the customer to resolve the complaint when it is completed.

## 5. ENVIRONMENTAL PROTECTION

The Group primarily operates in the fields of gaming and education technology, resulting in comparatively minimal environmental impacts when compared to traditional manufacturing industries that directly emit greenhouse gases and produce waste. Nonetheless, we never neglect our responsibility for environmental protection. We perceive environmental protection as a hard core of corporate social responsibility and are dedicated to minimising our negative impact on nature through sustainable business practices. An *Environmental Management System* at the group-level has been established for all employees to follow. Since October 2022, the *Quality and Environmental Management System* ("QEMS") has been implemented in one of our major overseas subsidiaries in line with ISO14001 and ISO9001 standards. Additionally, our subsidiary Fujian Huayu obtained the certification of ISO14001 environmental management system in 2022, recognising our endeavours in environmental protection.

In response to the challenges posed by global climate change, such as rising sea levels, extreme weather events, and temperature shifts, we recognise the significant impact these changes may have on our assets, business operations, and all stakeholders. Accordingly, we have developed a robust set of internal management policies to mitigate these risks and established a monitoring system to track the progress and results of their implementation. Our aim is clear: to protect both the environment and our business from the adverse effects of climate change while contributing to a greener and more sustainable future.

### 5.1 Climate Change

Climate change poses a grave and pressing challenge to both social and business sustainability. In light of this, the Group has diligently identified and evaluated the risks posed by climate change, strictly adhering to government issued guidelines on extreme weather, and carrying out measures to safeguard our employees' safety. Concurrently, we have devised emergency protocols, contingency plans for extreme weather events, and corresponding strategies to mitigate potential damages from future disastrous events.

The Group regularly reviews and tracks the implementation and progress of our climate change policies to ensure effective execution. Additionally, we are continuously exploring innovative approaches to better protect the environment, whether by promoting renewable energy or instituting new resource recycling initiatives, to set a benchmark for environmental stewardship within our industry and pioneer the path toward greener development.

In addition to our ongoing commitment to prioritise climate change issues, our group aligns with the goal of "Climate Action" outlined in the United Nations' Sustainable Development Goals ("SDGs"). We have commenced to follow the Task Force on Climate-Related Financial Disclosures ("TCFD") framework, disclosing progressively the Group's risk management system and initiatives on climate change, setting up and meticulously tracking progress on climate change-related metrics and targets.

5.2   Energy Management and Carbon Emissions

NetDragon has significantly reduced its environmental impact through innovative technologies and recycling initiatives. We have not only decreased emissions of harmful pollutants and Greenhouse Gas ("GHG") but also rigorously controlled pollution to water and land, effectively managing the generation of various types of waste.

By carrying out a series of energy-saving measures, we have notably reduced both direct and indirect energy consumption. To mitigate emissions from goods transportation, we are actively promoting innovative road transport methods and have established three new transportation hubs for delivery in the USA to enhance our goods transport efficiency. Additionally, we incentivise employees with green travel policies, stimulating them to choose more environmentally friendly modes of transportation.

Our day-to-day office operations are centered around energy conservation, efficient resource utilisation, waste recycling, and environmental protection. We have issued the *Computer Misuse Summary* and the *Air Conditioning Management Measures* to regulate daily office operations and reduce energy consumption. Moreover, we promote the concepts of "reduce, reuse and recycle," encouraging employees to further save energy and resources through methods such as achieving a paperless office, recycling all office supplies and equipment, using LED lighting and installing sensors.

In recent years, NetDragon has demonstrated unprecedented determination and innovative spirit in leading our headquarters and Smart Education Town towards a future powered by 100% clean energy. Simultaneously, we are deeply committed to advancing the green transition across the entire industry chain, striving to minimise the use of non-renewable energy at every stage from source to end. Our goal is to continually enhance energy efficiency, ensuring that we remain at the forefront of energy use, even surpassing evolving advanced standards.

5.3   Indoor Air Quality and Healthy Workplace

We are fully aware of the profound impact of indoor air quality on the physical and mental health of our employees. Hence, we are actively enhancing our work environment to ensure it remains fresh and free from pollution, thereby providing a secure and healthful workplace to our staff. This commitment not only underscores our dedication to employee welfare but also aligns with the vision of "Healthy Workplace, Sustainable Growth" as advocated by HR Excellence Center.

For five consecutive years, we have been highly recognised by a distinguished Chinese human resources consulting firm, the HR Excellence Center and received the China Healthy Workplace Certification (中國健康工作場所) of Gold level or above. This certification, developed by experts from esteemed institutions and organisations including Fudan University, Huawei, Medtronic, Volkswagen, and Bayer, is a comprehensive design, covering aspects such as corporate support, health environment and management, management implementation, and occupational safety and health. This certification serves as an external validation of our efforts in fostering a healthy workplace environment.

5.4    Water Consumption and Conservation

In our daily operations, water resources are primarily used for office cleaning and restroom facilities. Despite our operational locations not being situated in water-stressed areas, we deeply value every drop of water. Therefore, we have internally established stringent water resource management policies and guidelines to act on water conservation strategies comprehensively.

From overall management to operational levels, we meticulously monitor and adjust water conservation strategies to ensure their effective implementation. Regular inspections of water facilities are conducted to preempt any form of leakage, and real-time data monitoring is employed to promptly identify and address any abnormal situations of water consumption.

We not only enhance employee awareness of water conservation through posters and promotional materials within the office but also encourage employees to practice water-saving behaviours in their daily lives. Our goal extends beyond merely reducing water usage, but fostering a collective culture of water conservation, where every employee becomes an integral part of the water-saving initiative.

5.5    Waste Management

All NetDragon's business units are making joint efforts to reduce the generation of waste and reliance on landfills, thereby easing the burden on our environment. To achieve this, we have established comprehensive guidelines for the collection, recycling, and disposal of all types of waste in alignment with local regulations. Moreover, our waste management strategy is regularly updated to adapt to evolving regulatory frameworks.

At our offices, we promote a centralised material recycling program aimed at minimising waste generation and fostering resource circularity. From plastics and paper to cardboard and metals, as well as batteries and food waste, our recycling facilities handle a broad spectrum of materials. Specialised recycling bins and stations have been set up in various corners of the office building, accompanied by clear guidelines, to ensure that every employee can easily sort and dispose of waste. All recyclable materials are directed to local recycling centres or charitable organisations for proper processing and reuse. For hazardous waste, we partner with specialised and professional collection agencies to ensure the safe recycling and disposal of items such as fluorescent lights and batteries.

The Group complies strictly with local legislation in one of its major overseas subsidiaries, including the *New Jersey Electronic Waste Management Act* and the *New York State Electronic Equipment Recycling and Reuse Act* , and has carried out a "Mail-back" program across the USA, which is aimed to facilitate clients' convenient recycling of unwanted or damaged products or parts. The initiative allows customers to return items to us free of charge, following detailed instructions, and these items are then responsibly processed and recycled by us. This not only helps reduce electronic waste but also ensures the proper management of old equipment, empowering customers to contribute to environmental sustainability.

## 6. PEOPLE

NetDragon's success is attributed to the steadfast contributions of all employees. We highly value every talent that joins us and strive to provide them with an ideal work environment that harmonises physical and mental well-being, productivity, and team spirit. The Group has formulated the *Human Resources Development Management System* for overall planning for the development of human resources and providing an institutionalised platform for the growth of all employees.

### 6.1 Diversity, Inclusion and Equal Opportunities

We stay committed to upholding fair, just, and open recruitment principles, ensuring equal opportunities for all job seekers regardless of age, ethnicity, race, family status, ethnic background, colour, gender, sexual orientation, religious beliefs, social background, nationality, disabilities, pregnancy, or any other biases prohibited by law. We embrace values of diversity, equality, and inclusion, with "Zero Discrimination" at the core of our corporate culture.

#### 6.1.1 *Policies and Key Initiatives*

Our dedication extends beyond creating a Discrimination-Free workplace where every employee can actively contribute their talents and achieve their potential. We also focus on recruiting, attracting, nurturing, and promoting the most exceptional individuals to drive our core competitiveness.

The Group implements a series of management policies that promote employees' work-life balance, including:

1. **Fairness in Talent Attraction and Retention:** We equally treat all employees during recruitment, promotion, reviews of professional and technical tenures, and training.

2. **Beyond Statutory Holidays:** We provide statutory maternity inspection leave, maternity leave, and breastfeeding leave for female employees, who are also entitled to a half-day holiday on Women's Day. Furthermore, we host the "Goddess Festival" event series annually to demonstrate care and appreciation for our female employees.

3. **New Working Mode:** We have introduced a Metaverse's office mode, eliminating traditional work restrictions such as attendance monitoring. Under the "result-driven" philosophy, employees are allowed to choose their work locations and hours and compensation is awarded upon successful completion and validation of tasks. This mode allows employees to adopt efficient work styles tailored to their preferences, fostering a healthier work-life balance. Moreover, we provide massive free learning resources. Through self-paced learning, employees can earn certifications, enabling them to qualify for tasks beyond their designated roles. This opens opportunities for maximizing their value by taking on cross-functional projects, pursuing diverse career paths, and exercising self-management, and in turn creates a mutually beneficial dynamic where both employees and our Company thrive together, further reinforcing the equilibrium between work and personal life.

4. **Multicultural, Friendly and Humanised Workplace:** We fully respect each employee's individuality by creating a mutually respectful, healthy, free-from-prejudice and harassment-free working environment. Through employee satisfaction surveys, "BUG collection cabin", and listening to employees' feedback, we are dedicated to solving employee demands through various forms and channels.

5. **Health of Everyone:** We arrange annual physical examinations for employees. Our headquarters features extensive complimentary recreational facilities, with professional fitness coaches to offer guidance whenever needed. We also provide warm, comfortable, and private spaces for female employees during pregnancy and breastfeeding periods.

On this topic, one of our major overseas subsidiaries has established Employee Inclusion Groups ("EIGs") and developed a diversity, equality & inclusion strategy aimed at fostering exchanges and collaboration among diverse groups while respecting and recognising every employee's individuality and contributions. Under this strategy, its management regularly engages in intersectional discussions with EIGs on how to enhance solicitude and support for 4 different groups, namely, Gender, Ethnicity, LGBTQ+, and Disability in talent recruitment, attraction, and recognition. The management also strictly adheres to Anti-Harassment policies, ensuring a safe, friendly, and inclusive work environment for all employees.

