



NetDragon

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)

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2025 環境、社會及管治報告

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2025 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 2025 (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 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 2025 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 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.

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- **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:

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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 for Sustainable Development

Highest Governance Body	NetDragon Board of Directors	External Assurance
Board Oversight	Audit Committee	
Management Oversight	Executive Chairman	
Implementation of Sustainability Policies	Group Functions and Business Units	

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NetDragon's ESG management structure and the respective roles of each layer are as follows:

- | | |
|---|--|
| NetDragon Board of Directors | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• Assist the Board of Directors in verifying the objectivity and credibility of financial reports, and ensure that directors act in accordance with the <i>Director's Responsibility Guidelines</i> 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 | <ul style="list-style-type: none">• Serve as general ESG management consultant under the full authorisation of the Board of Directors |
| Group Functions and Business Units | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• The Audit Committee conducts semi-annual reviews of the effectiveness of our internal control efforts with the assistance of third-party organisations to comply with the relevant provisions of the Corporate Governance Code of the Main Board Listing Rules issued by The Stock Exchange. |

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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 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. All Directors and senior management have completed written training on the anti-corruption legislation of the Hong Kong SAR Independent Commission Against Corruption. 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 organisations to assess our ethical standards.

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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.

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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 immediately by the Group without compensation.

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.

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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/>

Email: zuzhibu@nd.com.cn

One of our major overseas subsidiaries has released the *Confidential Reporting (Whistle-blowing) 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.

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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.

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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	
	Energy Management and Carbon Emissions	General Topic
	Waste Management	
	Environment and Use of Natural Resources	
	Respect for Intellectual Property Rights	
	Data Security and Privacy Protection	Material Topic
	Product and Services Safety and Quality	
	Innovation Management	
Corporate Governance		
Anti-bribery and Anti-corruption		
Social and Governance	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		

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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*, *Regulations on the Safety Management of the Application of Facial Recognition Technology*, *Measures for the Administration of Compliance Audits of Personal Information Protection*, 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. These comprehensive security principles provide 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.

During the Reporting Period, we began advancing the implementation of artificial intelligence (AI) in our security operations, including AI-assisted threat detection and response, which significantly improved efficiency and accuracy, and automated threat intelligence analysis, which reduced human misjudgments. At the same time, we strengthened AI security defenses and governance to prevent hackers from exploiting AI to launch industrial-scale and large-scale attacks.

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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.

During the Reporting Period, we established a seven-layer defense-in-depth system. Rather than relying on a single perimeter defense, we implemented multi-layered protection spanning the physical, network, system, application, data, user, and management layers. We deployed over 100 honeypot nodes, shifting our posture from “passive defense” to “active deception” and achieving “perception-as-defense.” In addition, we developed a traffic security audit system to identify hidden channels and abnormal traffic patterns. We also built a security intrusion defense and analysis system, utilizing correlation analysis technology to aggregate dispersed and fragmented attack signals into complete attack chains for precise judgment.

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.

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Fujian Province Huayu Education Technology Co. Ltd. (“Fujian Huayu Education”), a subsidiary of Netdragon, has achieved remarkable achievements in information security. After obtaining the internationally recognised ISO27001 Certification in 2023, Fujian Huayu Education achieved the highest level of CMMI certification and successfully renewed its After-Sales Service Certification in 2025. further underlining NetDragon’s global leadership across information security, software R&D and after-sales quality.

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 2025, we continued our focus on compliance training in terms of data and information security at the Group level. The detailed programs 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 information security series certification.
- 2、All new employees received the New Employee Information Security Awareness Training course to gain basic information security knowledge, security awareness and understanding of their responsibilities.
- 3、Specialised training on Hillstone Firewall Fundamentals and iOS/Android App Hardening was provided to O&M, security, and development personnel, empowering them to master perimeter security control and traffic filtering, while effectively preventing reverse engineering to safeguard business logic and user privacy.

During the Reporting Period, we provided information security training to 147 people. The total number of training hours was 100 hours, averaging 0.68 hours training hours per person. Furthermore, the Company conducted pre-job training for business partners to help them establish fundamental security awareness, requiring them to pass the Information Security Certification Exam to verify their knowledge proficiency. For threats such as repeated vulnerabilities, the Company performed re-testing to maintain security sensitivity. The Company also invited third-party professional organisations to conduct annual external audits, benchmarking the Group's current status against international standards. This enabled timely optimisation of management practices, security equipment and procedures thereby enhancing decision-making efficiency, eliminating blind spots in responsibilities and strengthening physical and network-level defense capabilities to ensure standardised behavior and reducing the risk of human error.

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:

| 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.

| 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.

| 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.

| 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 Organisation Data Management*

The Group does not rent, sell, or provide personal data to third party organisations 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.

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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

In today's digital game era, 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 Chinese Mainland (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 proudly partnered with prestigious brands including Universal Pictures and LEGO on their IPs. By implementing a series of innovative mechanisms, we have ensured the highest level of protection and respect for these valuable IPs in various domains.

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 nine fiscal years, the Group has received an average of 0.04% of customer complaints.

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2017-2025 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%
2025	1,199,194	658	0.055%

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 Education 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. In 2025, we also launched conservation initiatives such as the "Saving Elephants for the Future: Asian Elephant Conservation Campaign (象往未來•亞洲象保護行動)" with an aim to raise public awareness of conservation through public outreach, on-site volunteer activities, and in-game content centred on ecological themes. 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

Against the backdrop of the response to climate change around the world, climate-related risks and opportunities have become key factors influencing the resilience of businesses. As an innovative enterprise focusing on both technology and education, NetDragon deeply recognises the far-reaching impact of climate change on its business operations, supply chain collaboration, and long-term value. We have incorporated climate governance into our core sustainability strategy and have been progressively establishing a systematic climate risk management framework based on the TCFD recommendations, in order to identify and assess the potential challenges posed by climate change to our business operations, R&D of technology and market environment.

Governance

NetDragon has established a comprehensive ESG governance framework led by the Board and has incorporated climate change issues into its core corporate governance system. As the highest decision-making and oversight body for ESG practices, the Board assumes overall responsibility for approving climate-related strategies, monitoring targets and managing risks. The Audit Committee assists the Board in assessing the effectiveness of climate risk management. Functional departments and subsidiaries are responsible for specific implementation, while business units incorporate climate goals into their strategies and operations, forming a closed-loop governance spanning from decision-making, supervision to execution.

Strategies

To systematically assess the long-term potential impacts of climate change on its business operations, NetDragon employs climate scenario analysis to scientifically identify climate-related risks and opportunities that are material to its operations by constructing risk pathways under different temperature rise scenarios, thereby providing a basis for decision-making regarding medium – to long-term strategic planning and climate adaptation.

