



**Fulu Holdings Limited**  
**福祿控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2101



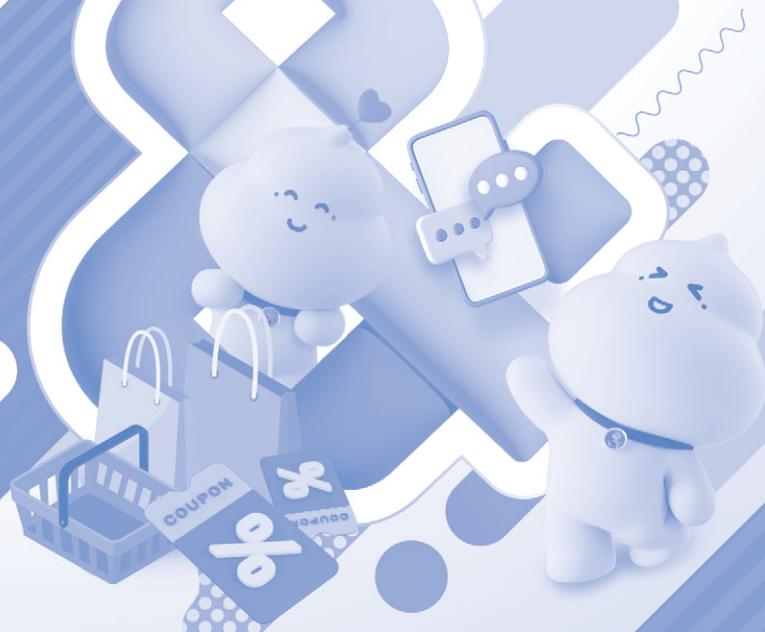
**Environmental,  
Social and Governance Report 2023**

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# 1. REPORT DESCRIPTION

## 1.1 About the Report

Fulu Holdings Limited (the “**Company**”) and its subsidiaries and its consolidated affiliated entities (collectively, the “**Group**” or “**we**”) publish the fourth environmental, social, and governance (“**ESG**”) report (the “**ESG Report**” or “**this Report**”) with aim to communicate with stakeholders on the ESG concept, work, measures and performance of the Group to respond to their needs, and establish a sound communication channel with our stakeholders to address their concerns and expectations regarding the Group’s ESG issues.

## 1.2 Reporting Standard

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**Guide**”) set out in Appendix C2 of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). This Report was prepared on the basis of the four reporting principles of materiality, quantitative, balance and consistency, and is in compliance with the “comply or explain” provision of the Guide.

“Materiality”: The Group constantly communicates with stakeholders to identify ESG issues of materiality to the Group’s development, and discloses them in this Report.

“Quantitative”: This Report contains all the key performance indicators (KPIs) required by the Guide and we have disclosed the statistical standards, methodologies, assumptions, and/or calculation tools, as well as the sources of conversion factors in this Report.

“Balance”: This Report accurately, truly and completely presents the Group’s ESG performance, avoiding inappropriately influencing the decisions or judgments made by the report readers.

“Consistency”: This Report uses the consistent statistical and KPI reporting methodology as previous years. Any changes to the statistical methodology or KPIs, or any other relevant factors affecting meaningful comparisons, will be clearly stated in the ESG Report.

Readers may refer to Appendix II of this Report: Index to the Stock Exchange’s “Environmental, Social and Governance Reporting Guide” in this Report for a quick reference. This Report should be read in conjunction with the “Corporate Governance Report” section in the 2023 Annual Report for a full understanding of the Group’s ESG performance.

## 1. Report Description

### 1.3 Scope of the Report

The disclosure of this Report covers the performance of the Group's core business for the period from 1 January 2023 to 31 December 2023 (the "**Year**"). The environmental scope's KPIs cover main offices of the Group: the Wuhan headquarters office and Beijing office.

### 1.4 Reporting Language and Access to the Report

This Report has traditional Chinese and English versions. In the event of inconsistency, the traditional Chinese version shall prevail. Electronic version of this Report is published on the websites of the Company and the Stock Exchange, readers could view or download this Report on the Company's website (<http://www.fulu.com>) or the Stock Exchange's website (<https://www.hkexnews.hk>).

If you wish to receive the printed version of this Report, you may send your request in writing to the headquarters of the Company at 2nd Floor, Building B2, Optics Valley Financial Port, No. 77 Guanggu Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province, the PRC to the attention of the Investor Relations Center.

### 1.5 Approval and Confirmation

The board (the "**Board**") of directors of the Company accepts full responsibility for the contents reported in this Report and has approved and confirmed the contents of this Report.

### 1.6 Feedback Mechanism

We value your comments and suggestions on this Report and please feel free to contact us by email ([IR@fulu.com](mailto:IR@fulu.com)).

## 2. ABOUT THE GROUP

As a leading digital goods and service provider in China, the Group embraces the mission of “providing rich and interesting digital commerce” to connect massive digital product brands and consumption scenarios. Since its establishment in 2009, we have been committed to serving the most cutting-edge digital consumption needs of paying Internet users, with a view to building digital bridges for the interconnection of upstream and downstream partners and facilitating efficient circulation and collaborative matching of digital goods. Through expanding innovative marketing plans, business models and product portfolios, we can constantly deliver business surprises for our partners. We help upstream brands in opening sales channels to enhance the efficient circulation of digital goods, while building rights scenarios for downstream consumers to boost user activity. Relying on our in-depth insights into the needs of both supply and demand sides of the digital goods chain, the Group can facilitate upstream brands in accurately aligning with downstream consumption scenarios. Our integrated solutions, which spans from the supply of equity goods to technology construction, goods management, daily operations and risk control, can also diversify the consumption scenarios of platforms. In order to better serve customers, we have actively developed specific scenarios based on digital goods services, and provided smart and efficient IT service solutions to solve the actual needs of customers and optimize the allocation of resources. We provide platform participants with a “one-stop” service. This innovative “Aggregation + Service” operation model has won the favor of thousands of partners.