### 6.1.2  Diversity Training

The Group fully recognises the importance of diversity, anti-discrimination, no-bias, and anti-harassment principles in building a harmonious, efficient, and innovative workforce. These principles are integral to our employee training programs. To ensure that every employee understands and practices these principles and ideas, we offer tailored courses targeting specific issues to raise awareness among employees and guide their behaviours at certain subsidiaries where these issues are vital to the local communities, promoting a diverse and inclusive work environment. These courses cover:

**Anti-Harassment:** This course starts by elaborating on the negative impact of discrimination and harassment in the workplace, helping employees understand that such discriminatory and harassing behaviour not only lowers morale and productivity but may also violate the law. Additionally, this course provides examples and case analysis outlining the types of behaviour that may lead to discrimination and harassment (including sexual harassment) and teaches employees how to identify and avoid such behaviour. Last but not least, the course explores the ways to create a mutually respectful work environment and introduces employees to relevant provisions of anti-discrimination and anti-harassment laws.

**Unconscious Bias:** This course explains to employees the definition of unbiasedness and unconscious bias, and emphasises the significance of employees possessing awareness against bias. Starting from the origins of bias, the course assists employees in taking various measures to overcome their unconscious biases, teaching them how to examine and change their biased thoughts and behaviours. Finally, the course presents employees specific strategies adopted by the Company to combat unconscious bias.

### 6.1.3  Management Oversight

One of our major overseas subsidiaries hosts periodic "Curious Conversations", inviting all employees to express their views and expectations regarding the work environment and culture to management executives. These exchanges provide an opportunity for management to explain and respond to queries about the Diversity, Equality, and Inclusion strategy. This not only facilitates mutual trust and understanding between management and employees but also promotes collaboration and communication among EIGs. Employees can also provide their feedback and expectations to management through our internal review mechanism. The department in charge of internal review will ensure that management responds in a timely manner and takes appropriate action.

*6.1.4 Staff Overview*

As of 31 December 2024, the Group had a total of 5,167 employees, of which 4,593 were full- time employees. 89% of the full-time employees were based in the PRC, with the remaining 11% based overseas. Moreover, full-time male and female employees accounted for 62% and 38% of the total workforce respectively. Employees aged 31 to 50 represented 62% of the overall headcount, while those under 30 and over 50 accounted for 34% and 4%, respectively.

*6.1.5 Prohibition of Child Labour and Forced Labour*

We strictly adhere to laws and regulations such as the *Law of the People's Republic of China on the Protection of Minors* and *Provisions on Prohibition of Child Labour (State Council Order No. 364)* to protect the legitimate rights and interests of minors and oppose any form of child labour. To prevent incidents of employing child labour, we require new employees to provide authentic and valid identification documents for verification upon entry. Those providing false materials or documents will not be hired and will be dealt with according to legal requirements and our internal regulations.

Simultaneously, we prohibit forced labour, respect employees' free will, and encourage employees to reasonably arrange their work and rest time following relevant regulations. In addition, one of our major overseas subsidiaries has publicly released and implemented the *Human Rights Policy* and the *Slavery and Human Trafficking Statement* , clearly defining equality and rights for every employee. During the Reporting Period, the Group did not encounter any incidents of employing child labour or forced labour.

*6.1.6 Staff Communication*

We are well aware that communication with our employees serves as essential drivers of corporate development and a key elements of employees' personal growth. Therefore, we remain firm in respecting employees' opinions and suggestions and strive to create an equal, harmonious, smooth, and transparent communication environment. To guarantee employees' rights, we have established a dedicated internal audit department responsible for monitoring and following up on the handling of BUGs and suggestions.

Furthermore, we provide a wide range of channels for employees to submit complaints anonymously/ halfpublicly/publicly according to their wishes and needs. Our BUG Collection Cabin is a convenient and quick complaint channel where employees can directly report their problems. We have also enacted the *Internal Audit Management Regulations* to standardise the overall process and requirements of employee complaints and established incentive measures to inspire all employees to participate actively. The *Internal Audit Management Regulations* specify the handling department, process, method, and feedback deadline to deal with employee complaints, ensuring they are resolved fairly, effectively, and promptly.

Channels for complaints:

- Intranet BUG Collection Cabin and 99U-Application-Office Management-BUG Collection Cabin: applicable to all types of complaints;

- Senior management commendation/complaint collection cabin: applicable to complaints against management positions, project leaders, and other personnel at levels 7 and above;

During the Reporting Period, we attached great importance to employee feedback. Through meticulously designed employee satisfaction surveys and comprehensive 360-degree evaluation questionnaire, we have gained a deep understanding of the employees' real experiences and perspectives about their workplace, laying a strong foundation for fostering the organization's stable and sustainable growth. Specifically,

(1) Employee Satisfaction Surveys: employer experience surveys were conducted in collaboration with third- party organisations, for which more than 200 employees were randomly selected to provide feedback on areas such as human resource management, corporate culture and employee care, enabling the Company to capture a comprehensive and real picture of both the achievements and shortcomings of the employees in employment experience. This initiative helped the Company gain a comprehensive and real insight into the highlights and areas for improvement of employees' employment experience, providing clear direction for optimising employee experience.

(2) 360-degree Evaluation Questionnaire: more than 1,100 employees were invited to provide feedback on core topics such as management behavior, corporate culture and values. This large-scale and multi- dimensional feedback mechanism enables the management to gain a more intuitive and clear insight into their strength and areas for improvement, facilitating better management optimisation and enhancement.

6.2    Talent Attraction and Retention

Talents are our foundation for achieving sustainable growth over the long run. In the global competitive landscape, recruiting and retaining the best talent worldwide injects powerful momentum and vitality into our group. To that end, we strive to implement the most optimal model of human capital management ("HCM") that emphasises being transparent, open-minded, and proactive. We aspire to evolve into an organisation that has no boundaries, is knowledge-intensive, and empowers its members. NetDragon's HCM concept emphasises flexible employment, fairness, transparency, knowledge sharing, and the application of AI technology. We pioneer flexible work modes tailored to the modern era, attracting global talent through remote work opportunities and flexible working hours.

We extend a spectrum of Employee Value Propositions ("EVP") to our colleagues, including competitive remuneration, performance-based incentives, comprehensive welfare initiatives supporting employees and their families, and personalised career development plans for individuals and teams. Simultaneously, we place significant emphasis on training, fostering an environment where employees feel valued and supported, thereby igniting their passion and creativity in the workplace.

Our objectives are to:
*    Attract, motivate and retain exceptional talent

*    Demonstrate target-driven remuneration that links our unique platform to the organisation and diverse individual employees' purpose to drive overall results, talent retention and engagement
*    Align individual goals and compensation with Shareholders' interests

We are promoting a comprehensive digital transformation of our operations by establishing AI Content Factory and integrating AI into various tasks. By deeply merging the organization's best practices with AI technologies, we have developed a suite of operational tools that significantly boost standardization and automation. Through the gradual implementation of AI-assisted and AI-driven processes, the overall quality and efficiency of our operations have seen significant improvements. In the realm of human resources, we are accelerating the digitalisation of human resource management and exploring innovative management approaches, including AI pre-execution, AI pre-evaluation, and AI pre-decision-making. By building personnel data dashboards, we conduct precise workforce analyses to support HR planning. We have also created a tagging system to efficiently align task assignments with employee evaluations, enhancing resource allocation. Additionally, we have introduced task-based pricing tools to explore compensation models that reflect the value of tasks, ensuring equal pay for work of equal value. Furthermore, we have established a task-centered digital verification and acceptance framework and implemented an AI-powered employee assessment system, which provide robust data support for management decisions, enabling standardised and efficient evaluations while ensuring fairness and transparency.

*6.2.1  Talent Development Strategy*

The Company remains steadfast in our focus on attracting and nurturing elite talent, continually bringing in high caliber professionals to cultivate an elite organization. While consistently enriching traditional business units with exceptional talent, we place a strong focus on the AI sector, carefully selecting top-tier specialists. We prioritize profound AI expertise and the capacity for continuous learning as key assessment metrics. Each year, the Company conducts annual recruitment planning and forecasts for talent acquisition needs. During the Reporting Period, we introduced a new recruitment management system, enabling flexible, high-adaptive, and precise recruitment to meet our requirements for evolving talent development.

The Company dismantles organizational silos by embracing more flexible and diverse employment and collaboration approaches, welcoming like-minded talents globally to participate in driving our future strategic growth and steadily increasing the proportion of senior talent. Under the task allocation mechanism, employees can transcend traditional role boundaries and independently take on tasks based on their interests and capabilities, enabling diversified career development and self-management while fully unleashing their individual values. Adhering to the task-centered and results-driven philosophy, we have built a closed-loop management system covering the entire process of task release, execution, delivery and evaluation. This system enforces a more stringent appraisal and screening mechanism, elevating performance standards for employees.

In the area of career promotion, the Company has implemented a comprehensive talent selection and promotion framework, offering dual development paths for both professional and managerial positions encompassing various functional areas, including product, technology, marketing and design. This framework provides clear career advancement pathways for technical experts and management talents, facilitates opportunities for employees to shift from technical to managerial roles and provides them with management training courses, aiming to continuously inspire their drive for advancement and enhance talent development.

To foster continuous learning and self-driven growth among employees, Netdragon offers massive free learning resources. Through self-paced learning, employees can gain certifications, enabling them to transcend job boundaries and qualify for task assignments beyond their current roles, which allows them to achieve diverse career development and self-management, fully unlocking their individual potential.

6.2.2  *Variable Compensation Schemes*

With operational excellence at its core, our plan is driven by value and supported by flexible reward mechanisms. In addition to basic salary, we have comprehensive statutory benefits (including basic pension insurance, basic medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund, etc) and a diversified incentive system (short-term incentives, long-term incentives, personalised benefits) as follows:

1.  **Short-term Incentives:** According to different positions and performance, short-term incentives include performance bonuses, project bonuses, sales commission bonuses, special post allowances, special skills allowances, special duties allowances, project milestone awards, project completion bonuses, innovation incentive bonuses, annual bonuses, part-time subsidies, etc. For selected core talent groups, we have introduced innovative and highly competitive compensation reforms, substantially boosting the earnings of top performers to motivate them to go beyond their limits and strive for higher goals. By rewarding employees for extra contributions, we are able to foster their sense of corporate ownership and fully leverage their efforts to help achieve organizational goals.