Scenario analysis

After taking comprehensive consideration of global climate policy trends and scientific assessment, we have established two climate scenarios, namely high-carbon emissions scenario and a low-carbon emissions scenario by making reference to the climate scenarios published by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), and ensure that the timeframes align with the development planning stages of the Company and are in line with the Paris Agreement. The selected scenarios assist the Company in assessing the level of climate-related risks and support our future management decisions. The specific assumptions and timeframes for these scenarios are set out in the table below:

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Scenarios

Physical risk Low-carbon scenario: IPCC SSP1-2.6, a scenario assuming that global warming will be kept below 2°C by 2100, which is in line with current commitments under the Paris Agreement, with a limited but manageable increase in extreme weather

High-carbon scenario: IPCC SSP5-8.5, a scenario assuming that carbon dioxide emissions will approximately double by 2050 compared with current levels, leading to an increase in the frequency and intensity of extreme weather such as heatwaves and extreme precipitation

Transition risk Low-carbon scenario: Net-Zero Emissions (NZE) scenario, a scenario assuming that global net-zero emissions will be achieved by 2050, with average temperatures stabilised at a level no more than 1.5°C above pre-industrial levels

High-carbon scenario: Stated Policies scenario (STEPS), a scenario assuming that, with no additional policies implemented beyond those currently in place by national governments, the global average temperature will rise by 2.4°C by 2100

Timeframe

Short-term to 2030

Medium-to
long-term to 2050

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List of climate risks and opportunities

Based on the established industry climate risk database, and taking into account the pathway analyses under various scenarios, we have systematically identified climate-related risks and opportunities that may have a material impact on cash flows, financing channels and cost of capital of NetDragon in the short, medium and long term. After assessment, 5 key climate risks are identified, including 3 physical risks and 2 transition risks as well as 1 climate-related opportunity for development. We have conducted a comprehensive analysis and business impact assessment of these risks and opportunities¹ and the results are set out in the table below.

Table 1 List of climate risks and opportunities

Risk/opportunity	Impact on business model and value chain		Countermeasures
	Current impact	Expected impact	
Typhoon	No impact on business model and value chain during the Reporting Period.	The Company's headquarters is located in the southeastern coastal area prone to frequent typhoons. Severe typhoons may cause interruptions in regional power, disrupted network communications and difficulties for employees to commute, which will directly affect the service availability and user experience of online game and educational platforms. Any damage to critical infrastructure such as data centres may lead to system downtime, data security risks and business interruption, increased operating and maintenance and disaster recovery costs.	We will refine our contingency plans, strengthen data backup and infrastructure resilience, systematically enhance typhoon response capabilities to ensure our business continuity and the safety of our employees
Extreme precipitation	No impact on business model and value chain during the Reporting Period.	Extreme precipitation may the flood data centre server rooms and cause damage to power supplies and network cables. As NetDragon relies heavily on the stable operation of its online systems, such incidents will increase the risks arising related to system operation and maintenance, and may potentially affect the online experience of gaming users and undermine the trust of education clients in the reliability of our platform.	We will refine contingency plans for extreme precipitation, enhance the flood protection capabilities of data centres and conduct regular drills to minimise the risk of operational disruption and data security breaches.
Extreme heat	No impact on business model and value chain during the Reporting Period.	Persistent high temperatures will directly drive up energy consumption for cooling in data centres and office premises, leading to higher operating costs. During peak electricity consumption periods, the risk of regional power blackout may increase, threatening the continuous and stable operation of servers and posing challenges to business continuity.	We will adopt energy-saving technologies, refine our high-temperature contingency plans and strengthen employee health protection, in order to manage operational risks and cost pressures under extremely hot weather.

¹ The climate-related risks and opportunities assessment set out in this report currently covers the major operating entities of the Group, and identifies and analyses physical and transition risks based on selected climate scenarios. Certain overseas subsidiaries have not yet been included in this scenario analysis, as they are still establishing their climate risk assessment systems and refining their data bases, and the consistency of relevant scenario parameters and the suitability of methodologies are still being verified. The Company will expand the coverage of the scenario analysis for its overseas operation in phases, and continue to improve the assessment scope and methodological system.

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Risk/opportunity	Impact on business model and value chain		Countermeasures
	Current impact	Expected impact	
Policy	No impact on business model and value chain during the Reporting Period.	In view of the tightening requirements for climate information disclosure both domestically and internationally, the Company will be required to comply with increasingly complex carbon and climate-related disclosure standards in the future. Failure to establish an appropriate data management and disclosure system in a timely manner may expose us to the risk of rising compliance costs, increased management complexity and delayed disclosures.	We will establish a systematic system for carbon and climate disclosure and strengthen its internal compliance capabilities to actively response to policy and regulatory requirements and manage related risks.
Market	No impact on business model and value chain during the Reporting Period.	As investment in ESG becomes mainstream, investors, partners and users are paying increasing attention to the environmental performance and transparency of the Company. If the Company fails to meet market expectations regarding green operation, carbon neutrality path or sustainable information disclosure, its market assessment, opportunities for collaboration and brand reputation may be affected.	We will deeply incorporate ESG into our strategies, strengthen sustainability information disclosure and communication with stakeholders, and actively respond to market expectations to manage brand and capital risks.
Product and service expansion	No impact on business model and value chain during the Reporting Period.	Leveraging its capabilities in digital content development, gamification technology, and education technology, the Company is able to explore the development and application of climate-themed games or other digital content and solutions, thereby expanding its products and services offerings in the education and public services market, and creating medium to long-term business growth opportunities.	Capitalising our advantages of digital technology and educational content, we will actively explore and develop interactive climate-themed products and green solutions, so as to expand the sustainable education market and capture emerging business opportunities.

Risk management

NetDragon has integrated climate risk management into its overall risk management process, and has established a systematic process covering risk identification, assessment and control in an effort to continuously address climate-related physical and transition risks. Going forward, we will actively draw on the advanced practices within the industry to constantly refine our risk management mechanism to enhance the adaptability and resilience to climate change of the Company.

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Indicators and Goals

In response to the goal of “Climate Action” goals set out in the Sustainable Development Goals (SDGs) announced by the United Nations, the Group has followed the recommended TCFD framework and has been progressively disclosing its risk management system and measures on climate change. We have calculated Scope 1, 2 and 3 greenhouse gas carbon emissions and have set, and have been continuously tracking the progress of, climate change-related indicators and goals, so as to achieve comprehensive management of climate issues.