In line with the values of “Unity and Collaboration, Simplicity and Efficiency, Continuous Innovation, and Pursuit of Excellence”, the Group pays attention to team goals, cooperates with integrity, provides professional and efficient services, and encourages personal development to become a dedicated and responsible professional. In addition, we provide a comfortable office environment and hold a variety of employee activities to attract and cultivate talents. We also persevere in continuously breaking through the bottleneck, striving for perfection, and constantly creating value for customers, with a view to achieving the rich and interesting digital commerce.

## 3. SUSTAINABLE DEVELOPMENT

### 3.1 Board Statement

The Board takes full responsibility for managing ESG-related matters, and supervises relevant departments to promote the improvement of ESG-related policies and measures. The Board also pays close attention to ESG risks that have a potential impact on our business operations, and adjusts operating policies in a timely manner in response to changes, so as to ensure the long-term interests of all stakeholders and perform our own social responsibilities. In order to ensure an effective risk management and internal control system, the Board is responsible for monitoring and reviewing ESG-related matters to ensure the compliance with laws and regulations. It is also responsible for the annual review of ESG-related information, and review of the progress in ESG work, the content and quality of ESG reports. Meanwhile, the Group attaches great importance to its communication with stakeholders, and gain insights on their demands and expectations through regular/irregular means.

In terms of materiality assessment, the Group engaged a third-party consulting firm to assist in identifying ESG matters, and understood the attention of all stakeholders on the Group through online questionnaires for the Year. We rated and prioritized the attention to ESG issues based on the assessment results. After reviewing the assessment results, the Board finally confirmed the material ESG issues of the Group and focused on disclosure in this Report.

In order to integrate sustainable development into the Group's operations, the Group has established an ESG governance framework, which defines the responsibilities and scope of work for the Board, ESG working group and all implementation departments. The Board is fully responsible for the ESG governance and sustainable development of the Group. It is responsible for approving material ESG issues, monitoring ESG performance, and regularly evaluating ESG-related risks and opportunities. The Board is also responsible for coordinating and managing ESG-related matters, and authorizes the ESG working group to manage detailed ESG affairs. The Board will also review ESG issues at regular meetings, hear ESG-related reports from the ESG working group, and review ESG objectives to ensure the steady achievement of set objectives.

### 3. Sustainable Development

#### 3.2 Structure of ESG Governance

The Group continues to review and optimize its ESG governance system, integrates social responsibility and ESG concepts into its corporate strategies and implements them. We have established a sound ESG governance structure, covering all levels in the Group including the decision-making level, the organizational level and the implementation level. The Board is the highest decision-making body on ESG matters within the Group, which is responsible for the supervision and decision-making of ESG matters. Senior management is authorized to lead the ESG working group at the organizational level, which is responsible for managing ESG-related work and reporting them to the Board on a regular basis.

At the implementation level, representatives of departments are responsible for executing and implementing ESG-related management work, and ensuring the effective execution and implementation of ESG objectives according to the work plan devised by the ESG working group. We are committed to ensuring the implementation of our ESG principles across the organization, so as to achieve our ESG objectives and consistently enhance our performance. The ESG governance structure of the Group and the roles and specific responsibilities at each level within the governance structure are as follows:



Role	Scope of Responsibilities
The Board	<ul style="list-style-type: none"> <li>Resolve and approve the Group's ESG management approach, strategies, objectives and annual work</li> <li>Identify potential risks in business development plan</li> <li>Regularly review and monitor ESG performance and progress towards goals</li> </ul>
ESG Working Group	<ul style="list-style-type: none"> <li>Identify, evaluate, review and manage significant ESG issues</li> <li>Coordinate and promote the implementation of ESG policies in various departments and monitor the ESG related work of various functional departments, etc.</li> <li>Collect, understand and respond to stakeholders' views on significant ESG issues through appropriate channels</li> </ul>
Representatives of each Department	<ul style="list-style-type: none"> <li>Abide by all ESG-related policies</li> <li>Organise and execute all ESG-related activities in accordance with the Group's ESG management approach, strategies, annual work and objectives</li> <li>Collect and regularly report ESG internal policies, systems and ESG related information to the ESG Working Group</li> </ul>

### 3. Sustainable Development

#### 3.3 Stakeholder Engagement

The Group firmly believes that the participation and continuous support of stakeholders are essential to the long-term development of the Company. In order to improve its sustainable development strategy and achieve various sustainable development goals, the Group maintains close communication with external and internal stakeholders, including the government and regulators, shareholders, partners, customers, environmental groups, peer companies, employees and communities, the public, suppliers and the media.

To ensure effective communication, we have adopted diversified communication methods with different frequencies. We have regular communication with stakeholders and flexibly arrange irregular communication opportunities, so that stakeholders from different sectors can express their opinions and make suggestions. We respond to the expectations and concerns of stakeholders through different channels, thus continuously enhancing the Group's ESG performance and formulating future development strategies to meet the expectations of stakeholders.

Stakeholder	Requirement and Expectation	Communication and Response
Governments and Regulators	<ul style="list-style-type: none"> <li>Compliance with national policies, laws and regulations</li> <li>Promote for local economic growth</li> <li>Drive local employment</li> <li>Safe operation</li> </ul>	<ul style="list-style-type: none"> <li>Regular submission of information</li> <li>Regular communication with regulators</li> <li>Examinations and inspections</li> <li>Onsite inspection</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Investment returns</li> <li>Compliant operations</li> <li>Rise in company value</li> <li>Transparent information and efficient communication</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meetings</li> <li>Company announcement</li> <li>Corporate communication, emails, telephone communication and company website</li> <li>Senior management meeting</li> <li>Onsite investigation</li> </ul>
Partners	<ul style="list-style-type: none"> <li>Operations with integrity</li> <li>Fair competition</li> <li>Performance of contracts by law</li> <li>Mutual benefits and win-win results</li> </ul>	<ul style="list-style-type: none"> <li>Reviews and appraisal meetings</li> <li>Business communication</li> <li>Exchange and discussion</li> <li>Engagement and cooperation</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Responsible marketing</li> <li>Product Responsibility</li> <li>Customer service management</li> <li>Operational compliance</li> </ul>	<ul style="list-style-type: none"> <li>Customer service centre and hotline</li> <li>Customer opinion survey</li> <li>Social media platform</li> <li>Service complaint and return visit</li> </ul>
Environmental Groups	<ul style="list-style-type: none"> <li>Compliance with national policies, laws and regulation</li> <li>Ecological protection</li> </ul>	<ul style="list-style-type: none"> <li>ESG information submission</li> <li>ESG Working Group</li> </ul>