2.  **Long-term Incentives:** Including merit points, akin to stock options, which are granted to employees who have made long-term value contributions to the Company and rewarded when the project achieves a breakthrough.

3.  **Personalised Benefits:** We develop themed benefits and point-collecting initiatives such as gamified star ratings, flexible welfare funds, lottery activities, point auctions, departmental team building, birthday cakes/gifts, various parent-child activities, festival activities, etc.

Furthermore, we consistently refine our compensation policies based on market benchmarks and performance evaluations, safeguarding employees' basic rights and facilitating mutual development and win-win cooperation between the Company and our staff. Through regular performance reviews and assessments, we work to provide timely and comprehensive feedback and guidance to employees within our performance management framework. For more details about our performance management system, please visit:

https://ir.nd.com.cn/sc/human-resource-management-sc

*6.2.3  Employee Welfare*

We offer a comprehensive and diverse welfare system that covers all aspects of employees' work and personal lives. Specific welfare initiatives include the following:

| | | |
|---|---|---|
| **Welfare Subsidies** | **Employee Care** and Condolence Allowance | • We provide condolence allowance or equivalent customised care gifts to employees during critical events in life such as marriage, childbirth, illness or bereavement. |
| | **Birthday Benefits** stationary on | •  We offer our employees birthday cakes or customised their birthdays. |
| | **Festive Activities** Women's Day, | •  We organise festive activities during Lantern Festival, Mid-Autumn Festival, Dragon Boat Festival, Christmas, Halloween and Lunar New Year, providing employees with afternoon tea refreshments and customised festive gifts. |
| | **Department Activity** Funds | • We allocate quarterly department activity funds to facilitate interdepartmental interaction. This helps to promote team building, enhance care for core and new employees, strengthen organisational cohesion, foster positive employee relationships and advance corporate culture development. |
| | **Transportation Allowance** | • We provide travel allowance and offer shuttle services to office locations within the city to facilitate employee commutes. |

| Unique Benefits | Gamified Star System our | • | We record and display the behaviours and achievements of our employees aligned with our culture through a star-based system and upgrade complimentary benefits to foster employees 'sense of achievement and cultural belonging. |
|---|---|---|---|
| | Flexible Benefits Platform | • | Employees receive flexible cash equivalent rewards based on their gamified star rating each month which can be used on the Flexible Benefits Platform. The platform offers featured, co-brand and discounted products, reinforcing the corporate culture while respecting personal needs of employees and improving their non- cash benefit experience. |
| | Points Auction and 99U Lottery | • | Employees can also earn points and experience for behaviours aligned with the corporate culture, which can be used in various point-based activities and 99U lottery. |
| | Employee Onboarding and Anniversary Care | • | We offer "Tianqing Pig" (天晴豬) gift boxes to employees celebrating their first year anniversary and offer customised anniversary gifts during our anniversary celebrations. |

| Health Benefits | Health Analysis | • We provide employees with annual health check-ups and health |
| | Disease Prevention | • We provide medical clinics and offer free consultations by |
| | Mutual Aid | • We have established Loving Support Fund (愛心救助基金) to<br>support employees and their family (parents, spouses, parents of their spouses and children) facing severe |
| | Health Initiatives | • We express our care for employees' physical and mental wellbeing by organising a variety of wellness and recreational activities, such as the 518 Sports Day (518 運動會), Spring Field Blossom (春田花花) series family activities, annual ball games, quarter marathon, |


518 Sports Day activities


Starlight Concert


Spring Field Blossom series family

| Reproductive Support | Parental Leave | • Employees can apply for statutory paid leave, including maternity leave, prenatal check-up leave, breastfeeding leave and paternity |
| | Facility Support | • Major office locations are equipped with nursing rooms and lactation rooms, and cafeterias offer priority lanes for pregnant employees, providing convenience for pregnant and breastfeeding employees, and offering essential care and support for female |

**Recreational Facilities and Infrastructure**

| | |
|---|---|
| **Sport Facilities** grounds and | • We provide gyms, ball games facilities, SEAL training diving pool, with professional coaches available to guide employees to exercise in a safe and scientific way. |
| **Recreational Facilities** kayaking | • Office areas are equipped with 3D cinemas, KTVs, cafes, facilities and equestrian centers, creating a comfortable working |
| **Leisure Facilities** rooms and | • Office areas are equipped with SPA centers, steam saunas, offering a balanced work-leisure environment. |
| **Employee Cafeterias** affordable | • Cafeterias within office areas provide quality food at prices for our employees. |
| **Employee Dormitories** | • Employee dormitories are provided for our employees at a affordable price. |
| **Refreshment Bars/ Convenience Stores** | • Commodities are offered at discounted prices with some items purchasable using cash equivalent rewards. |


Gy


Swimming


Cafeteri


Dormitor


Kaya

**Flexible Work Arrangements**

| | |
|---|---|
| **Flexible Working Hours** | • Employees may prioritise tasks and manage their own schedules and flexibly adapt to working hours and locations according to business demands. |

### 6.2.4 Talent Recruitment

Throughout the Reporting Period, in terms of external recruitment, leveraging the Company's diverse and thriving business platform, we have successfully attracted 478 outstanding talents from the gaming and education sectors, including 97 senior professionals. Simultaneously, the Company has actively arranged campus recruitment and launched large-scale recruitment campaigns in key renowned colleges and universities across the country. Through the 2024 spring recruitment and 2025 fall recruitment cycles, we onboarded 86 exceptional graduates. By consistently increasing the proportion of senior talent, we are steadily transforming our talent structure from a spindle-shaped model to a diamond-shaped model, further strengthening the foundation of an elite organization. We have deepened partnerships with top-tier institutions, integrating industry and education to advance customised and practical talent development initiatives. We have also established internship and practical training bases, laying a robust foundation for identifying and nurturing high- potential future talent.

### 6.2.5 Human Resource-Related Awards

In the area of employer brand building, we have earned multiple awards for our exceptional talent management practices and overall corporate strength. These honors further underscore our success in attracting and retaining top talent, providing a robust support for continuously gathering industry-leading professionals. The Company has received the following human resource-related awards:

| the name of award | Awarding Organisations | pic of award |
|---|---|---|
| **2024 Best Employer in Workplace Credibility** | National Development Credit Research |  |
| **2024 Outstanding Employer** | 51job |  |

| the name of award | Awarding Organisations | pic of award |
|---|---|---|
| **2024 Favourite Employer of the Year** | Shixisen |  |
| **2024 Best Employer of the Year (Fuzhou Region)** | Zhaopin.co |  |

6.3   Talent Development

NetDragon acknowledges that learning and development are the cornerstone of the mutual growth of employees and the Company. Therefore, we invest substantial resources and effort in cultivating a high-quality learning and development environment for our employees. We provide all kinds of tools and resources to ensure that all employees have opportunities for learning, growth, and career development. Additionally, we offer guidance and support from management to assist employees in overcoming challenges they may encounter in their work.

The Group provides a combined online and offline training platform for our internal employees, which plays a pivotal role in supporting and empowering our entire organisation. Through knowledge accumulation and best practice refinement, we aim to enhance NetDragon's overall professional capabilities supplemented by diverse learning methods and products. This, in turn, facilitates the career development and talent advancement of our employees. Since 2007, the platform has continually expanded the training content and capabilities, offering over 14 subjects/topics for employee selection by the end of the Reporting Period.

As emerging technologies such as AI, 3D, big data, and blockchain continue to evolve, we actively develop and refine relevant training and skills advancement programs within our existing training system. The effort is aimed at identifying and seizing new opportunities, enhancing the professional capabilities of our employees, and simultaneously supporting their personal growth while aligning with the Company's strategic development objectives. In addition, we promote online learning, offering a "Weekly Lessons" training program to meet the learning needs of our organisation's development. Furthermore, we leverage AI technology to explore the metaverse, achieving business process automation and structuring through the help of an AI virtual executive named "Tang Yu", thus ensuring efficient and transparent organisational operations.

### 6.3.1 Routine Training Programs

**New Staff Training:** By the end of the Reporting Period, we carried out new staff training camps for a total of 287 new recruits, with a cumulative study time of 2,296 hours, averaging 8.0 hours per person. Training content spans corporate culture, relevant norms and regulations, as well as our company's philosophies.

**Skills Training:** During the Reporting Period, we enhanced employees' professional capabilities through "Skills Training," aiding employees in professional skill enhancement and career development:

| Participants | Training Program | Overview | Number of Hour | Number of Participant | Total Training Hours |
|---|---|---|---|---|---|
| Developers | Unreal Engine Training Program | This program covers 16 courses, including project specifications, model import processes, scenario import processes, fundamentals of texturing, fundamentals of terrain design, fundamentals of lighting, fundamentals of special effects, fundamentals of animation, advanced techniques of texturing, advanced techniques of terrain design, advanced techniques of animation, fundamentals of blueprint, and more. It aims to comprehensively enhance participants' mastery of the Unreal Engine. | 4 | 31 | 124 |

| Participants | Training Program | Overview | Number of Hour | Number of Participant | Total Training Hours |
|---|---|---|---|---|---|
| Resource Center Staff | Visual and Audio Language – Cinematic Storytelling Techniques | This program helps participants understand principles of editing, enhances their storytelling ability through visual and audio language, and breaks the habit of continuous narrative | 8 | 32 | 256 |
| Engineering Division Staff | AICon Sharing Session | This session shares insights and experiences from the AICon conference, enabling participants to stay informed about the latest trends, technological applications, and industry practices in the fields of artificial intelligence and machine learning | 2 | 78 | 156 |
| AI Project Developers in the Engineering Division | Hands-on Fine- Tuning of Large AI Models | This program equips participants with a solid understanding of the core theoretical principles behind large AI models, enables them to develop applications leveraging these models, introduces the theoretical foundations of the main stream fine-tuning techniques, and provides hands-on experience in mastering the essential skills for fine-tuning large models | 0.4 | 281 | 112.4 |
| Resource Production Center and Art Center Staff | ComfyUI Beginner Tutorial | This tutorial helps participants master the basic operations of ComfyUI and set up an AI drawing workflow, enabling them to perform basic image generation tasks | 1 | 35 | 35 |
| Programmer | Practical AI Agent Development – A Case Study with OpenAI | This program is designed to elevate the hands- on skills and professional proficiency of our programmers in the field of artificial intelligence | 4 | 22 | 88 |