Indicators	Unit	2025	Remarks
Scope 1 emissions	tCO ₂ e	267.18	/
Scope 2 emissions	tCO ₂ e	9,512.32	/
Scope 3 emissions ²	tCO ₂ e	152.49	/
The amount and percentage of assets vulnerable to climate-related transition risks	/	/	(Disclosure or Explain) ³
The amount and percentage of assets vulnerable to climate-related physical risks	/	/	
The amount and percentage of assets aligned with climate-related opportunities	/	/	

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.

² The Scope 3 emissions data set out in this report only includes emissions from business travel.

³ Pursuant to the “Reasonable Information Relief” provisions set out in the ESG Reporting Code, the Company, after an initial assessment of the potential impacts of climate-related risks and opportunities, considers that converting the specific assets or business activities expected to be affected into financial amounts or percentages requires high quality data base and analytical model. Given that the Company is still developing its capacity in climate scenario analysis, and the relevant quantitative information cannot be available without undue cost or effort, the Company has decided not to disclose the specific amount and percentage of the impact for the time being, so as to adhere to the principle of prudence in information disclosure. The Company will continue to advance its internal information governance efforts and is committed to gradually improving the quality and completeness of disclosure of relevant information in future ESG reports.

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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 centred 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 actively put into practice the principles of “reduce, reuse and recycle” and encourage the application of self-developed OA system across the Group to achieve online and paperless office procedures. We recycle all office supplies and equipment, and further conserve energy and resources through the use of LED lighting and the installation of motion 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 Centre.

For six consecutive years, we have been highly recognised by a distinguished Chinese human resources consulting firm, the HR Excellence Centre 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 programme 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.

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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” programme 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.

The paper consumption and intensities during the Reporting Period are as follows:

Paper consumption	Unit	2025
Total amount of paper consumed	kg	2,159.40
Paper consumption intensity per capita	kg/person	0.71

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.

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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 maximising 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 programmes. 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 2025, the Group had a total of 3,994 employees, of which 3,061 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 60% and 40% of the total workforce respectively. Employees aged 31 to 50 represented 68% of the overall headcount, while those under 30 and over 50 accounted for 27% and 5%, 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/half publicly/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 which are 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;
- Email: neishen@nd.com.cn.

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 stable and sustainable growth of the Company. The 360-degree evaluation questionnaire enables a multi-dimensional evaluation on key issues such as management practices of our management personnel and the implementation of corporate cultural values. The effective response rate of the questionnaire reached 97%, providing data support for managers to clearly identify our strength and areas for improvement.

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.

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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

During the Reporting Period, we adopted a market-leading remuneration strategy for core AI-related positions by increasing the remuneration basic salary and raising the percentage of variable remuneration to ensure that remuneration is more closely linked to business breakthroughs, technological innovation and the effectiveness of AI tool application. We have also established an immediate incentive scheme for weekly and monthly project milestones, as well as a dedicated AI incentive package, to encourage experts to swiftly turn AI capabilities into business value. Through seeking policy support to attract top talent, we provided differentiated benefits for high-level and non-local talents, and deepened the metaverse office model to provide greater work flexibility. We have created an efficient environment through flattening our organisation and streamlining processes, whilst introducing AI technology to improve the fairness and accuracy of performance evaluation. We encourage our departing senior talents to continue contributing value through acting as our expert consultants or project cooperation, thereby broadening the talent retention pathways. Overall, we have upgraded our basic package comprising “remuneration + benefits” to a full-chain system comprising “strategic remuneration + immediate incentives + flexible experience + AI empowerment evaluation + long-term retention” to better meet the needs of elite AI organisations for top talents.

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. 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.

With the goal of “building an elite organisation for the AI era”, we have built a fair, transparent and sustainable talent growth ecosystem through talent classification and standard upgrade, business-centric development mechanism and systematic learning and certification system, which support employees in achieving a leap in capability and realising their full potential during the organisation’s transformation.

- By setting talent classification standards suited to the AI era and recognising diverse strengths and capabilities, we have opened up a diversified career path for employees to achieve cross-border growth and independent development.
- We have adopted a task-centric agile collaboration model to break the barriers of traditional positions and encourage employees to realise personal value through continuous learning and certification.
- At the same time, by utilising intelligent management tools to open a vast array of learning resources, we have accurately empowered employees to improve their capabilities in a data-driven manner, with an aim to a responsible employer brand that is forward-looking, promote equal opportunities and focus on growth of individuals.

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.

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 the goals of the Company.
- 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, 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	<ul style="list-style-type: none">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	<ul style="list-style-type: none">We offer our employees birthday cakes on their birthdays.
	Festive Activities	<ul style="list-style-type: none">We organise festive activities during Lantern Festival, Women's Day, Mid-Autumn Festival, Dragon Boat Festival, Christmas, Halloween and Lunar New Year, providing employees with afternoon tea refreshments and customised festive gifts.
	Inspire Activity Funds	<ul style="list-style-type: none">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	<ul style="list-style-type: none">We provide travel allowance and offer shuttle services to office locations within the city to facilitate employee commutes.

Unique Benefits

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.

Health Benefits	Health Analysis	<ul style="list-style-type: none">• We provide employees with annual health check-ups and health report interpretation.
	Disease Prevention	<ul style="list-style-type: none">• We provide medical clinics and offer free consultations by renowned experts.• We have established Loving Support Fund (愛心救助基金) to support employees and their family (parents, spouses, parents of their spouses and children) facing severe financial difficulties due to major illnesses, helping them overcome challenges together.
	Mutual Aid	
	Health Initiatives	<ul style="list-style-type: none">• We express our care for employees' physical and mental wellbeing by organising a variety of wellness and recreational activities, such as the 518 Anniversary Events (518 週年慶系列活動), Spring Field Blossom (春田花花) series family activities (such as Watermelon Festival), various club activities (such as basketball, tennis, badminton, table tennis, etc., as well as dancing, board games, cycling, running, water sports, etc.), quarter marathon, organic farm visits, capsule hotels, department retreats and Starlight Concert (星空音樂會).