## 3. Sustainable Development

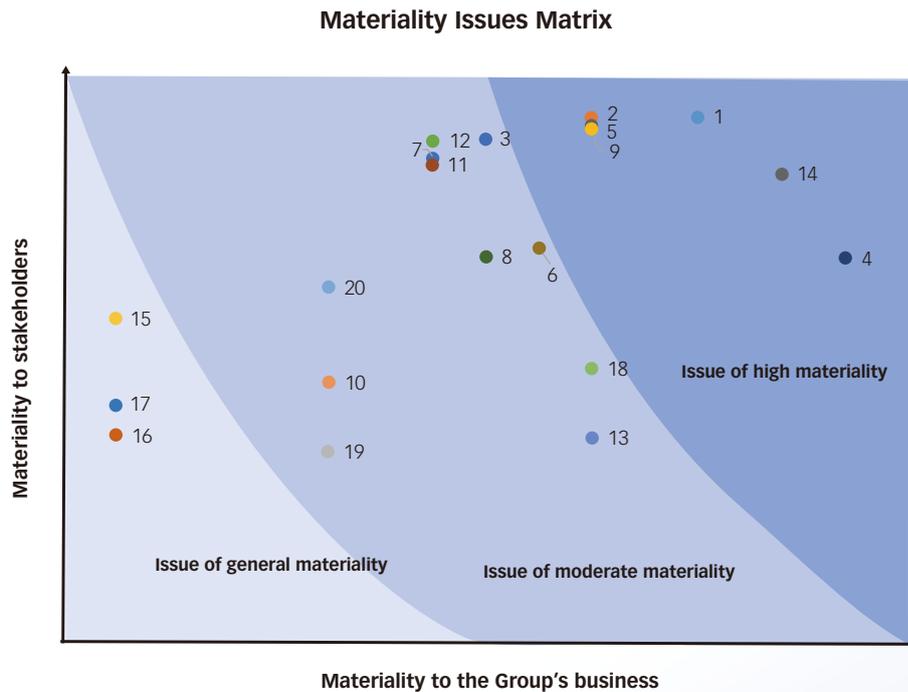
Stakeholder	Requirement and Expectation	Communication and Response
Industry Peers	<ul style="list-style-type: none"> <li>• Operations with integrity</li> <li>• Fair competition</li> <li>• Performance of contracts by law</li> <li>• Mutual benefits and win-win results</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic cooperation projects</li> <li>• Field visits and reciprocal visits</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Training and education</li> <li>• Employee rights and wellbeing</li> <li>• Employment compliance</li> <li>• Occupational safety and health</li> <li>• Employment diversity and equal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Employee communication meetings</li> <li>• Company newsletter and intranet</li> <li>• Promotion mechanism</li> <li>• Employee opinion survey</li> <li>• Seminars/workshops/lectures</li> <li>• Employee training</li> <li>• Employee activities</li> </ul>
Community and the Public	<ul style="list-style-type: none"> <li>• Participate in public welfare</li> <li>• Open and transparent information</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Company announcement</li> <li>• Social media platform</li> </ul>
Supplier	<ul style="list-style-type: none"> <li>• Operations with integrity</li> <li>• Fair competition</li> <li>• Performance of contracts by law</li> <li>• Mutual benefits and win-win results</li> </ul>	<ul style="list-style-type: none"> <li>• Suppliers' management system</li> <li>• Supplier assessment and evaluation</li> <li>• Face to face communication</li> <li>• Onsite inspection</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Transparent information and efficient communication</li> <li>• Industry scale</li> <li>• Prospects and Competition</li> <li>• Company benefits and employee benefits</li> <li>• Senior management's reputation and perspectives</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Press conference</li> <li>• Senior management visit</li> <li>• Media interviews</li> </ul>

### 3. Sustainable Development

#### 3.4 Materiality Assessment

During the Year, the Group conducted a materiality assessment survey among internal and external stakeholders through online questionnaires, and developed a materiality matrix based on the results of such questionnaires to review material issues of the Group. Initially, the Group selected a total of 20 sustainable development issues with reference to the Guide and the materiality map provided by the Sustainability Accounting Standards Board (SASB) and by analyzing the peer benchmarking issue database, and established a materiality issue database. Then, the Group invited internal stakeholders (including directors and senior management of the Company) and external stakeholders (including employees, partners and media) to complete an online questionnaire. Based on results of the questionnaire, the Group reviewed the materiality of all issues from two dimensions, namely "materiality to its business and materiality to stakeholders". Finally, the Group developed a materiality assessment matrix to summarize the results of materiality assessment, which illustrates the ESG issues of materiality that are identified by internal and external stakeholders and whose materiality has been approved and confirmed by the Board.

The figure below illustrates the issues of high materiality, issues of moderate materiality and issues of general materiality from the upper right to the lower left. The Board, the ESG working group and the management confirmed the results of the materiality assessments and made different degrees of key disclosure in this Report according to the materiality of issues, which will be taken as a material consideration in developing ESG policies and strategies.



## 3. Sustainable Development

Materiality of ESG Issues	Graphic Serial No.	Material Issues
<b>High materiality</b>	1	Anti-corruption
	2	Operational compliance
	5	Information and privacy security
	9	Customer service management
	4	Intellectual property rights protection
	14	Employment compliance
<b>Moderate materiality</b>	3	Supply chain management
	6	Responsible marketing
	18	Energy management
	13	Employment diversity and equal opportunities
	7	Products health and safety
	8	Product responsibility
	10	Training and education
	11	Employee interest and benefit
	12	Occupational safety and health
	19	Response to climate change
20	Social contribution	
<b>General materiality</b>	15	Waste management
	16	Greenhouse gas management
	17	Water management

Based on the results of the materiality matrix, we have identified the direction of material ESG issues for the Year, including “adhering to business ethics”, “providing high-quality services”, “empowering employee development”, “green corporate operations”, and “community charity activities”. This Report will highlight these five aspects to reflect our focus and contribution in ESG work.