**Leadership and Management Training:** We conducted training in management learning areas to identify potential management talents. By combining actual job problems faced by management positions with research, online micro-course pre-learning, and offline workshops, we help management positions improve their management abilities, facilitating continuous upgrades in company management:

| Training Participants | Name of Training Program | Overview | Number of hours | Number of Participant | Total Training Hours |
|---|---|---|---|---|---|
| Senior Management (Vice Presidents and Senior officers) of the Company | Project official website Philosophy | This program is designed to help participants fully understand and embrace the "project official website" philosophy, encouraging its adoption as the primary tool for project management. It also focuses on clarifying the core responsibilities of senior management in project management, such as identifying high-value projects, developing strategic plans for multiple or large-scale initiatives, and enhancing the likelihood of project success | 4 | 42 | 168 |
| Management level and BP level employees of the Company | Positive and Negative Behaviour on Digitalised Task Management Survey | This program aims to educate participants on the fundamentals of digitalised task management and gather their feedback on department-specific behavioural guidelines related to task digitalization. | 1.5 | 48 | 72 |

6.3.2 *Certification Projects*

We have made significant investments and developed courses with relevant certifications and internal certifications evaluated by external experts. We also encourage Metaverse work mode. After employees obtain training certification, they can undertake insourced tasks while completing their work, receiving more compensation and achieving a win-win result for both the Company and employees.

1.  **Business Certification:** Since 2020, NetDragon has adhered to the "task-centred" management philosophy. To this end, we have established a comprehensive certificate-holding and promotion system aimed at improving employees' qualities and competence. Based on the requirements of different positions, we designed corresponding business certification exams, requiring employees to pass the exam to obtain qualifications for the relevant positions. Additionally, we encourage our employees to continuously strive for advancement and position promotion, and we not only assess employees' performance and cultural values but also require employees to pass business certification for new positions. We have implemented a electronic certification system, which ensures that all employees handling tasks are equipped with the required professional competencies and knowledge through structured training, evaluation, and certification processes, enabling them to gain certificates required for the task. This not only ensures professional execution of tasks but also offers employees performance- based career development opportunities, rewarding effort and results. To motivate all departments to actively adopt the electronic certification system, the Company provides tiered bonuses based on the order of application.
2.  **Specialised Training Certification:** Through all-staff training, we achieved competency building for various positions within the Company. During the Reporting Period, we provided specialised training in Unreal, Flutter development qualifications, etc., allowing employees to acquire relevant knowledge and skills and to obtain related certifications and certificates, proving their professional abilities and qualifications. These certificates are conducive not only to employees' personal career development but also to the Company's brand image and market reputation.

6.3.3 *E-Learning Training and Learning Platform Construction*

We encourage and act on lifelong learning and carry out all-staff training for this purpose. On one hand, we remain firm in leveraging technologies for empowerment and continuously improve the online learning training platform by digitising excellent practices. On the other hand, we constantly introduce a series of courses on new technology such as AI, inspiring employees to participate in training and learning to enhance core skills and work output. During the Reporting Period, our internal learning platform has been upgraded to EDA (https://www.101.com), and all internal online training programs has been migrated to this platform. A total of 3,811 new courses have been uploaded in the year.

6.3.4 *Training Programs in collaboration with higher education*

*institutions* Macau University of Science and Technology

During the Reporting Period, we have partnered with Macau University of Science and Technology to collaborate on course development, practical training and new media competitions, focusing on frontier technologies such as artificial intelligence and digital humans. Together, we have successfully launched 9 certification training programs, including new audiovisual creation, which is accessible on the EDA platform for users. Additionally, we co-established the "Macau University of Science and Technology School of Humanities and Arts (Fuzhou) Film-Game IP Integration and Innovation Practice Base" (澳門科技大學人文藝術學院(福州)影游 IP 融合創新實踐基地), further advancing the integration and innovation of film and game IPs. We also successfully hosted an AIGC Short Video Training Camp, where participants' works earned first, second, and third prizes in national competitions. Through organizing competitions, academic conferences, cultural exchanges and achieving breakthroughs in digital human technology, we enhance talent development and global influence, fueling regional innovation in technology and boosting the growth of the cultural industry.

*Central Academy of Fine Arts*

During the Reporting Period, as a teaching and practice hub for the Central Academy of Fine Arts (CAFA), we have engaged nearly 200 faculty members and students in hands-on activities, significantly promoting innovation and entrepreneurship. With our exclusive technical support, the Company assisted the CAFA in launching the virtual art gallery - "CAFA Online Graduation Season" (雲端美院), creating a new digital platform for graduation exhibitions. An online graduation ceremonies has been organized, which enabled the graduates to "reunite and visit their campus in the cloud". In collaboration with CAFA faculty and students, we co-developed the *We Humans on Mars (我們人類在火星)* virtual exhibition, delivering an immersive "walk on Mars" experience. Together, we established a game design specialization to cultivate "action-oriented" talent for the gaming industry. Drawing on its gaming project expertise, Netdragon created a game knowledge framework, forming a professional training program and curriculum. To date, 41 courses across multiple disciplines have been developed, delivering 929 class hours for both undergraduate and graduate programs in 9 semesters across 4 academic years. This curriculum has established a premier game design offering at School of Design of CAFA (央美設計學院), becoming a highly sought-after course and earning widespread praise from the faculty and students.

Notably, Dr. Liu Dejian, the chairman of Netdragon, has been appointed as guest professor at the CAFA, further contributing to the overall planning of the game design curriculum and delivering a keynote lecture titled *Embracing Technology and Exploring New Paths for*

*Immersive Creation (擁抱科技、探索沉浸創作新路徑)*. During the Reporting Period, the game design courses jointly developed by the Company and CAFA, were available to students from their first to third undergraduate years, as well as second-year graduate students, with 5 courses completed through school-enterprise cooperation. Furthermore, *research on Digital Immersive Art Content Solutions* in horizontal approach were carried out and more topics, such as standards for digital immersive spaces and public exhibitions in digital media art museums, will be delved into in the future.

6.3.5 *Training Programs in collaboration with external professional institutions*

*and experts Practical Training on Copilot AICodina*

During the Reporting Period, our Engineering Division fully advanced the implementation of AI-assisted programming to enhance development efficiency and code quality. To further improve employees' skills in AI co-programming, the division invited senior technical experts from Microsoft Copilot for launching online and offline specialised Copilot AICodina Practical Training sessions. The training included a module on Unreal Engine-assisted programming, aiming to deepen employees' understanding and application capabilities in AI- assisted programming.

*Master Lecture Series Launched by the Unreal Center*

During the Reporting Period, NetDragon, in collaboration with Unreal Engine, has launched a series of master lectures, including *UE5.5 New Features and Hidden Functions (UE5.5 新特性與隱藏功能)* and *Dawn of the Future: Unreal Engine Leading the Design Trends of Fantasy Worlds (破曉未來一虛幻引擎引領幻想世界的設計潮流)* at the Unreal training center located in the Netdragon Digital Education Town. These lectures provided insights into the future trends of the digital industry and equipped participants with advanced skills such as dynamic lighting and physical materials to create high-quality virtual scenes, helping them master the latest technological innovations in Unreal Engine 5.5, igniting their creative inspiration, and engaging them in exploring the technical transformations brought to the industry by the release of Unreal Engine 5.5. The lectures also offered valuable hands-on experiences and theoretical knowledge to the Company's game designers, animators, architects and other developers interested in virtual reality.

*AI Agent On-Site Hands-on Training*

During the Reporting Period, the Company brought in Sung De, an AI expert with extensive experience, to deliver on-site, hands-on training for programmers focused on AI Agent development. This initiative aims to elevate the practical skills and professional expertise of our programmers in the field of artificial intelligence. Sung De is a seasoned AI Agent developer who has created several leading GPTs and is recognised as the Chinese developer with the largest user base. Through APIs, he has provided technical support to over 200,000 AI Agents.

*Unreal Center at Netdragon Digital Education Town*

During the Reporting Period, with a forward-looking vision, Netdragon Digital Education Town has been dedicated to establishing the Unreal Center. Positioning itself as a global hub for the Metaverse and digital creative industries, the center is actively developing an innovative talent cultivation model. The Unreal Engine Training Center has brought together seasoned industry experts to form a highly skilled professional Instructor team, while steadily building a comprehensive course system. Tailored courses are meticulously designed to address diverse professional skill needs, offering learners multiple learning pathways. In terms of talent

development and technology promotion, the center has launched a summer program – UE Scene Design Training – providing participants with an immersive learning experience. At the same time, the center hosted online public education courses and high-quality professional lectures, enabling Unreal Engine technology to reach a wider audience and benefit more enthusiasts. The Unreal Engine courses have also been successfully introduced to double first-class art colleges, such as the Central Academy of Fine Arts and the National Academy of Chinese Theatre Arts, earning high recognition and praise from faculty and students for their rich content and innovative teaching methods. Moreover, collaborative projects by the lecturers and students of the center have excelled at the 2024 Fujian Provincial Digital Application Skills Competition for Virtual Reality Innovation Design Employees (福建省虛擬實境創新設計職工數位應用技能競賽) and secured first place, demonstrating the center's exceptional educational achievements and talent development capabilities.