Fertility Support	Parental Leave	<ul style="list-style-type: none"> • Employees can apply for statutory paid leave, including maternity leave, prenatal check-up leave, breastfeeding leave and paternity leave.
	Facility Support	<ul style="list-style-type: none"> • 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 employees in the workplace.
Recreational Facilities and Infrastructure	Sport Facilities	<ul style="list-style-type: none"> • We provide gyms, ball games facilities, SEAL training grounds and diving pool, with professional coaches available to guide employees to exercise in a safe and scientific way.
	Recreational Facilities	<ul style="list-style-type: none"> • Office areas are equipped with 3D cinemas, KTVs, cafes, kayaking facilities and equestrian centres, creating a comfortable working.
	Leisure Facilities	<ul style="list-style-type: none"> • Office areas are equipped with SPA centres, steam rooms and saunas, offering a balanced work-leisure environment.
	Employee Cafeterias	<ul style="list-style-type: none"> • Cafeterias within office areas provide quality food at affordable prices for our employees.
	Employee Dormitories	<ul style="list-style-type: none"> • Employee dormitories are provided for our employees at an affordable price.
	Refreshment Bars/ Convenience Stores	<ul style="list-style-type: none"> • Commodities are offered at discounted prices.
	Flexible Work Arrangements	Flexible Working Hours

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6.2.4 Talent Recruitment

During the Reporting Period, the recruitment of the Company focused on targeted talent acquisition, efficiency improvement, and system optimisation, so as to precisely match the talent needs of core and special business units. The Group deepened the digitalisation and optimisation of its recruitment process to enhance the overall efficiency and professionalism of its talent acquisition, thereby laying a solid foundation for the development of its talent team. In addition, through its high-quality campus recruitment practices and employer brand building, the Group won the “Best Employer Campus Recruitment Case Award 2025” from Zhaopin, further demonstrating its influence within the industry.

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:

Award	Awarding Organisation	Picture of the Award
Best Employer Campus Recruitment Case Award 2025	Zhaopin	
OneFLAG Awards – 2025 Best HR Programmes Gold Standard Certified Company 2026-2027	HRflag	
	China Healthy Workplace Certification Committee	

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.

During the Reporting Period, in order to support the efforts in the transformation into an “AI-driven organisation”, the Company has took special approach to cultivate talent, where the Company reshaped the skill structure of its staff and fully implemented “human-machine collaboration” model through technical empowerment and resource sharing. The Company has established the “AI hub” platform and AI intelligence public account “ever AI” to provide all employees with an open and shared platform for AI productivity tools. Through a training model of “on-demand learning” and “practice-driven development”, the Company encouraged employees to engage in self-learning based on business scenarios. By providing access to a vast array of free AI learning resources and courses, we have established a closed-loop mechanism of “self-learning – obtaining certification – undertaking tasks”, thereby enabling employees to undertake cross-functional tasks once certified. In addition, by operating dedicated AI incentive packages and weekly/monthly immediate project-based reward mechanisms, we created an open and shared atmosphere for technical exchanges to encourage employees to share AI application cases and innovation achievements and continues to improve the overall AI talent capabilities and practical level of the Company.

6.3.1 Routine Training Programmes

New Staff Training: By the end of the Reporting Period, we carried out new staff training camps for a total of 38 new recruits, with a cumulative study time of 304 hours, averaging 8.0 hours per person. Training content spans corporate system and culture of the company.

Skills Training: During the Reporting Period, we enhanced employees’ professional capabilities through “Staff Training,” aiding employees in professional skill enhancement and career development:

Participants	Training Programme	Overview	Number of Hour	Number of Participant	Total Training Hours
Engineering Division Staff	AI Best Practice Sharing from Engineering Division	This programme forms part of the exclusive series on AI best practice case studies sharing from the Engineering Division. It focuses on the practical application of AI technology in the engineering sector. Through the analysis of real-world case studies, the review of practical experience and the exchange of technical insights, the programme aims to help Engineering Division staff learn from the best practices, broaden their horizons regarding the application of AI technology, and enhance their ability to	6	64	384

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Participants	Training Programme	Overview	Number of Hour	Number of Participant	Total Training Hours
		implementation and innovation capabilities of AI technology in engineering contexts.			

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Participants	Training Programme	Overview	Number of Hour	Number of Participant	Total Training Hours
	Unreal Engine Conference Presentation	The programme focuses on the core development practices of the Unreal Engine with two main topics, namely the development of AI-powered rail shooter prototypes and the analysis of stuttering issues across different versions of the Unreal Engine. Through the dissection of real-world cases and the sharing of ideas for solving technical difficulties, the programme aims to help Engineering Division staff master the importance of AI in Unreal Engine. The practical application skills in the development of engine games to improve the adaptation and performance optimisation capabilities of Unreal Engine versions.	2	31	62
	New Features and Practical Skills of Unreal Engine	This programme focuses on core updates and engineering applications of the Unreal Engine. It provides a systematic exploration of key new features, including high-fidelity open-world optimisation, in-editor animation creation, and the full MetaHuman production process. The programme also shares practical techniques such as performance tuning, asset management and efficient iterative workflows, helping Engineering Division staff to quickly master the core capabilities of the new version and enhance both project development efficiency and quality of final products.	2	32	64
Design Centre staff	Online Learning and Sharing	Courses on design centre concepts and technical insight sharing	45	30	1,350

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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 Programme	Overview	Number of hours	Number of Participant	Total Training Hours
Management personnel	BUG Culture – Management Personnel m	The programme aims to help management personnel quickly understand distinctive management philosophy of NetDragon, i.e. BUG culture: 1. understand the requirements on management personnel of the Company regarding BUG and assessment criteria; 2. understand the categories of BUG and the guidelines for management personnel to raise BUG-related issues; 3. understand the five key strategies for raising effective BUG; 4. understand how to face BUG constructively and address those BUG.	0.5	12	1.68
Management personnel	Performance-based Culture (Essential Knowledge for Management Roles)	Based on the checklist for management positions, key tasks are selected for theoretical skill training. Through the programme, management personnel may gain an understanding of NetDragon’s performance-based culture, including: the application of factual fairness in performance management, the source of employee performance targets, the cycle of performance appraisal, the performance of employees, the definition of an S grade in employee performance appraisal, the mandatory proportion distribution and other basic information.	0.5	10	1.4

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 an 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.
- 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, AI specialised training, 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.
- 3. Patented Technology Award Scheme:** The Company has established a national patented technology award scheme to encourage technical and product innovation among its staff, motivate inventors, and promote the implementation of patented technologies. Under the scheme, cash rewards are awarded for invention patents, utility model patents and design patents.

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.