## 4. ADHERING TO BUSINESS ETHICS

### 4.1 Integrity-Based Operation

Honesty and integrity are the foundation for the long-term development of the Group. We have established robust anti-corruption mechanism to ensure the sustainable development of the Group. The Group strictly complies with anti-corruption-related laws and regulations, including but not limited to the *Anti-Money Laundering Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. The Group has developed the *Anti-Corruption Business Conduct Code*, the *Management Measures for Anti-Money Laundering* and the *Accountability Management System for Employees' Violation of Rules and Disciplines* to provide guides and rules for all employees, such as directors, management and other employees, and set out the basic standards of conduct for directors and employees. The above provisions and management measures advocate integrity, diligence and fairness as our professional ethics, so as to prevent any misconduct that harms the interests of the Group. Employees are required to comply with the regulations on conflicts of interest and report to the legal department any circumstance that may cause conflicts of interest. They are not allowed to abuse their power or exploit their position to obtain money or personal gain from others, including accepting gifts, money, loans, services or any compensation from business-related units or individuals.

The Group has established a supervision and reporting mechanism accessible to all employees, suppliers, customers and partners, and the supervision department is responsible for accepting supervision and reporting information. We keep strict confidentiality regarding the identity of complainants and whistleblowers, and protect all personnel involved in accountability investigations for employees' violation of rules and disciplines. In the event that any individual under investigation or other employees engage in acts of retaliation, framing or threats against the whistleblower, we will take punitive actions according to relevant regulations.

In addition, the management of the Group is required to sign the *Letter of Responsibility for Integrity*, so as to prohibit any form of commercial bribery and corruption and regulate the behavior of both parties, thus achieving honesty and self-discipline. If there is an interest relationship between the management members and a partner in business negotiation, bidding, the signature of contracts and performance of businesses for a partner project, they shall report the interest relationship to the Group in a timely manner and ensure that the interests of the Group and partners are not harmed in any way. Employees will bear relevant legal liability for any behavior that violates all or part of the laws, regulations or the Letter of Responsibility.

To promote the building of a clean culture and further improve the Company's monitoring system. During the Year, we updated and improved the *Employee Violation and Discipline Accountability Management System*, the *Monitoring and Reporting System*, and the *Employee Reporting and Reporting Protection System*. At the same time, the Company organized all employees to study and participate in the a one-hour integrity examination held by the Company to enhance their awareness of anti-corruption and strengthen the effect of internal anti-corruption. In addition, the Group has conducted anti-corruption training for its directors. During the Year, a total of 6 directors participated in a 2-hour anti-corruption training program and the participation rate of directors in anti-corruption training reached 100%. During the Year, there was no corruption litigation filed and concluded against the Group and our employees.

## 4. Adhering to Business Ethics

### 4.2 Privacy and Security Protection

As a provider of digital goods and services, the Group attaches great importance to information security and privacy protection. The Group strictly complies with industry-related laws and regulations, including but not limited to the *Internet Security Law of the People's Republic of China*, the *Regulations of the People's Republic of China on Security Protection of Computer Information Systems*, and the *Regulations on Personal Information Protection of Telecommunications and Internet Users*. In terms of information security management activities involved in the development of computer application software, the Group has established an information security management system that complies with the GB/T22080-2016/ISO/IEC27001:2013 standard, and shows its *Legal Statement and Privacy Policy* to customers before they use the Fulu Open Platform. Customers are not allowed to use our related products or services unless they confirm that they fully understand and agree with the policy.

In order to ensure the authenticity of customers' identity and better security assurance, we will require customers to provide identity information such as ID card number and business license for real-name authentication. At the same time, we will take reasonable and feasible security measures that comply with industry standards to protect the security of user information provided by customers and prevent unauthorized access, public disclosure, use, modification, damage or loss of user information. Anyone who fails or refuses to provide the above information is not allowed to use the Group's services including transaction, account management and order management, so as to protect customer information. Furthermore, we use encryption technologies and trusted protection mechanisms to enhance the security of customers utilizing services provided by us, our affiliated companies and partners, protect their personal and property from infringement, and better prevent security risks such as phishing websites, fraud, network vulnerabilities, computer viruses, network attacks and unauthorized access. Meanwhile, we also implement an access control mechanism to ensure that only authorized persons have access to customer information and that customer consent is obtained before utilizing their information. The Group and all employees must always adhere to professional ethics and are not allowed to disclose or use any customer data without the consent of customers. All employees have the obligation to keep business secrets confidential, so as to protect the rights and interests of customers. We have organized training courses on security and privacy protection to enhance the employees' awareness of the importance of protecting user information.

In order to ensure the data security of the Group and its customers, the Group has established a sound data management system and IT management norms. The Group's database security management system consists of four layers, namely operating system security, database security, database data security, and database object security. The database security control policies at each layer are implemented through the identity verification at each layer. Only after meeting the security requirements of the upper layer system can the next layer be accessed. If each department needs to query data, it is required to submit a query application, which should describe the purpose and business scenarios for using the data and the number of data to be used, etc. Meanwhile, the access to data is subject to completion of the whole approval procedure by responsible persons at different levels according to the data level. Furthermore, we have implemented relevant punishment mechanisms to penalize inquiries that have not been strictly reviewed. In case of intentional leakage of critical information of the Group or infringement upon the interests of the Company, we are entitled to defend our rights through legal channels and demand compensation for relevant economic losses. During the Year, the Group was not involved in or aware of any violation of laws and regulations related to information security and privacy.