### 6.3.6 *Supporting and Encouraging Employees to Obtain External Certifications*

We actively encourage employees to pursue external learning certifications and stay updated with the latest technologies and knowledge, aligning with industry standards and trends. For example, the Company reimburses fees for employees applying for the U3D Certification (Unity's game design and development certification), allowing them to learn and utilise the most advanced game development tools and platforms. Additionally, the Company has established a gamified star system that records and rewards encouraged behaviours and achievements by gamified star rating with benefits such as corresponding welfare rewards available for redemption (which can be used on the Company's Welfare Platform or at the Refreshment Bar), cultural medals (displayed on homepage of 99U, the Company's office software), and star-level rewards for obtaining external certifications, such as patented technologies, professional competitions, internal and external competition winners, professional title certifications, and book and article publications.

6.4    Occupational Health & Safety

NetDragon attaches great importance to the overall health and well-being of our employees. We consistently promote healthy working habits, balanced lifestyle, and encourage regular exercise. To this end, we provide comprehensive indoor and outdoor sports facilities, and offer internal coaching to cultivate a culture of staying fit and healthy, mitigating health and safety risks for employees.

Additionally, we are committed to adhering to global standards for managing the Group's occupational health and safety issues, while also adapting to local laws and regulations in our operational regions. To ensure compliance, we have formulated organisation-wide Occupational Health and Safety Policy Statement aimed at creating secure and reassuring working conditions for every employee. Our efforts have also been recognised internationally, with Fujian Huayu receiving ISO 45001 certification for its occupational health and safety management systems in 2022. Notably, during the Reporting Period, there have been no significant work-related health and safety incidents or fatalities within our organisation.

### Legal Compliance Identification

- We diligently identify and adhere to all applicable laws and regulations relevant to our operations, implementing appropriate control measures to ensure compliance.

### Establish a Top-down Occupational Health and Safety Management System

- Executive management oversees the implementation of our occupational health and safety policies, ensuring that they are effectively enforced throughout the organisation. Our managers will take proactive steps to address any health concerns raised by team members.

### Identification and Management of Occupational Health and Safety Risks

- Through regular assessments of occupational health and safety risks, we conduct internal inspections of all production activities and locations to identify and eliminate hazards, thereby creating a safe working environment. Additionally, we develop emergency action plans to address any unforeseen circumstances.

### Continuous Improvement

- We set goals and performance indicators to drive continuous improvement in our occupational health and safety management practices and reduce such risks for employees. Regular progress assessments help us refine our approach and further enhance health and safety management across the Group.

### Provision of Appropriate Occupational Health and Safety Training

- We ensure that our employees receive comprehensive training relevant to their roles, equipping them with the necessary information, skills, and supervision to perform their duties safely.

### 6.4.1 *Safety*

To ensure a safe working environment, security personnel are on duty 24 hours a day to comprehensively monitor all working venues and conduct rigorous patrols and inspections.

To improve our rescue and employees' safety awareness and self-rescue skills, we have established fire services systems and hired a professional fire services team, and we conduct regular training sessions on fire safety annually, including drills on fire and evacuation, rescue drills for lift-trapped victims, and explosion prevention drills.

For employee operational safety, we have also developed safety standards and rules for practices and operations in various job positions, accompanied by a comprehensive training program.

### 6.4.2 *Health*

Human capital is of paramount value to the Group. We prioritise the well-being of our workforce and continue to promote practical and fun initiatives to encourage a healthy and balanced lifestyle for our employees. The following are the four key areas we focus on:

O Health Initiatives

Our healthy work environment, healthy food standard, sporting events, and fun festival activities all encourage employees to live healthy life. NetDragon Games (i.e., Sports Day) and 1/4 Marathon are among the annual events.

O Health Check

We provide employees with regular health surveys/assessments, annual body checks, and health report interpretation, which help us better understand our employees' overall health status and individual needs. We also formulate policies to better protect employee's health data and privacy.

o      Health Education

Our global headquarters offers a wide range of in-house sports facilities, sports training sessions, medical courses, health lessons and consultations to our employees. Moreover, there are many internal communication channels for health and well-being, including our intranet, office automation, internal messaging, Enterprise Resource Planning pop-up notices, NetDragon Radio, etc., as well as on-campus posters, and display monitor screens.

o      Illness Prevention

Our global headquarters is equipped with clinics and health management rooms, where treatment is available at any time and expert doctors are invited periodically to provide in-depth consultations. Medical insurance packages are provided to all domestic employees.

## 7.    VALUE CHAIN

### 7.1    Innovation Management

At NetDragon, we regard innovation management as a top priority, investing over RMB1.4 billion in developing cutting-edge technologies and products, and hiring over 2,500 experienced and creative R&D personnel worldwide. We continuously drive innovation by encouraging employees to propose new ideas and solutions, providing them with sufficient support and resources. In addition to in-house R&D efforts on our own IPs, we actively engage in strategic partnerships with other global leading brands to work on the development of next-generation educational products.

Furthermore, we foster internal collaboration and innovation through dedicated awards and recognition. Each year, we honour outstanding team members with the Technology Innovation Award and Design Innovation Award, inspiring a culture of innovation and excellence in our workforce. (To further encourage innovative design, we hold our 99 Design Oscar event annually, offering multiple awards to recognize and incentivize creative employees. In January 2025, our Company's selected and submitted project *Research and Development and Industrialisation of the Digital Content Engine Platform (數字內容引擎平台的研發及產業化)* won the 2023 Fujian Provincial Science and

Technology Award (福建省 2023 年度科學技術獎). This not only serves as affirmation of the related technological achievements but also recognition of NetDragon's contributions to advancing the digital industry.)

7.2    Responsible Supply Chain Management

In 2024, the Group had a total of 25 major suppliers. The geographical split of these suppliers is as follows:

| Indicators | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Number of Major Suppliers[1] By region: | 25 | 44 | 29 | 23 | 22 | 21 | 23 | 17 |
| Asian Countries (Excluding China) | 1 | 15 | 3 | 1 | 3 | 3 | 2 | 2 |
| UK | 0 | 0 | 1 | 1 | 0 | 1 | 2 | 0 |
| USA | 13 | 17 | 14 | 8 | 7 | 8 | 11 | 5 |
| China | 8 | 7 | 8 | 10 | 8 | 9 | 7 | 8 |
| United Arab Emirates ("UAE") | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| European Countries (excluding the UK) | 3 | 5 | 3 | 3 | 3 | 0 | 1 | 2 |

In order to comprehensively regulate the Group's purchasing and bidding process, ensure smooth production and operation, and enhance supply chain management performance, the group has established a comprehensive supply chain management system and conducted evaluations of suppliers' environmental and social performance.

During the Reporting Period, we formulated and updated the *Purchasing Management System 2023 V2.00* and *Tendering and Purchasing Management System 2023 V4.00* . These systems require comprehensive assessments of suppliers during the purchasing process, ensuring compliance with licensing and qualification requirements, and developing suppliers based on the "QCDS" principle, focusing on quality, cost, delivery, and service. We also strictly adhere to tendering and purchasing disciplines, maintaining openness, fairness, justice, and honesty throughout the process and enforcing regulations at every stage. Should we detect bidder's any negative environmental or social impacts, or instances of deception, fraud, overpricing, underpricing, or malicious bidding, we will eject the bid and involve legal intervention.

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[1]    The Group's major suppliers refers to suppliers of products/services whose total contract sum amounted to USD1 million or more in any given year.

During the Reporting Period, the Group did not experience any significant actual or potential negative impacts from major suppliers regarding business ethics, environmental protection, human rights, or labour practices.

7.3 Quality Management

The Group stays committed to excellent quality management, establishing and implementing a comprehensive internal policy and procedures framework for information security management applying to all Group business lines, in line with the framework outlined in the *Information Security Technology – Personal Information Security Specification* (GB/ T 35273-2020) issued by the Chinese government in March 2020. The following policies and procedures are included:

- Well-rounded preventive measures covering the entire cycle of data collection, transmission, storage, and usage stages

- Clear definition of data ownership rights

- Complaint collection mechanism and response procedures

- Data leakage reporting mechanism

- Data protection impact assessment

- Strengthened organisational measures for information security management

- Regular communication and cooperation with regulatory authorities

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

- we generate and send out daily journals on quality, demonstrating the quality and progress of the latest version of the products on a multidimensional scale, and coordinate timely problem-solving efforts to avoid and control risks wherever possible and ensure the progress of the production;

- we perform a variety of specialised tests on product performance, compatibility, network and security, and other aspects to ensure product quality, employing a 24/7 automated testing-based cloud service on our inhouse developed tailored testing platform;

- we strictly implement quality control processes and standards, including product requirement reviews, test plan management, test rule management, test execution management, risk feedback management, and bug data management;

- we have established a quality control system based on online uptime checks, and implement regular testing/ auto-triggered testing for timely defect detection during production and real-time monitoring of product quality;

- under the requirements of relevant laws and regulations, we have developed standards and guidelines for security test in relation to five areas, namely personal privacy protection on Apps, information security for users, real-name registration, content security and anti-addiction system of games. Moreover, leveraging the self- developed security scanner and its exclusive online quality monitoring technology, we provide timely product conformity reports to ensure that our products comply with laws and regulations.

### 7.3.1 Health, Safety Quality and Certification

As an ISO14001 certified entity, one of our major overseas subsidiaries undergoes an annual surveillance audit and recertification audit every 3 years. The audits cover 4 aspects – reducing environmental impact, complying with legislation, improving efficiency to reduce operating costs, and gaining a competitive advantage in tendering processes.

### 7.3.2 Product Recalls & Regulatory Violation

As of the Reporting Period, there were no product recalls related to health and safety or any major product failure incidents. In the event of product or service failures, the Group will promptly provide warranty services to customers, analyze and address failure problems, and offer customers satisfactory solutions under warranty policies. Additionally, there were no instances of regulatory violations regarding products and services during the Reporting Period.

### 7.3.3 Quality Assurance

We endeavour to establish a product and service environment that is high-quality, reliable, cost-effective, and on-time to ensure customer satisfaction and trust in our brand. For this purpose, we integrate quality assurance principles into every phase of our suppliers' and partners' new product releases and product lifecycle processes. Moreover, we promote a culture of continuous improvement within the Group, enhancing our quality management system and ensuring compliance with ISO 9001 quality management system and other relevant standards.