6.3.4 *Training Programmes in collaboration with professional educational institutions and 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. We worked in collaboration to curriculum development, IP creation practical training, and AIGC and IP creation competitions, establishing an initial “AI + Media Production” training system. Six new certified training programmes have been developed and made available for open enrolment, covering the entire value chain from AI screenwriting and AIGC tool applications to new media operations and IP incubation. We jointly launched the “AI Short Film Creative Competition” in collaboration with the Macau University of Science and Technology and MGM China Holdings Limited, so as to deepen the integration and innovation of film and television, gaming IPs, and cultural tourism. We successfully organised the “Cat Animation IP Business and AI Video Training Camp (喵星人動畫 IP 商業與 AI 視頻訓練營)”, which incorporated a designated IP into teaching workshops for the first time to explore the potential for IP incubation, cross-platform content output, and the application of digital cultural and cultural creation across industry, academia and research. Focusing on the interdisciplinary convergence of “AI+”, we have organised competitions, training camps/workshops, academic conferences and round-table forums and adopted a three-pronged approach to consolidate “education, technology and talent” into an organic whole, which deepens talent development and international influence in the “Greater Bay Area”, “Portuguese-speaking countries” and nations along the “Belt and Road” and creates an innovation engine centred on “technology + culture”. We aim to drive the reshaping of regional industrial value chains and the construction of a digital economic ecosystem in an effort to inject robust momentum into high-quality development.

Central Academy of Fine Arts

During the Reporting Period, NetDragon drew on its extensive practical experience in game development to build a comprehensive knowledge graph for game design, thereby creating a systematic professional training programme and curriculum framework. As a visiting professor at the Central Academy of Fine Arts, Dr. Liu Dejian, the chairman of NetDragon took the lead in the overall planning of the game design course, and shared the cutting-edge technology of “Art Breakthrough and Industrial Transformation in the Era of AI Co-creation” for postgraduate students, which injected strong momentum into art innovation and design practices with advanced technologies. The project organised game industry experts and formed a team of lecturers to complete a total of 5 courses and 340 class hours of teaching, covering nearly 100 students. Among which, the course “Board Games” achieved outstanding performance and was awarded the Excellent Course of Central Academy of Fine Arts in 2025.

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The two parties have collaborated on a number of joint research projects. Among these, the “Research into Digital Immersive Art Content Solutions” focuses on key areas such as standards for digital immersive spaces and public exhibitions in digital media art galleries, while the “AI Laboratory – Construction of an Audiovisual Language System for AI-Based Digital Performances” delves deeply into methodologies for AI character design, providing core methodological support for the Company’s AI content production line.

NetDragon acts as a designated teaching and practical training base for the Central Academy of Fine Arts, and the academy carried out a special initiative to “visit the Company to secure more job for graduates”. In the future, more students and staff will participate in practical exchange activities, further enhancing the effectiveness of collaborative education between the academy and the Company.

Master Lecture Series Launched by the Unreal Centre

During the Reporting Period, NetDragon, in collaboration with Unreal Engine, has launched a series of master lectures, including “In-Depth Analysis of Animated Stylised Scenes” and “Dreaming of Chang’an’ Lecture Series” at the Unreal training centre 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, igniting their creative inspiration, and engaging them in exploring the technical transformations brought to the industry by Unreal Engine. 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.

Unreal Centre at Netdragon Digital Education Town

On 5 March 2025, the grand launch event for Digital Education Town officially authorised by Unreal Engine themed “Boundless Reality, Creating the Future” (虛實無界•創見未來) was held at the Digital Education Town. In order to align with national strategy for cultural digitisation, NetDragon, as a leading enterprise in digital education in China, has partnered with Epic Games, a world-leading digital engine technology company, to establish Digital Education Town Training Centre, a training centre officially authorised by Unreal Centre at Digital Education Town (hereinafter referred to as the “Training Centre”). Leveraging Unreal Engine technology, official content resources and industry support, the centre aims to build a digital content design and production industry cluster. At the launch event, Epic Games and NetDragon formalised their partnership, pursuant to which Epic Games officially designated the Digital Education Town Training Centre as an authorised training centre, marking it the first such centre in Fujian and the second across China.

The training centre has recruited a broad range of experienced industry experts to form a team comprising instructors with strong professional capabilities, six of whom have been certified as official authorised Unreal Engine instructors and won three gold and three silver certifications. The team has been steadily advancing the iteration and improvement of the curriculum. Based on specific technical needs of different learner groups, the centre has tailored targeted courses and provided diverse learning pathways. To date, the centre has independently developed over ten core courses, including “Introduction to Unreal Engine”, “The Complete Workflow of UE Digital Human Applications”, “UE5 Scene Design”, “Introduction to UE Blueprints”, “20-Hour Game Development Masterclass”, and “UEXAI Creation Workshop”.

We continued to put great efforts in talent development and technology promotion, offering open enrolment to the public while periodically organising free online courses and high-quality specialist seminars in an effort to promote the widespread adoption of Unreal Engine technology, thereby benefiting more enthusiasts and professionals across the industry. Furthermore, the Unreal Engine course has been successfully introduced at double first-class art institutes such as the Central Academy of Fine Arts and the China National Academy of Chinese Theatre Arts, where the content-rich curriculum and innovative teaching methods have earned high recognition and widespread acclaim from both staff and students at these partner institutes.

6.3.5 *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 instance, the Company has established a national patent technology incentive scheme to encourage technical and product innovation among its staff, boost staff motivation, and promote the implementation of patented technologies by offering cash rewards for invention patents, utility model patents and design patents. 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 awarding cultural medals and displaying the achievements 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 Education 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.

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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:

| 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), Quarter Marathon and Interstellar Seal Challenge are among the annual events.

| 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.

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| 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.

| 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. All facilities are also in strict compliance with epidemic control measures.

7. VALUE CHAIN

7.1 Innovation Management

At NetDragon, we regard innovation management as a top priority, investing over RMB1.0 billion in developing cutting-edge technologies and products, and hiring over 1,300 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. The Company has also established a national patent technology incentive program to encourage technical and product innovation among employees, aiming to motivate employee inventors and promote the implementation of patented technologies. 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.)

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7.2 Responsible Supply Chain Management

In 2025, the Group had a total of 26 major suppliers. The geographical split of these suppliers is as follows:

Indicators	2025	2024	2023	2022	2021	2020	2019	2018
By region:								
Asian Countries (Excluding China)	1	1	3	3	1	3	3	2
UK	1	0	0	1	1	0	1	2
USA	11	13	17	14	8	7	8	11
China	17	8	7	8	10	8	9	7
United Arab Emirates (“UAE”)	0	0	0	0	0	1	0	0
European Countries								
(excluding the UK)	2	3	5	3	3	3	0	1

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.

⁴ 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.

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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. In addition, to the best of the Group's knowledge, no employees have been involved in any non-compliance incidents related to human rights violations.