## 4. Adhering to Business Ethics

### 4.3 Protection of Intellectual Property Rights

The Group is well aware of the importance of protecting and enforcing intellectual property rights. During the Year, in order to respect the intellectual property rights of others and protect its intellectual property rights, we have strictly complied with laws and regulations related to intellectual property rights, including but not limited to the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and established the *Management System for Intellectual Property Rights* and the *Management Measures for Incentives of Intellectual Property Rights*. The Group have established an Intellectual Property Rights Management Group, which is composed of designated personnel from the R&D Center, the Human Resources Center and the Legal Affairs Center. The Intellectual Property Rights Management Group is tasked with the centralized management of intellectual property rights and is responsible for the ordinary management of intellectual property rights. The Intellectual Property Rights Management Group is responsible for the maintenance, update follow-up of intellectual property rights protection policies, collaborating with the intellectual property rights administration department in ordinary and special work, protecting the intellectual property rights-related rights and interests of the Company, preventing the intellectual property rights achievements of the Company from being infringed by others, and coordinating the resolution of intellectual property rights disputes. In order to promote corporate technological innovation, protect intellectual property rights, encourage employees' inventions and technical papers creation, as well as to enhance employees' motivation to protect trademarks and trade secrets, the Group has formulated a mechanism of rewards and punishments regarding intellectual property rights in accordance with relevant laws and regulations and taking into account the actual situation of the enterprise. Upon joining the Company, employees are required to sign a *Confidentiality Agreement* and a *Non-competition Agreement*, undertaking to keep confidential all data of the Group including resources, operations and technological achievements, so as to protect the intellectual property rights of the Group. As of 31 December 2023, the Group had registered a total of 54 domain names, 176 copyrights, 42 trademarks, and 3 patents.

## 5. PROVIDING HIGH-QUALITY SERVICES

As a provider of digital goods and services, the Group is able to continuously expand innovative marketing plans, business models and product portfolios according to customers’ needs and expectations. No matter size of our customers’s capital, we can provide the best quality products and all-round services. The Group continues to update its business models and technologies to maintain our leadership in the industry. Relying on unwavering dedication and constant progress, we have significantly improved our comprehensive strength, market recognition and brand influence. In 2023, we were selected into two national top 100 lists, i.e. the “China’s Top 100 Enterprises in Overall Strength” by the Internet Society of China and the “Top 100 Competitive Enterprises in Software and IT Services” by the China Electronic Information Industry Federation. As the Group is a third-party digital goods and services platform operator, we are not required to recall any products for safety or health reasons during the Year. We won awards and honors from different well-known customers and institutions during the Year.



Internet Society of China —  
China’s Top 100 Enterprises in  
Overall Strength in 2023



China Electronic Information Industry  
Federation — Top 100 Competitive  
Enterprises in Software and  
IT Services in 2023



Wuhan Federation of Industry and  
Commerce — Wuhan Top 100  
Private Enterprises in 2023



Wuhan Enterprise Confederation —  
Top 100 Enterprises in Wuhan/  
Top 100 Service Enterprises in Wuhan



Wuhan Software Industry Association  
— Top 100 Competitive Enterprises  
in Software Industry in Wuhan



Zhitong Caijing —  
Best TMT Company



Jingdong — 618 Jingxiao zhi  
Mastermind Award for Best Operation



Huawei Video — Collective Efforts  
for Ice-breaking Award

## 5. Providing High-quality Services

### 5.1 Maintenance of Customer Relationship

The Group is committed to creating value for customers and shareholders, and providing high-quality services to society and customers with a good reputation. We have made bipartite cooperation agreements for the purchase and sale of products, moving in the mall, agency services for operation, marketing, promotion, and product agency services, in accordance with industry-related laws and regulations, including but not limited to the *E-commerce Law of the People's Republic of China*, the *Regulations on the Protection of Right of Dissemination on Information Networks*, the *Telecommunication Service Specifications*, and the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests*. The agreements specify particulars of the cooperation, cooperation process, service fees and payment procedures, rights and obligations of both parties, confidentiality, integrity in operation and provisions on intellectual property rights, as well as liabilities for breach of contract, in order to define and protect the rights and interests of both parties. During the Year, the Group has provided services for over 9.5 million customers.

In order to improve the service experience for users, reinforce the sense of responsibility among front-line employees, enhance the service awareness and sensitivity of our employees, and eliminate the risk of customer complaints resulting from not solving user problems in a closed loop, we have developed the *Business Handover Process for Customer Service Center* and the *On-site Management System of Customer Service Center* to ensure the integrity of user services.

In order to resolve customer demands in a timely manner, the Group has formulated a sound system, including the *Escalation Standards and Handling Procedures for Customer Complaints*, the *Procedures for Handling Abnormal Business and Emergency* and the *Reverse Investigation and Handling Procedures for Fraud Cases* to protect the legitimate rights and interests of customers. In addressing business, tool and other batch emergencies arising during the service process, we can timely respond to and promptly resolve customer problems and abnormal situations, thus enhancing the service experience for users. Customer service personnel are equipped to effectively handle abnormal situations, and follow the standard operations of feedback, handling, follow-up and closed-loop. In order to prevent the risks of telecom fraud and money laundering crimes that may be faced by the platform in the course of operation, we focus on the crime patterns in different scenarios and set up a security team by deploying special teams from the Security Center, Government Affairs Center, Legal Center, and the business line, and the security team has formulated different risk-control mechanisms within the scope of the company for different scenarios of B2B and B2C. Through the establishment of a comprehensive anti-fraud and anti-money laundering mechanism, we have formulated specific risk details and operational specifications, and conducted regular training to improve our staff's awareness of anti-fraud and anti-money laundering risks and their ability to respond to emergencies, so as to effectively safeguard our Company's security and stability. At the same time, a anti-fraud investigation and handling mechanism process is established, managing fund accounts, commodity operation risk control rules, and customer complaint handling. Our customers can lodge complaints through both external and internal channels, the external channels mainly include industrial and commercial platforms and the mayor's hotline, etc., while the internal channels mainly include online consultations with stores, telephone, and the Company's official platform. During the Year, the percentage of overall positive feedback ratings for the customer services of the Group was 96.50%; a total of 1,859 external complaints and 8,176 internal complaints were received, and 100% of the complaints were handled; the complaints mainly about their dissatisfaction with products and services provided by us; and the complaints were mainly caused by the special nature of the digital rights products that the return and replacement policy does not apply to them.