Our products undergo a series of rigorous tests, including functional testing, performance testing in weak network environments, security testing, multi-platform compatibility testing, system integration testing, and user interface ("UI") testing, to ensure outstanding performance under various dynamics. We harness advanced automated detection technology to minimise the impact of human errors on product quality, which not only enhances testing efficiency but also increases our confidence in product quality. Additionally, we have established a comprehensive quality analysis mechanism to analyse the root causes of BUGs and prevent potential problems occurred in the future.

We believe that ongoing collaboration with leading enterprises and academic institutions enables us to continually explore and implement new technological approaches. This open environment for technology exchanges not only facilitates our progress in innovation but also ensures us a leading edge in product quality.

8.   COMMUNITY INVESTMENTS

NetDragon not only stands out as a leading gaming and education technology company but also upholds a strong commitment to social responsibility. Domestically, we actively align with the national strategies of precise poverty alleviation and rural revitalisation, fostering long-term partnerships with various local government entities. Our aim is to increase learning opportunities and create better learning environments for primary and secondary school students in impoverished and underdeveloped regions through measures promoting educational equity. To achieve this, we provide well-rounded tailored solutions to these schools, including upgrading educational technology equipment, offering high-quality teaching resources and services, and training and supporting local teachers. Through these efforts, we hope to advance the level and quality of education and lay solid foundations for student's future development.

Internationally, NetDragon is one of the few leading global companies that is actively engaged in emerging market countries such as Egypt, Ghana, Thailand and Saudi Arabia, with a vision of leveraging our advanced technology and extensive experience to provide high-quality education to local primary and secondary school students. We strive to ensure equal, high-quality, and inclusive education for all children. In pursuit of this vision, we formed a strategic partnership with the United Nations Educational, Scientific and Cultural Organisation ("UNESCO") in August 2020 to jointly promote global education equality and SDGs.

Moreover, one of our major overseas subsidiaries encourages employees to give back to their communities by providing  up to two days of paid leave for such activities. Many employees actively seize this opportunity to contribute to their communities. Additionally, it also actively supported the "Anguilla Initiative" – a community project aimed at improving local education and resources in Anguilla. This project helped to raise locals' awareness of education while providing them with educational opportunities, thus creating a better future for local residents.

As a company that highly values social responsibility, NetDragon remains dedicated to community investment and social donations, contributing our love for giving back to society. We firmly believe that it is our responsibility to support community education, resources, and social development. We remain steadfast in our commitment to community investment and social development, and will strive towards a better and more equal society. During the Reporting Period, the Group actively contributed to the community and invested RMB2.04 million in community development.

On 2 March 2024, the Hunan Provincial Training Program for Key Teachers in Information Literacy Enhancement for Primary and Secondary School Students was successfully held in Changsha. With the support of the Hunan Provincial Educational Technology Center(湖南省電化教育館), Huayu Education donated LEGO Education Science and Innovation Activity Kits to schools in Hunan Province. This training program for key teachers is the largest of its kind since the launch of the information literacy enhancement initiative, attracting over 570 participants, including responsible officers of the educational technology departments of and key teachers from 14 cities and prefectures in Hunan Province. Officials in charge from the Hunan Provincial Department of Basic Education, the Hunan



The 7th "Huayu Cup"(華漁杯) Information Technology Teaching Design Competition for Primary and Secondary School Teachers, supported by NetDragon, took place in April 2024. As one of China's most extensive and most inclusive public welfare educational competitions in this field, the "Huayu Cup" aims to elevate teachers' instructional methods and proficiency in utilizing information technology. It serves as a prominent platform for educators nationwide to showcase their achievements in integrating

In June 2024, NetDragon has signed a donation agreement with the Beijing Green & Shine Foundation to provide a batch of digital education equipment through the "Xiaori Chunhui" (曉日春暉) charity project. This donation is intended to support the development of digital education in Chisha Town Central Primary School in Chencang District, Baoji City, Shaanxi Province.





In June 2024, the E-library Platform, jointly established by UNESCO IITE and NetDragon, hosted the 21st Century Teacher Competition 2.0. This event not only attracted 528 teachers from 40 countries but also became a truly global teaching competition for educators, marking the E-library platform's emergence as a global initiative. After rigorous evaluation, 2 peer-reviewed champions and 6 jury-selected champions stood out, winning free international

In January 2025, the "Tianwen Cup"(天問杯) Student Inquiry Contest was successfully held. This event was jointly organised by the Shanghai Municipal Education Commission and the Baoshan District People's Government of Shanghai, with the Baoshan District Education Bureau and the Shanghai Science, Technology, and Art Education Center co-hosting. Huayu Education provided technical support for the second consecutive year as the co- organiser.





In January 2024, *Eudemons Online* featured its character Year Eudemon – Dragon in collaboration with Huang Tingyan (黃廷炎), a national-level inheritor of the Tongliang Dragon Dance, a UNESCO Intangible Cultural Heritage. Together, they showcased a spectacular dragon dance performance, symbolizing the inheritance of the Chinese nation's spiritual totem and wishing the descendants of Yan and Huang prosperity and glory across the world.

Originating over a thousand years ago, this dazzling dragon dance is renowned for its intricate craftsmanship and bold performance techniques.

In April to July 2024, NetDragon's flagship game *Eudemons Online* teamed up with the Jiayu Pass to launch the charity event to preserve and pass on the culture of the Great Wall. In the game, players participated virtually in guarding the Great Wall through the "Grand New Winter Curio• Soul of the Giant Dragon" (凜冬守望•巨龍之魂) event. Outside the game, players actively donated to support the protection and preservation of the Great Wall through cultural preservation and promotion and other practical actions. Additionally, player volunteers had the opportunity to experience the historical pulse of the Great Wall up close, learn about craftmanship in its construction, and understand the spirit of the Great Wall. "Millions of Hearts, Building the Great Wall Together!" Thousands of players in Eudemons

In August 2024, in the "Queen of Rose Event – Cai Yu Qiong Hua" (彩羽瓊華) for *Eudemons Online* , the official team drew inspiration from the peacock orchid and collaborated with the Nanjing Yunjin Brocade Research Institute (南京雲錦研究所) to create a luxurious high-end Yunjin peacock orchid horse-face skirt, made of precious materials such as peacock feather threads, silk threads and real gold threads, showcasing the exquisite craftsmanship of Yunjin. This masterpiece was presented as a coronation gift to the 2024 Queen of Rose - "Goddess of Brocade Feathers" (花魁"錦翎女神"), highlighting the aesthetic charm of millennia-old heritage. Nanjing Yunjin, recognised as the premier among China's

In September 2024, *Eudemons* online and *Eudemons Pocket Edition* , the flagship IP products of Eudemons, have joined forces with Quanzhou Cultural Tourism（泉州文旅）for a deep collaboration, merging virtual and real-world experiences to achieve a remarkable effect for the industry. The new autumn Eudemon partner – "Consort Yu"（虞美人）of "Fisherman's Song"（漁歌）took on the role Quanzhou tourism ambassador, leading players to discover the charm of the ancient city with a thousand-year history. The collaboration also integrates the intangible cultural heritage such as Xunpu women's custom of flower hairpin adornment（簪花圍）, Quanzhou String Puppetry（提線木偶戲）, Southern Fujian Traditional Residential Architecture Techniques（堆剪）, and Traditional Music（南音）, allowing players to immerse



In January 2025, *Eudemons Online* in collaboration with "Yingge dance"（英歌舞）, an intangible cultural heritage of Guangdong Chaoshan, marked a remarkable success. With a history of more than 300 years, Yingge dance of Chaoshan, a national intangible cultural heritage, integrates art forms such as southern-style martial arts, theatre and dance, therefore it is a merited artistic gem of the Chinese culture. Members of *Eudemons Online* learnt to use Yingge mallets from the ground up under the guidance of "Rong Yi Xing Yingge team"（榕義興英歌隊）and offered Chinese war dances

In January 2025, Harbin's Culture and Tourism joined forces with *Eudemons Online* to debut the snow sculptures of classic eudemons Mage DoDo, Mage Peppy and Bahamut at the 37th Sun Island International Snow Sculpture Art Expo, kicking off the eagerly anticipated "Ice and Snow Adventure Season"(冰雪冒險季) which brought a unique feast of intertwinement of fantasy and fascination of ice and snow to fans of *Eudemons Online* and





In January 2025, *Eudemons Online* official meticulously combined Year Eudemon Snake with "new trending"（新生人氣） intangible cultural heritage skills such as fire pots, fire fans and fire staffs, putting together a set of showstopping COS prints. This set of prints not only brought to life the stunning outfits the Year Eudemon Snake have on in game but also perfectly integrated firelight and the image of Year Eudemon Snake, which created a scene of "flying sparks illuminating the night sky", a depiction of dispelling

## 9. MAJOR RECOGNITION, AWARDS AND MEMBERSHIP

In 2024, NetDragon garnered a series of prestigious awards, showcasing remarkable achievements in ESG endeavours. With regard to corporate governance, upholding the principles of ethical conduct and nurturing a culture of integrity, we have fortified our internal governance mechanism to ensure robust and sound development. With regard to corporate social responsibility, we embrace a people-oriented approach and a philosophy of harmonious coexistence, actively participating in charity and public welfare activities and committing to environmental protection, steadfast in the national belief that "lucid waters and lush mountains are invaluable assets", safeguarding natural resources. Moreover, with regard to social contribution, our ongoing efforts not only drive social progress but also inject positive energy into society, which has earned us accolades such as "Top 100 Enterprises" and "Innovative Enterprise."