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

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The Group has also 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*

During the Reporting Period, there were no product recalls related to health and safety or any major product failure incidents. Two incidents of product malfunction occurred at an overseas subsidiary, involving power supply components for interactive displays and bonding issues with LED screens, both caused by quality issues with supply chain partners. These incidents have been properly resolved to the satisfaction of the customers. These two product failure incidents accounted for 0.0024% of the total shipments from the overseas subsidiary. 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 Thailand, Saudi Arabia, Kenya and Ghana 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. In early June 2025, Dr. Liu Dejian, the Company's founder and chairman, was invited to a high-level expert group meeting at the United Nations Headquarters in New York, where Dr. Liu joined senior UN officials and industry experts to discuss initiatives to establish an Online University for STEM education in the Least Developed Countries (LDCs). In his opening keynote speech, Dr. Liu proposed an “AI + Education” model to drive educational equity and quality improvement in LDCs, which received a warm response and high acclaim from the attendees.

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 more than RMB12 million in community development.

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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 2025, NetDragon’s flagship game, Eudemons Online, collaborated with “Yingge dance (英歌舞)” – a gem of Guangdong Chaoshan’s intangible cultural heritage – to integrate the majestic vigor of the dance with Year of the Snake features, bringing players with the mightiest Chinese war dance. Furthermore, we specially invited Master Lu Jinwen (盧進文), an inheritor of the intangible cultural heritage of Chaoshan woodcarving, to meticulously craft exclusive “Yingge drumsticks (英歌槌)” for Eudemons Online drawing the inspiration from the auspicious snake. This collaboration is more than just a tribute to intangible cultural heritage; it is a perfect manifestation of the innovative fusion between Eudemons Online and the spirit of Yingge Dance.

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In March 2025, partnering with the Gulou District Charity Federation of Fuzhou, NetDragon launched the “Spring Warmth Public Welfare Project (春暖公益捐贈).” Leveraging the festive atmosphere of International Women’s Day, the initiative mobilised female employees to spread love and positive energy through donations of clothing and books. During the campaign, we collected a total of 963 books and 486 pieces of clothing. All donated items were thoroughly disinfected, sorted by category, and subsequently distributed through the Gulou District Charity Federation of Fuzhou. Clothing that met the standards was sent to remote areas in Xinjiang, Tibet, and Ningxia, while the books were donated to the Hope Project for targeted distribution, helping children in mountainous regions broaden their horizons and open the door to knowledge.

In April 2025, NetDragon, in collaboration with Government, Industry, Academia, and Research Institutions, namely the Xinhua News Information Center, Xinhua Publishing House, Xinhua News Agency Fujian Branch, Fujian Cultural Enterprise Association, Fujian Animation and Game Industry Association, Fujian Digital Film and Television Technology Company (福建省數字影視科技公司), Fujian Tourism Development Group and others, officially launched the project “Digital Mountains and Seas: Revitalizing Fujian Tourism – Gaming Empowering Fujian Culture and Tourism (數字山海·福遊新生—遊戲賦能福建文旅).” This initiative aimed to systematically advance “Game + Culture and Tourism” IP collaborations across the province in a phased manner. By capturing digital assets from key scenic spots and integrating Fujian’s unique cultural and tourism IPs into NetDragon’s games through scenes, items, gameplay, and character skins, the project created a gateway to promote Fujian’s tourism and drive visitor traffic.

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In May 2025, the AI education platform “MHESI Skill” – co-developed by NetDragon and Thailand’s Ministry of Higher Education, Science, Research and Innovation (MHESI) – was officially launched. Through the “MHESI Skill” platform, MHESI will provide the Thai public with a series of officially certified electric vehicle technology training courses, equipping trainees with practical skills to enhance their employment prospects and opportunities in the electric vehicle sector. All courses on the platform are available to the public free of charge, and participants will receive an official digital certificate issued by MHESI upon completion.

In May 2025, NetDragon donated 31 computers to Jianjiang Central Primary School in Luoyuan County to help the school upgrade its educational hardware facilities, aiming to enhance the quality of its teaching and learning and thereby enabling the children to thrive under a caring and supportive social environment.

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In June 2025, Dr. Liu Dejian, founder and chairman of NetDragon, was invited to a high-level expert group meeting at the United Nations Headquarters in New York, where Dr. Liu joined senior UN officials and industry experts to discuss initiatives to establish an Online University for STEM education in the Least Developed Countries (LDCs). As a specially invited guest, Dr. Liu delivered a keynote speech at the opening ceremony, advocating for the “AI + Education” model to drive educational equity and quality improvement in LDCs. He also shared NetDragon’s extensive explorations and successful experiences in the field of AI-powered education.

In June 2025, NetDragon’s flagship game, Eudemons Online, collaborated with the Xishuangbanna Tropical Rainforest Conservation Foundation to launch the public welfare project “Saving Elephants for the Future: Asian Elephant Conservation Campaign (象往未來•亞洲象保護行動).” Capitalizing on the launch of the major event “Era of Spirit Beasts: Oath of Protection (靈獸紀元: 守護之誓),” the initiative leveraged gamification to promote ecological conservation, connecting players with charitable organisations in an innovative way. NetDragon funded rainforest restoration and elephant monitoring efforts, including practical measures such as foraging ground restoration and drone patrolling to enhance environmental stability for the herds. In addition, a team of NetDragon volunteers traveled to Xishuangbanna to participate in building “Elephant Canteens” and planting vegetation, taking concrete steps to foster a green ecosystem where humans and elephants coexist in harmony.

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In June 2025, partnering with the world cultural heritage site “Yongding Tulou (永定土樓)”, NetDragon’s flagship game, Conquer Online, officially launched the second phase of the “Game + Culture and Tourism” cross-over collaboration. With digital innovation as a medium, this partnership deeply integrated the architectural ingenuity of Tulou and Hakka culture with the passionate martial arts (Jianghu) gameplay. By introducing new themed events, limited-edition cosmetics and returning rewards, this partnership has empowered traditional culture to radiate new vitality within the virtual world.

In July 2025, NetDragon’s flagship mobile game, Eudemons Online Pocket version, introduced a new class, the “Taiyi Array Master (太乙陣師),” which integrated the profound Taoist heritage of Wudang Mountain. The game also meticulously embedded iconic Wudang landscapes and launched crossover events such as the “Wudang Chronicles (武當山河錄),” allowing players to explore the culture and traditions of Wudang in-game and experience the unique charm of traditional Chinese culture.

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In August 2025, NetDragon signed a cooperation agreement with the Ministry of Secondary Education of Cameroon (MINESEC) to jointly promote digital education infrastructure of Cameroon. The partnership will prioritize the digital transformation of 250 schools across the country, utilizing advanced educational technology to create a more inclusive and modern learning environment. This project aligns closely with the core objectives of the Secondary Education and Skills Development Project (PADESCE) to enhance “accessibility, equity, and quality” and actively responds to Cameroon’s National Development Strategy 2030 (NDS30).