## 5. Providing High-quality Services

### 5.2 Sustainable Supply Chain

In strict accordance with the *Civil Code of the People's Republic of China* and other relevant laws and regulations, the Group has developed relevant supplier management systems and procurement management requirements to implement procurement policies and control procedures in line with the principles of openness, fairness and impartiality. The Group has also formulated the *Supplier Management Measures* and the *Procurement Management System* to further regulate our supplier management and improve our supplier evaluation system, and signs the *Commitment Letter for Transparent and Integrity-based Cooperation* with suppliers to avoid unfair competition and protect the interests of both parties. When introducing a new supplier, our business personnel are required to have an in-depth knowledge of the overall strength of the supplier from various dimensions such as product or service quality, cost, delivery and service. The evaluation includes but is not limited to its operating status, business scale, authorizations and qualifications (such as official authorization letter or agent qualification), delivery capabilities, product safety, industry advantages, upstream pipelines, after-sales guarantees, technical capabilities, price advantages and financial indicators. Then, we will prioritize selecting companies with stronger overall strength, and obtain their credit information and identity certificate for supplier review. The Group will also initiate rating applications for suppliers and assign relevant staff to conduct qualification reviews. The reviewers will conduct a comprehensive evaluation of their qualifications, operating status, delivery capabilities, after-sales guarantees, technical capabilities, price advantages and financial indicators, and give scores for each aspect according to detailed scoring rules. Throughout our collaboration with suppliers, if suppliers are implicated in any significant negative news related to environmental protection, such as the provision of non-environmentally friendly products, we will consider lowering their ratings or terminating cooperation. If suppliers engage in employing child labor, fail to provide a healthy and safe work environment for their employees, or involve in a large number of labor disputes with their employees (such as forced labor, unreasonable wages, or gender, race or age discrimination), we will consider lowering their ratings or terminating cooperation. If suppliers are involved in any negative news related to corruption, bribery, extortion, fraud or money laundering, we will consider lowering their ratings or terminating cooperation. We give priority to suppliers that meet internationally recognized standards or certifications related to environmental and social risk management, and local suppliers or suppliers with close geographical locations or convenient transportation to reduce carbon footprint. In addition, we advocate green purchase, and reasonably control the quantity purchased according to the demand to reduce the risk of unsalable inventory.

During the Year, the Group had a total of 2,389 suppliers, which consist of digital goods suppliers and physical goods/service suppliers from the Mainland China and Hong Kong. Due to the development of the Group's business, the number of suppliers in the physical goods/services segment has increased, the suppliers of physical goods/services have been included in the statistics for the Year, and thus the overall number of suppliers increased significantly as compared to previous years. All the above suppliers implement the supplier practices of the Group. The number of suppliers by geographic areas is as follows:

Geographical regions	Number of suppliers
Northern China	546
Eastern China	892
Southern China	391
Central China	296
Northwestern China	57
Northeastern China	61
Southwestern China	144
Other geographical regions (Hong Kong)	2
<b>Total</b>	<b>2,389</b>

## 6. EMPOWERING EMPLOYEE DEVELOPMENT

The Group attaches great importance to the talents of its employees and regards employees' talents as valuable assets. We are committed to providing employees with an appropriate platform and working environment, promoting their professional development, and safeguarding their benefits. We strictly abide by employment-related laws and regulations, including but not limited to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Security Law of the People's Republic of China* and the *Provisions on Prohibition of Child Labor*. In order to provide equal opportunities and create a harmonious working environment, we have formulated internal policies such as the *Employee Handbook* and the *Employee Code of Conduct*, implement good employment practices in the workplace.

As at 31 December 2023, the Group had a total of approximately 976 employees, of which 507 were male and 469 were female. The composition of the employees of the Group is as follows:

Employment indicators	2023 Number of employees
<b>By gender</b>	
Male	507
Female	469
<b>By age</b>	
Under aged 30	348
Aged 30–50	627
Over aged 50	1
<b>By geographical region</b>	
Northern China	216
Eastern China	55
Central China	628
Southern China	61
Northwestern China	16
<b>By employment category</b>	
Short-term contract/part-time employees	45
Full-time junior employees	385
Full-time mid-level management	493
Full-time senior management <sup>1</sup>	53

<sup>1</sup> The disclosure of senior management in the 2023 Annual Report includes only core executives, therefore, the data differs from here.

## 6. Empowering Employee Development

### 6.1 Compliant Employment

In order to meet the diverse talent needs of the Group and enhance the efficiency and quality of recruitment, we have always adhered to the principles of fair competition and merit-based recruitment. We have developed the *Recruitment Management Measures*, which clearly sets out the division of responsibilities of human resources center and related departments. Each department is required to complete an annual recruitment plan based on the budget for the next operating year and its staffing requirements and job vacancies. After approval, the recruitment plan will be implemented in the next year. Our main channels of employee recruitment are campus recruitment, internal recommendation, personal recommendation and online recruitment platform. Meanwhile, the Group has developed the *Internal Recommendation Reward System*. Qualified referrers (including all regular employees and interns of the Group and outsiders) can recommend candidates for full-time and internship positions at the Group, so as to encourage employee referrals and help the Group recruit talents.

During recruitment, the Group focuses on the alignment of candidates' professional capabilities with the relevant positions, regardless of their age, gender, physical and mental health, race, religion and other factors. Before joining us, candidates are required to provide identification documents, relevant certificates and work experience for the verification of their ages. We will not hire anyone under the age of 16. If misuse of child labor is found, we will immediately remove children from work and conduct an investigation to identify loopholes and implement remedial measures to prevent the recurrence of similar incidents. The Group implements a standard working hour system, with no more than 8 hours of work per day. Saturday, Sunday, and statutory holidays are designated as non-working days. For employees on shift schedules, we protect their rights and freedoms and prohibit forced labor. If overtime is unavoidable, we will compensate employees for their hard work by converting the overtime into vacation time and reimbursing their transportation expenses for the journey home. The Group has also developed the *Resignation Management-Related System*, which sets out the procedures for resignation, termination of employment relationships and dismissal. If employees tender their resignations, relevant personnel will meet with them to find out the reasons for their resignations, and the department head will arrange the transition of responsibilities. During the Year, the Group was not involved in or aware of any violation of laws and regulations related to employment and labor practices, prevention of child labor and forced labor.