| No. | Award Issuer | Name of the Award |
|-----|--------------|-------------------|
| 1 | Internet Society of China (中國互聯網協會) Comprehensive | Top 100 Enterprises in China Internet Capabilities of 2024 |
| 2 | China Federation of Electronics and Information Industry (中國電子信息行業聯合會) | Top 100 Competitive Software & IT Services Enterprises of 2024 |
| 3 | China Software Industry Association China of | Top 100 Software High-quality Development in 2024 |
| 4 | Ministry of Culture and Tourism of the People's Republic of China | National Industrial Tourism Demonstration Base |
| 5 | Six departments including the Ministry of Commerce | National Foreign Cultural Trade" Thousand Sails Set Sail" Action Plan Key Project in 2024 |
| 6 | Internet Society of Fujian | 2024 Fujian Top 50 Internet Enterprises with Comprehensive Competitiveness |
| 7 | Fujian Federation of Commerce & Industry | 2024 Fujian's Top 100 Innovative Private Enterprises |
| 8 | Fujian Federation of Commerce & Industry | 2024 Fujian's Top 100 Private Enterprises |
| 9 | Fujian Federation of Commerce & Industry | 2024 Fujian's Top 100 Private Enterprises in Service Industry |
| 10 | Fujian Federation of Commerce & Industry | 2024 Fujian's Best 100 Private Enterprises' Social Responsibilities |
| 11 | Data Management Bureau of Fujian Province of Core | 2024 Fujian "Unicorn" Innovative Enterprises Industries of Digital Economy |
| 12 | Fujian Enterprises and Entrepreneurs | Confederation, Fujian Media Group, |

| 13 | Fujian Academy of Social Science Fujian Enterprises and Entrepreneurs Confederation, Fujian Media Group, Fujian Academy of Social Science | 2024 Fujian's Top 100 Enterprises in Service Industry |
| 14 | Ministry of Industry and Information Technology of Fuzhou | 2024 Fujian's Top 100 Strategic Enterprises in Emerging Industry |
| | | 2024 Fuzhou's Leading Enterprise in Software Industry |

| No. | Award Issuer | Name of the Award |
|---|---|---|
| 15 | Fuzhou Federation of Trade Unions | 2024 Fuzhou's Artisan Academy |
| 16 | The Judging Committee of the Golden Plume Award | 2024 The Golden Plume Awards "Player's Favourite Mobile Game" of the Year |
| 17 | The Judging Committee of the Golden Finger Award | 2024 Outstanding Enterprise in Chinese Gaming Industry |
| 18 | Roadshow China Relations | The 7th Excellence IR for "Best Shareholder Award" and "Best Capital Market Communication Award" |
| 19 | Zhitong Finance Online, Xinzhi Fund Network Southbound | The 9th Golden Hong Kong Stock "Best Company" |
| 20 | Gelonghui | The 6th Guruclub Outstanding Companies of the Year "ESG Pioneer of the Year Award" |
| 21 | Top 100 Hong Kong Listed Companies Research Centre | The 11th "Top 100 Hong Kong Listed Companies" "Leading Enterprises in AI Technology Award" |
| 22 | Cailian Press, China Overseas Development Association | Top 50 Chinese Overseas Service Organisations 2024 China's Best Virtual Employee Award |
| 23 | iiMedia Research Guangzhou Co., Ltd. (艾媒諮詢廣州有限公司) | |
| 24 | 51job | 2024 Outstanding Employer |
| 25 | China Healthy Workplace Accreditation Council | 2024-2025 Healthy Workplace Gold Standard Certified Company |
| 26 | China Credit Research Institute, Liechacha | 2024 Best Employer in Workplace Credibility |
| 27 | Shixiseng | 2024 Favourite Employer of the Year |
| 28 | zhaopin.com | 2024 Best Employer of the Year (Fuzhou area) |
| 29 | EdTech Breakthrough | 2024 "Classroom Tech Solution of the Year" Award |
| 30 | Tech & Learning | Best of 2023 Awards |
| 31 | Tech & Learning | Best of Show Award |
| 32 | Tech & Learning | Awards of Excellence: Back to School 2024 |

## 10. PERFORMANCE DATA SUMMARY

Environmental Performance

**2024 Environmental Performance**

| Emissions | 2024 | 2023 | Unit |
|---|---|---|---|
| **Air Pollutants[2]** | | | |
| Nitrogen Oxides(NOx) | **15.91** | 11.86 | kg |
| Sulphur Oxides(SOx) | **0.27** | 0.38 | kg |
| Particulate Matter | **1.80** | 1.65 | kg |
| **Greenhouse Gas** | | | |
| Scope 1[3] | **35,241.07** | 58.36 | $tCO_2e$ |
| Scope 2[4] | **8,760.48** | 11,919.49 | $tCO_2e$ |
| Scope 3[5] | **237.51** | 259.25 | $tCO_2e$ |
| Total[6] | **44,239.06** | 11,977.85 | $tCO_2e$ |

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[2] The air pollutants primarily originate from emissions generated by corporate vehicles and the fuel they use. Emission calculations are performed in accordance with the *Technical Guidelines for Compiling Road Vehicle Emission Inventories (Trial)* issued by the Ministry of Ecology and Environment of the PRC and the *Fleet Weighted Road Transport Emission Factor 2021* provided by the Department for Environment, Food and Rural Affairs (DEFRA) of UK.

[3] The calculation method for the carbon emission factors for emission of greenhouse gases (Scope 1) from vehicles was developed by synthesizing data from the *China Energy Statistical Yearbook* (2022), the *Provincial Greenhouse Gas Inventory Compilation Guidelines (Trial)* (2011), *GB 17930-2016 Automotive Gasoline*, the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Land Transport Enterprises (Trial)* (2015), the *Fleet Weighted Road Transport Emission Factor 2021* provided by the Department for Environment, Food and Rural Affairs (DEFRA) of UK. The refrigerant emission factors were derived from the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong* issued by the Hong Kong Environmental Protection Department.

[4] The calculation of emission of greenhouse gases (Scope 2) from purchased electricity is based on Fujian Province's grid emission factors published in the *Notice of 2022 Electricity $CO_2$ Emission Factors*, jointly issued by the Ministry of Ecology and Environment and National Bureau of Statistics of the PRC on December 20, 2024, along with the *Greenhouse Gas Reporting: Conversion Factors 2023* published by the Department for Energy Security and Net Zero of UK.

[5] The calculation of emission of greenhouse gases (Scope 3) from business travel is based on the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, incorporating the China's civil aviation fuel consumption per ton-kilometer data and aviation kerosene carbon emission factors extracted from the *2023 Statistical Bulletin on Civil Aviation Industry Development* issued by the Civil Aviation Administration of the PRC, along with the *Greenhouse Gas Reporting: Conversion Factors 2023* published by the Department for Energy Security and Net Zero of UK.

[6] The significant increase in total greenhouse gas emissions and emission intensity is attributed to the expanded statistical scope by the Company in 2024 that incorporates refrigerants (20kg) – a category not included in previous years, thus making year-on-year comparison invalid.

| Emissions | 2024 | 2023 | Unit |
|---|---|---|---|
| Emission Intensity[6] | 9.63 | 2.44 | $tCO_2e$/person |
| **Waste[7]** | | | |
| Hazardous Waste[8] | 1.00 | 8.00 | t |
| Intensity | 0.20 | 1.63 | kg/person |
| Non-Hazardous Waste | 10.30 | 13.50 | t |
| Intensity | 2.20 | 2.75 | kg/person |

| Resource Consumption | 2024 | 2023 | Unit |
|---|---|---|---|
| **Energy** | | | |
| Petrol | 17,909.94 | 25,217.61 | Litre |
| Diesel | 21,500.30 | 21,019.45 | Litre |
| Purchased Electricity | 164.35 | 226.29 | MWh |
| Direct Energy Consumption | 21,500.30 | 21,019.45 | MWh |
| Indirect Energy Consumption | 21,664.65 | 21,245.74 | MWh |
| Total Energy Consumption[9] | 17,909.94 | 25,217.61 | MWh |
| Intensity of Energy Consumption | 556.50 | 79.50 | MWh/person |
| **Water Resource** | | | |
| Water Consumption[10] | 192,101.40 | 205,352.50 | t |
| Intensity | 41.82 | 41.83 | t/person |

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[6] The significant increase in total greenhouse gas emissions and emission intensity is attributed to the expanded statistical scope by the Company in 2024 that incorporates refrigerants (20kg) – a category not included in previous years, thus making year-on-year comparison invalid.

[7] Considering that the majority of our revenue comes from our games and education technology business, the wastes generated from our operations is not significant. The current disclosure scope only includes some but not all subsidiaries of the Group. We are expanding our data collection scope to include more data from all subsidiaries in the future.

[8] Hazardous wastes from 3D printers, discarded electronics, batteries, aerosols, fluorescent lamps, and liquid cleaning waste. The elevated emission figures for 2023 is attributable to the Company's one-time disposal of certain devices during the same year.

[9] The total energy consumption is calculated with reference to the *China Energy Statistical Yearbook* (latest published edition), using the standard coal equivalent coefficient specified in *GB/T 2589-2020 General Principles for Comprehensive Energy Consumption Calculation* , which adopts the 20°C calorie conversion, that is 1 kgce = 7,000 kcalIT = 29,271.2 KJ.

[10] In 2024, the Company expanded its statistical scope with adjustments made to the statistical parameters for the previous year for consistency.

Social Performance

**KPI B1.1 Total workforce by gender, employment type, age group, employment category and geographical region for the year**

| | 2024 Number of Staff | % of total | 2023 Number of Staff | % of total | 2022 Number of Staff | % of total |
|---|---|---|---|---|---|---|
| **Total Workforce** | **5,167** | **/** | 5,389 | / | 4,751 | / |
| **Total workforce by employment type** | | | | | | |
| Full time | **4,593** | **88.9%** | 4,907 | 91.1% | 4,460 | 93.9% |
| Part time | **574** | **11.1%** | 482 | 8.9% | 291 | 6.1% |
| **Full-time workforce by gender** | | | | | | |
| Male | **2,859** | **62.2%** | 3,043 | 62.0% | 2,835 | 63.6% |
| Female | **1,734** | **37.8%** | 1,864 | 38.0% | 1,625 | 36.4% |
| **Full-time workforce by age group** | | | | | | |
| 30 or below | **1,569** | **34.2%** | 1,833 | 37.4% | 1,686 | 37.8% |
| 31-50 | **2,841** | **61.9%** | 2,884 | 58.8% | 2,584 | 57.9% |
| 51 or above | **183** | **4.0%** | 190 | 3.9% | 190 | 4.3% |
| **Full-time workforce by employment category** | | | | | | |
| Non-managerial Staff | **3,446** | **75.0%** | 3,844 | 78.3% | 3,630 | 81.4% |
| Management personnel | **1,147** | **25.0%** | 1,063 | 21.7% | 830 | 18.6% |
| **Full-time workforce by geographic region** | | | | | | |
| China | **4,108** | **89.4%** | 4,332 | 88.3% | 3,787 | 84.9% |
| Other Regions | **485** | **10.6%** | 575 | 11.7% | 673 | 15.1% |
| **Other data** | | | | | | |
| Total minority ethnic employee | **77** | **1.7%** | 78 | 1.5% | Not Available | |