In September 2025, NetDragon’s flagship mobile game, Eudemons Online Pocket version, officially partnered with Luoyang Culture and Tourism to launch an in-depth collaboration, achieving a deep integration of content and scenery. The game introduced two golden autumn pets (金秋寵) featuring distinct Luoyang characteristics and released a Luoyang-themed promotional film, showcasing the city’s historical charm and modern vibrancy.

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In October 2025, NetDragon’s flagship game, Eudemons Online, collaborated with Mount Wuyi scenic area in Fujian – a UNESCO World Cultural and Natural Heritage site — to launch the major crossover featuring the phantom beast – “Imperial Tea Guardian – Wangyou (御山司茗•忘憂).” The design is a tribute to the landscapes of Mount Wuyi and its millennia tea culture, offering a modern reinterpretation of Eastern aesthetic of mountains, water, and tea charm. Through phantom design, background lore and cultural symbolism, Eudemons Online deeply presents the humanistic spirit and natural aesthetics of Mount Wuyi, inviting players to witness ancient culture thriving in the digital age.

In November 2025, a five-alarm fire broke out at Wang Fuk Court in Tai Po, Hong Kong on 26 November, garnering significant public attention. NetDragon announced a donation of HK\$5 million, specifically designated for emergency relief, medical support, temporary resettlement, daily necessities, and post-disaster reconstruction for affected residents. In addition to the monetary donation, Cherrypicks, a subsidiary of NetDragon, immediately took the lead in mobilising Hong Kong’s IT community to provide technical support for the establishment of the official supplies donation platform of Hong Kong SAR Government’s (website: www.taipodonation.hk).

In 2025, Cherrypicks, a subsidiary of NetDragon, collaborated with MTR Corporation to develop the “MTR•Care App 2.0” project. Through the innovative integration of various advanced technologies, the project redefined the accessible travel experience within Hong Kong’s public transport ecosystem, providing seamless and personalised journeys for the elderly and passengers in need. The project won the “Best Use of AI Award” at the IAB HK Digital Awards 2025.

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9. MAJOR RECOGNITION, AWARDS AND MEMBERSHIP

During the Reporting Period, NetDragon garnered a series of prestigious awards that testify to our exceptional performance and industry leadership:

No.	Award Issuer	Name of the Award
1	Ministry of Industry and Information Technology	2024 Leading Enterprise in Future Industry Innovation and Development
2	Ministry of Industry and Information Technology of Fuzhou	Leading Enterprise in Software Industry
3	Science and Technology Department of Fujian Province	Third Prize for Scientific and Technological Progress
4	CPC Fuzhou Changle District Committee & Fuzhou Changle District People's Government	Outstanding Contribution Award, Innovation and Development Award
5	Culture and Tourism Department of Fujian Province	2025 Fujian Digital Culture and Tourism Project – Exemplary Cases of Digital Culture and Tourism Application Scenarios (2025年福建省數字文旅項目－數字文旅應用場景優秀案例)
6	Internet Society of China (中國互聯網協會)	Top 100 Enterprises in China Internet Comprehensive Capabilities of 2025
7	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 2025
8	China Software Industry Association	Top 100 Software High-quality Development in China of 2025
9	Fujian Federation of Commerce & Industry	2025 Fujian's Top 100 Private Enterprises, 2025 Fujian's Top 100 Private Enterprises in Service Industry, 2025 Fujian's Top 100 Innovative Private Enterprises
10	Fujian Enterprises and Entrepreneurs Confederation, Fujian Media Group, Fujian Academy of Social Science, Fujian Daily Press Group	2025 Fujian's Top 100 Enterprises in Service Industry
11	World Institute of Sustainable Development Planners	“Education Innovation & Technology – Rising Star Award” at 2025 Hong Kong Sustainable Development Innovation and Technology Awards

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No.	Award Issuer	Name of the Award
12	Greater Bay Area Financier Association	Annual Excellent ESG Innovative Enterprise Award
13	Roadshow China	The 8th China Excellence IR for “Best Capital Market Communication Award” and “Best ESG Award”
14	Zhitong Finance Online	Most Valuable Artificial Intelligence Company
15	Comein Finance	Best Interactive Communication Award
16	VVBull	Most Influential Enterprise in Capital Market Award
17	Hong Kong Commercial Daily	Listed Company with Outstanding ESG Investment Value
18	Hong Kong Ta Kung Wen Wei Media Group	Best ESG Practice Case Award
19	Bohan Sustainability Centre	2025 Most Potential ESG HK Listed Company Award
20	Top 100 Hong Kong Listed Companies Research Centre	The 12th “Top 100 Hong Kong Listed Companies” “Top 50 Small Enterprises”
21	Red Dot	Red Dot Design Award 2025
22	Tech & Learning	Awards of Excellence: Best of 2024 in the Secondary category
23	GSE Conference	Global Smart Education Technology Innovation Award

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10. PERFORMANCE DATA SUMMARY

Environmental Performance⁵

2025 Environmental Performance

Emissions	2025	2024	Unit
Air Pollutants⁶			
Nitrogen Oxides (NOx)	7.21	15.91	kg
Sulphur Oxides (SOx)	0.01	0.27	kg
Particulate Matter	0.61	1.80	kg
Greenhouse Gas			
Scope 1 ⁷	267.18	189.75	tCO ₂ e
Scope 2 ⁸	9,512.32	9,014.13	tCO ₂ e
Scope 3 ⁹	152.49	237.51	tCO ₂ e
Total	9,931.98	9,441.39	tCO₂e

⁵ In 2025, the Company further optimised its data collection and statistical methodologies and retrospectively adjusted the 2024 figures for relevant metrics to ensure consistency with the new methodology.

⁶ 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. In 2025, the Company made great effort to advance the replacement of fuel vehicles with new energy vehicles, resulting in a significant reduction in relevant data compared to 2024.

⁷ 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)*, *Guidelines for Preparation of Provincial Greenhouse Gas Inventories (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.

⁸ 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 Ecology and Environment and National Bureau of Statistics of the PRC on December 31, 2025, along with the *Greenhouse Gas Reporting: Conversion Factors 2023* published by the Department for Energy Security and Net Zero of UK.

⁹ 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.