## 6. Empowering Employee Development

As at 31 December 2023, the turnover rate of the Group is 30.93%<sup>2</sup>. The employee turnover rate of the Group by different categories is as follows:

Turnover rate indicators <sup>3</sup>	2023 Percentage (%)
<b>By gender</b>	
Male	<b>29.19</b>
Female	<b>29.79</b>
<b>By age</b>	
Under aged 30	<b>36.26</b>
Aged 30–50	<b>24.82</b>
Over aged 50	<b>75.00<sup>4</sup></b>
<b>By geographical region</b>	
Northern China	<b>27.76</b>
Central China	<b>26.46</b>
Eastern China	<b>44.44</b>
Southern China	<b>44.55</b>
Northwestern China	<b>27.27</b>

### 6.2 Remuneration and Benefits

In order to achieve the overall goals of the Group, enhance its competitiveness, and effectively incentivize and guide employees to continuously improve and enhance their personal performance, we have established the *Performance Assessment and Management Measures*. In addition to competitive remuneration, we will conduct a performance assessment based on the annual performance appraisal results and rank evaluation results of employees, which will serve as the basis for salary adjustment. We assess the work performance of each employee in an objective and comprehensive manner in line with the three principles of “fairness, impartiality and openness, team orientation, and hierarchical classification”. We respect the diversity of employees and eliminate any form of discrimination and prejudice arising from the difference in age, ethnicity, gender, territory, religious belief or family status. The Group will promote or demote employees according to their performance appraisal results, career development plans and vacancies, and give priority to internal promotion over external employment, so as to provide employees with a broader development path.

<sup>2</sup> During the Year, the Group optimized individual projects to better achieve its business strategies, and at the same time adjusted its workforce, resulting in a higher level of staff changes, which in turn led to a slight increase in the turnover rate.

<sup>3</sup> The calculation of turnover rate for the Year is Employee turnover rate = Total number of departed employees during the Year under the category / (Total number of departed employees during the Year under the category + Number of employees at the end of the Year under the category) X 100%. Moreover, the turnover rate does not include employees who leave during the probationary period.

<sup>4</sup> As the Group has a relatively small number of employees over the age of 50, minor staff changes would result in a higher turnover rate, which in practice would have little impact on our business operations.

## 6. Empowering Employee Development

We prioritize the protection of employees' lawful rights to take vacations. The vacations of the Group include statutory holidays, personal leave, marriage leave, maternity leave (including miscarriage leave), paternity leave, breastfeeding leave, annual leave, work-related injury leave, sick leave and funeral leave. Meantime, we strictly adhere to existing national regulations regarding statutory holidays, including New Year's Day, Spring Festival, Tomb Sweeping Day, Labor Day, Dragon Boat Festival, Mid-Autumn Festival and National Day, and implement the rest and leave on statutory holidays according to relevant national regulations. According to local regulations in China, the Group also makes contributions to the social insurance funds for its employees, including contributions to basic endowment insurance, employment injury insurance, maternity insurance, basic medical insurance, unemployment insurance and housing provident funds. We contribute to employee benefit plans based on certain percentages of employee compensation costs.

The Group is committed to the people-oriented philosophy and pays attention to the diverse needs of its employees. During the Year, we provided free annual physical examinations for our employees to enhance their awareness and understanding of their personal health conditions. We also provided marriage and childbirth cash gifts, illness allowances, and birthday and holiday benefits to show our care for our employees. In addition, we organize quarterly team activities to enhance team cohesion, foster connections among employees and between employees and the Company, and consciously integrate our values and strategic intentions into team-building activities.

### Case: Double 11/Double 12 Promotion Activities

During the Double 11/Double 12 period, the Group upgraded and transformed e-commerce, live broadcasting, customer service and other aspects, and came up with new solutions in the face of challenges to boost the brand's efficient growth under the wave of the promotion. The Group's e-commerce, customer development, customer service and other teams held promotional launch activities during the Double 11 period, and the human resources team also did a good job in supporting the business for the promotion. With the core concept of caring for employees, the team provided comprehensive support to all business segments by creating an atmosphere of preparation for the Double 11, optimising and upgrading the office environment, providing in-depth care for leaders, and offering diversified benefits. During the period, the business centre held a "launching ceremony" for the promotion, and the staff fully entered the state, with the highest enthusiasm and motivation, fully developed efficient synergistic ability, followed the policy, optimized resource allocation, and used the professional attitude, sufficient confidence, and professional digital service ability to win the key battle of the Double 11. Dare to think, dare to do, go to fight, go to win, for the achievement of rich and interesting digital business and constantly strive.



## 6. Empowering Employee Development

### Case: Growth Day

In order to effectively protect the rights and interests of employees, listen to their voices, and enhance their overall satisfaction, the Company regularly holds “Growth and Suggestion Day” activities. The “Growth Day” activities, featuring face-to-face communication between the management and employees, enables a comprehensive understanding of our employees from the perspectives of cultural atmosphere, process enhancement, new employee integration, salary and benefits, as well as training and development opportunities. In response to the collected feedback, the management team conducted in-depth discussions to devise solutions. These solutions were subsequently disseminated within the team to foster mutual supervision and ensure the efficient operation of our process system.



## 6. Empowering Employee Development

### 6.3 Talent Development

The Group firmly believes that employees are the key to our sustainable business development. Therefore, we are committed to growing together with our employees, helping enhance their knowledge and skills in performing their job responsibilities, and supporting their all-round development. The Group has implemented the *Employee Training Management System*, which aims to promote the growth of employees and accelerate the professional training of cadres and talents. The Group has established a comprehensive training system known as “Fulu Seven-Level Procedures”, which provides tailored training course for each employee group based on the three training lines of newcomer culture, departmental professional capabilities and cadre management. Upon joining the Group, new employees will undergo a structured training program, under which new employees are required to complete the training and pass relevant assessments within three months. In the stage of employee promotion, we will also provide trainings for our employees to enhance their business and management capabilities. From the early stages of the establishment, design and development, we will ensure that the training programs are authentic, objective and scientific based on the analysis of objective performance data, employee feedback and review of work cases. After the training, we will conduct a satisfaction survey and make adjustments and improvements according to the feedback from employees. In addition, the Group has established the *Internal Trainer Management Measures* to guide the enhancement of employees’ job capabilities in alignment with the operation, management and business development needs of the Group. We provide reward points or cash rewards for internal trainers who have participated in course development, course review and teaching. These trainers are evaluated across three levels, namely internal trainer, advanced internal trainer and chief instructor. The internal trainer with the highest points in the Year will win the “Chief Lecturer of the Year” award.