**KPI B1.2 Employee diversity profile for the year**

| | 2024 |
|---|---|
| **Proportion of female employees by job level/position** | |
| Proportion of female employees in management | 24.2% |
| roles Proportion of female employees in senior | 17.1% |
| management roles Proportion of female employees | 23.9% |
| in middle management roles Proportion of female | 47.2% |
| employees in junior management roles | 18.0% |
| Proportion of female employees in management roles in revenue-generating | 23.5% |
| functions Proportion of female employees in STEM related roles | |

**KPI B1.3 Newly hired employees for the year**

| | 2024 |
|---|---|
| **Total number of newly hired employees Number of** | 665 |
| **newly hired employees by gender** Male | |
| Female | 411 |
| **Number of newly hired employees by age** | 254 |
| 30 or below | |
| 31 – 50 | 392 |
| 51 or above | 257 |
| **Number of newly hired employees by geographical region** | 16 |
| China | |
| Other regions | 587 |
| **Number of newly hired employees by employment category** | 78 |
| Non-managerial | |
| Management | 561 |
| **Percentage of vacancies filled internally (by internal recruitment) (%)** | 104 |
| | 38.3% |

**KPI B1.4 Employee turnover for the year**

| | 2024 |
|---|---|
| **Total full-time employee turnover rate[12]** | **20.4%** |
| **Full-time employee voluntary turnover rate[13]** | **4.4%** |
| **Employee turnover rate by gender** | |
| Male | **21.2%** |
| Female | **19.0%** |
| **Employee turnover rate by age** | |
| 30 or below | **23.5%** |
| 31 – 50 | **18.4%** |
| 51 or above | **23.4%** |
| **Employee turnover rate by geographic regions** | |
| China | **19.5%** |
| Other regions | **27.2%** |
| **Employee turnover rate by employment category** | |
| Non-managerial | **22.2%** |
| Management | **14.5%** |

**KPI B2.1 Number and rate of work-related fatalities for the past three years (including the reporting year)**

**KPI B2.2 Number of lost workdays due to occupational injuries**

| Occupational health and safety | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Work-related fatalities** | **0** | 0 | 0 |
| **Lost workdays due to work injuries[14]** | **40** | 49 | 0 |

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[12] The formula for calculating employee turnover rate: employee turnover rate = total number of employee separations for the year/(period-end headcount + total separations for the year).

[13] The formula for calculating employee voluntary turnover rate: employee voluntary turnover rate = total number of employee voluntary separations for the year/(period-end headcount + total voluntary separations for the year).

[14] Calculated based on an "8-hour workday" as one working day.

**EMPLOYEE TRAINING**

**KPI B3.1 The percentage of employees trained by gender and employee category**

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

| | 2024 Number of employees trained | % of employees trained[15] |
|---|---|---|
| **The number of employees trained** | | |
| **The number of full-time employees trained** | 3,778 | 82.3% |
| **The number of employees trained by gender** | | |
| Male | 2,443 | 85.4% |
| Female | 1,335 | 77.0% |
| **The number of employees trained by employee category** | | |
| Non-managerial | 2,633 | 76.4% |
| Management | 1,145 | 99.8% |

| | 2024 Training Hours |
|---|---|
| **Training hours completed by employees** | |
| **Total training hours full-time employees completed** | 17,314 |
| **Average training hours full-time employees completed[16]** | 4.6 |
| **Completed training hours by employee gender** | |
| Male | 13,724 |
| Female | 3,590 |
| **Completed training hours by employee category** | |
| Non-managerial | 11,240 |
| Management | 6,074 |

Note: During the Reporting Period, the Group dispatched specific personnel responsible for the employee training data. We will continue to strengthen internal data collection and improve data disclosure in future reports.

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[15]     The percentage of employee training is calculated by: the number of trained employees in certain category/the total number of employees in that category.

[16]     The average training hours of employees is calculated by: the total training hours completed by employees in certain category/the total number of employees trained in that category.

## 11. CONTENT INDEX OF THE ESG GUIDE OF THE HONG KONG STOCK EXCHANGE

| Mandatory Disclosure Requirements | | Section |
|---|---|---|
| Governance Structure | A statement from the Board containing the following elements:<br>(i) disclosure of the Board's oversight of ESG issues;<br>(ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-elated issues (including risks to the issuer's businesses); and<br>(iii) how the Board reviews progress made against ESG related goals and targets with an explanation<br>of how they relate to the issuer's businesses. | 2. SUSTAINABILITY GOVERNANCE<br>2.1 Board Independence, Diversity and Performance<br>3. STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT |
| Reporting Principles | A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report: | 1. ABOUT THIS REPORT |
| Reporting Boundary | 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. ABOUT THIS REPORT |

| General Disclosures and KPIs | | Disclose Section/ Explanation |
|---|---|---|
| **A. Environment** | | |
| **A1. Emissions** | | |
| General Disclosure | Information on: <br> (a) the policies; and <br> (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 5. ENVIRONMENTAL PROTECTION |
| A1.1 | The types of emissions and respective emissions data. | 10. PERFORMANCE DATA SUMMARY – Environmental Performance |
| A1.2 | 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). | 10. PERFORMANCE DATA SUMMARY – Environmental Performance |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility). | 10. PERFORMANCE DATA SUMMARY – Environmental Performance |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility). | 10. PERFORMANCE DATA SUMMARY – Environmental Performance |
| A1.5 | Description of emission target(s) and steps taken to achieve them. | 5.1 Climate Change <br> 5.2 Energy Management and Carbon Emissions |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction target(s) and steps taken to achieve them. | 5.5 Waste Management |

| A2. Use of Resources | | |
|---|---|---|
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | 5.2 Energy Management and Carbon Emissions<br>5.4 Water Consumption and Conservation |
| A2.1 | Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility). | 10. PERFORMANCE DATA SUMMARY – Environmental Performance |
| A2.2 | Water consumption in total and intensity (e.g., per unit of production volume, per facility). | 10. PERFORMANCE DATA SUMMARY – Environmental Performance |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | 5.2 Energy Management and Carbon Emissions |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) and steps taken to achieve them. | 5.4 Water Consumption and Conservation |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Due to the nature of the business, the Group is not involved in the consumption of finished packages |
| A3. The Environment and Natural Resources | | |
| General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources. | 5.2 Energy Management and Carbon Emissions<br>5.5 Waste Management |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | 5. ENVIRONMENTAL PROTECTION<br>5.2 Energy Management and Carbon Emissions |

| A4. Climate Change | | |
|---|---|---|
| General Disclosure | Policies on identification and mitigation of significant climate related issues which have impacted, and those which may impact the issuer. | 5. ENVIRONMENTAL PROTECTION<br>5.1 Climate Change |
| A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | 5. ENVIRONMENTAL PROTECTION<br>5.1 Climate Change |
| **B Social** | | |
| **B1. Employment** | | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 6. PEOPLE<br>6.1 Diversity, Inclusion and Equal Opportunities<br>6.2 Talent Attraction and Retention |
| B1.1 | Total workforce by gender, employment type (for example, full or part-time), age group and geographical region. | 10. PERFORMANCE DATA SUMMARY – Social Performance |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | 10. PERFORMANCE DATA SUMMARY – Social Performance |

| B2. Health and Safety | | |
|---|---|---|
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | 6.4 Occupational Health & Safety |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | 10. PERFORMANCE DATA SUMMARY – Social Performance |
| B2.2 | Lost days due to work injury. | 10. PERFORMANCE DATA SUMMARY – Social Performance |
| B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored. | 6.4 Occupational Health & Safety |
| **B3. Development and Training** | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | 6.3 Talent Development |
| B3.1 | The percentage of employees trained by gender and employee category (e.g., senior management, middle management). | 10. PERFORMANCE DATA SUMMARY – Social Performance |
| B3.2 | The average training hours completed per employee by gender and employee category. | 10. PERFORMANCE DATA SUMMARY – Social Performance |

| B4. Labour Standards | | |
| --- | --- | --- |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | 6.1 Diversity, Inclusion and Equal Opportunities |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour. | 6.1 Diversity, Inclusion and Equal Opportunities |
| B4.2 | Description of steps taken to eliminate such practices when discovered. | 6.1 Diversity, Inclusion and Equal Opportunities |
| B5. Supply Chain Management | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | 4.1 Cyber Security<br>7. VALUE CHAIN |
| B5.1 | Number of suppliers by geographical region. | 7.2 Responsible Supply Chain Management |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored | 2.2 Business Ethics and Compliance<br>4.1 Cyber Security<br>7.2 Responsible Supply Chain Management |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | 2.2 Business Ethics and Compliance<br>4.1 Cyber Security<br>7.2 Responsible Supply Chain Management |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | 7.2 Responsible Supply Chain Management |

| B6. Product Responsibility | | |
| --- | --- | --- |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 4.1 Cyber Security<br>7. VALUE CHAIN |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | 7.3 Quality Management |
| B6.2 | Number of products and service-related complaints received and how they are dealt with. | 4.5 Customer Engagement<br>7.3 Quality Management |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | 4.4 Intellectual Property Protection |
| B6.4 | Description of quality assurance process and recall procedures. | 7. VALUE CHAIN<br>7.3 Quality Management |
| B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | 4.2 Privacy and Data Protection |

| B7. Anti-Corruption | | |
|---|---|---|
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | 2. SUSTAINABILITY GOVERNANCE<br>2.2 Business Ethics and Compliance |
| 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. | 2.2 Business Ethics and Compliance |
| B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | 2.2 Business Ethics and Compliance |
| B7.3 | Description of anti-corruption training provided to directors and staff. | 2.2 Business Ethics and Compliance |
| B8. Community Investment | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | 8. COMMUNITY INVESTMENTS |
| B8.1 | Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport). | 8. COMMUNITY INVESTMENTS |
| B8.2 | Resources contributed (e.g., money or time) to the focus area. | 8. COMMUNITY INVESTMENTS |