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Emissions	2025	2024	Unit
Emission Intensity	3.24	2.06	tCO ₂ e/person
Waste¹⁰			
Hazardous Waste ¹¹	10.46	2.01	t
Intensity	3.42	0.44	kg/person
Non-Hazardous Waste	9.03	14.48	t
Intensity	2.95	3.15	kg/person
Resource Consumption	2025	2024	Unit
Energy			
Petrol ¹²	781.74	17,909.94	Litre
Diesel ¹³	/	556.50	Litre
Town gas	16,623.00	21,027.00	kg
Natural gas	19,232.00	21,032.00	m ³
Purchased Electricity	22,679.52	21,500.30	MWh
Direct Energy Consumption	394.08	624.69	MWh
Indirect Energy Consumption	22,679.52	21,500.30	MWh
Total Energy Consumption ¹³	23,073.60	22,124.99	MWh
Intensity of Energy Consumption	7.54	4.82	MWh/person
Water Resource			
Water Consumption	177,717.90	192,101.40	t
Intensity	58.06	41.82	t/person

¹⁰ 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.

¹¹ Hazardous wastes from 3D printers, discarded electronics, batteries, aerosols, fluorescent lamps, and liquid cleaning waste.

¹² In 2025, the Company made great effort to advance the replacement of fuel vehicles with new energy vehicles, resulting in a significant reduction in relevant data compared to 2024.

¹³ The total energy consumption is calculated with reference to the *China Energy Statistical Yearbook* (latest published edition).

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Social Performance

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

	2025		2024	
	Number of Staff	% of total	Number of Staff	% of total
Total Workforce	3,994	/	5,167	/
Total workforce by employment type				
Full time	3,061	76.6%	4,593	88.9%
Part time	933	23.4%	574	11.1%
Full-time workforce by gender				
Male	1,831	59.8%	2,859	62.2%
Female	1,230	40.2%	1,734	37.8%
Full-time workforce by age group				
30 or below	842	27.5%	1,569	34.2%
31-50	2,075	67.8%	2,841	61.9%
51 or above	144	4.7%	183	4.0%
Full-time workforce by employment category				
Non-managerial	2,176	71.1%	3,446	75.0%
Management	885	28.9%	1,147	25.0%
Full-time workforce by geographic region				
China	2,717	88.8%	4,108	89.4%
Other Regions	344	11.2%	485	10.6%
Other data				
Total minority ethnic employee	35	1.1%	77	1.7%

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KPI B1.2 Employee diversity profile for the year

	2025	2024
Proportion of female employees by job level/position		
Proportion of female employees in management roles	26.3%	24.2%
Proportion of female employees in senior management roles	19.1%	17.1%
Proportion of female employees in middle management roles	26.8%	23.9%
Proportion of female employees in junior management roles	42.3%	47.2%
Proportion of female employees in management roles in revenue-generating functions	20.1%	18.0%
Proportion of female employees in STEM related roles	23.3%	23.5%

KPI B1.3 Newly hired employees for the year

	2025	2024
Total number of newly hired employees	249	665
Number of newly hired employees by gender		
Male	141	411
Female	108	254
Number of newly hired employees by age		
30 or below	122	392
31 – 50	102	257
51 or above	25	16
Number of newly hired employees by geographical region		
China	150	587
Other Regions	99	78
Number of newly hired employees by employment category		
Non-managerial	225	561
Management	24	104
Percentage of vacancies filled internally (by internal recruitment) (%)	51.6%	38.3%

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KPI B1.4 Employee turnover for the year

	2025	2024
Total full-time employee turnover rate¹⁴	30.1%	20.4%
Full-time employee voluntary turnover rate¹⁵	4.1%	4.4%
Employee turnover rate by gender		
Male	32.6%	21.2%
Female	26.1%	19.0%
Employee turnover rate by age		
30 or below	33.5%	23.5%
31 – 50	28.2%	18.4%
51 or above	36.0%	23.4%
Employee turnover rate by geographic regions		
China	28.3%	19.5%
Other Regions	41.6%	27.2%
Employee turnover rate by employment category		
Non-managerial	32.5%	22.2%
Management	23.5%	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	2025	2024	2023
Work-related fatalities	0	0	0
Lost workdays due to work injuries¹⁶	26	40	49

¹⁴ The formula for calculating employee turnover rate: $\text{employee turnover rate} = \frac{\text{total number of employee separations for the year}}{\text{period-end headcount} + \text{total separations for the year}}$.

¹⁵ The formula for calculating employee voluntary turnover rate: $\text{employee voluntary turnover rate} = \frac{\text{total number of employee voluntary separations for the year}}{\text{period-end headcount} + \text{total voluntary separations for the year}}$.

¹⁶ Calculated based on an “8-hour workday” as one working day.

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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

	2025		2024	
	Number of employees trained	% of employees trained ¹⁷	Number of employees trained	% of employees trained ¹⁸
The number of employees trained				
The number of full-time employees trained	1,168	38.2%	3,778	82.3%
The number of employees trained by gender				
Male	767	41.9%	2,443	85.4%
Female	401	32.6%	1,335	77.0%
The number of employees trained by employee category				
Non-managerial	721	33.1%	2,633	76.4%
Management	447	50.5%	1,145	99.8%
Training hours completed by employees				
		2025 Training Hours	2024 Training Hours	
Total training hours full-time employees completed		4,881	17,314	
Average training hours completed per full-time employee¹⁹		4.2	4.6	
Completed training hours by employee gender				
Male		2,843	13,724	
Female		2,038	3,590	
Completed training hours by employee category				
Non-managerial		2,871	11,240	
Management		2,010	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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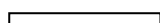
¹⁷ The percentage of employees trained is calculated as: number of employees trained in the category/total number of employees in the category.

¹⁸ The percentage of employees trained is calculated as: number of employees trained in the category/total number of employees in the category.

¹⁹ The average training hours per employee is calculated as: total training hours of employees in the category/total number of employees in the 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: (i) disclosure of the Board’s oversight of ESG issues; (ii) the Board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the Board reviews progress made against ESG related goals and targets with an explanation of how they relate to the issuer’s businesses.	2. SUSTAINABILITY GOVERNANCE 2.1 Board Independence, Diversity and Performance 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: Materiality, Quantitative and Consistency.	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



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General Disclosures and KPIs		Disclose Section/Explanation
A. Environment		
<i>A1. Emissions</i>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	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 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

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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 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.	<i>Due to the nature of the business, the Group is not involved in the consumption of finished packages</i>

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 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 5.2 Energy Management and Carbon Emissions

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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 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 5.1 Climate Change

B Social

B1. Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6. PEOPLE 6.1 Diversity, Inclusion and Equal Opportunities 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

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B2. Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	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

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B4. Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	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 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 4.1 Cyber Security 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 4.1 Cyber Security 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

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B6. Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.1 Cyber Security 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 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 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

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B7. Anti-Corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2. SUSTAINABILITY GOVERNANCE 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