During the Year, the Group has carried out different types of trainings, covering general skills, general management, professional knowledge and leadership, and offered targeted trainings for various participants, including new employees, e-commerce operation positions and employees of game mall.

During the Year, the training-related data of the Group is as follows:

Training indicators	2023	
	Average training hours per employee (Hour) <sup>5</sup>	Percentage of trained employee (%) <sup>6</sup>
<b>By gender</b>		
Male	8.63	100.00
Female	8.63	100.00
<b>By employment category</b>		
Short-term contact/part-time employees	3.88	100.00
Full-time junior employees	8.10	100.00
Full-time mid-level management	8.60	100.00
Full-time senior management	16.80	100.00

<sup>5</sup> The calculation of average training hours per employee for the Year is Total training hours of employee under each category/ Number of employees under each category.

<sup>6</sup> The calculation of percentage of trained employees for the Year is Trained employees under each category/Number of employees under each category × 100%.

## 6. Empowering Employee Development

### 6.4 Safe Working Environment

As a responsible employer, the Group is committed to providing a safe working environment for current employees, in compliance with laws and regulations in relation to occupational health and safety, including but not limited to the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*. The Group has established a clear and effective safety system under the leadership of the management of the Group. The management is responsible for reporting accidents, diseases, etc. in the office in a timely manner, and informing employees about safety inspection and other related matters. In case of a work-related injury, we will conduct a comprehensive investigation to find out its causes and punish employees who endanger themselves or others. In the office, we always remind employees to maintain safety awareness. In addition, the Group will regularly check electric safety in the office, such as whether power strips are overloaded or not, and whether sundries are placed around electrical equipment, and make timely improvements. The Human Resources Center conducts occasional spot checks (no less than 2 times per week) to monitor for after-hours energy shutdowns. In order to prevent any accidents, we will also clean up spilled liquids and debris in a timely manner. We prohibit anyone from smoking in the workplace to enhance fire safety awareness.

In the past three years (including the Year), the Group was not subject to potential risks of occupational diseases mentioned, and there were no significant health and safety accidents or work-related deaths in the Group. During the Year, the Group has not incurred any loss of working days due to work-related injuries.

## 7. GREEN CORPORATE OPERATION

The Group is committed to reducing the environmental impact of its business operations, valuing resources, and promoting green and sustainable practices. We endeavor to maintain the common development of economy, environment and society, and raise awareness of environmental protection and resource conservation in daily operations. During the Reporting Period, we strictly complied with local environmental laws and regulations, including but not limited to the *Environmental Protection Law of the People's Republic of China*, the *Air Pollution Prevention Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*. The Group closely monitors the activities that have a potential impact on the environment in the course of business operation, and grasps the impact on the surrounding environment, so as to fulfill the environmental protection responsibility and obligation of the Group.

During the Year, the Group was not aware of any environmental-related violations. The Board and the management of the Group reviewed the set environmental-related targets. Due to the rapid development of the Group's business, it is difficult to predict the change of environmental data, and it takes several years to collect environmental data for setting specific quantitative targets. In 2025, the Group will maintain or gradually reduce the energy consumption intensity, water consumption intensity, greenhouse gas emission intensity and waste generation intensity.

The Group's water consumption intensity, greenhouse gas emission intensity and energy consumption intensity increased in 2023, mainly due to the growth of business this year, the increase in the number of sites and equipment, as well as intensity is affected by the reduction in the number of employees during the Year, the waste generation intensity has remained stable. Therefore, we will review the progress of our environmental goals once the business development level stabilize, ensuring the successful achievement of our set objectives.

### 7.1 Energy Saving and Emission Reduction

The Group has implemented a series of measures throughout its operations to control resource consumption and reduce emissions and waste. As a provider of digital goods and services, we are primarily engaged in office business, which does not give rise to exhaust gas emissions related to fuel combustion. During the Year, the Group did not use any official vehicles, thereby generating no exhaust emissions. In the event of official vehicle usage in the future, we will also conduct regular vehicle inspections, including but not limited to maintenance of mechanical components, adjustment of emission systems and optimization of fuel efficiency. We will ensure that vehicles are kept in good working conditions to minimize emissions and resource wastage. Meantime, we will continue to review the Group's energy-saving measures to achieve our goals.

The Group's greenhouse gas emissions can be classified into direct emissions (scope 1) and indirect energy emissions (scope 2). We have taken a series of measures to mitigate greenhouse gas emissions. Firstly, we encourage employees to use telephone or video conference and other remote working methods instead of unnecessary business travel. For unavoidable business travels, we will choose direct flights to minimize the environmental impact of transit and air transportation. In addition, we also encourage employees to go to work by public transport and use in-house venues to hold events, so as to reduce the carbon emissions generated by employees' commuting. We aim to reduce greenhouse gas emissions and mitigate our impact on the environment. We will continue to focus on and improve our carbon emission management strategy, which will be further described in the section headed "Resources Conservation" in this Report, so as to reduce carbon emissions and achieve the goal of carbon neutrality in China.

## 7. Green Corporate Operation

During the Year, we conducted a greenhouse gas inventory in the Wuhan headquarters office and Beijing office. The summary of greenhouse gas emissions is as follows:

Greenhouse gas emissions <sup>7</sup>	Unit	2023
Total greenhouse gas emissions	tCO <sub>2</sub> e	<b>322.58</b>
Scope 1 – direct emissions	tCO <sub>2</sub> e	<b>0.00</b>
Scope 2 – energy indirect emissions	tCO <sub>2</sub> e	<b>322.58</b>
Intensity of greenhouse gas emissions	tCO <sub>2</sub> e/employee <sup>8</sup>	<b>0.34</b>

### 7.2 Waste Reduction

Non-hazardous wastes of the Group are mainly daily office wastes, including office paper and general waste, which are collected and disposed of by the property management company in the park where the office is located. To minimize resource waste, we prioritize the reuse of office stationery such as envelopes, folders and file cards within our office environment. For other items, we are committed to reducing our reliance on single-use and non-recyclable products, and seeking out sustainable alternatives such as recyclable ink cartridges. As for hazardous waste such as scrapped computers, we engage computer service providers to collect and recycle them, ensuring proper handling and disposal. Moreover, we conduct regular evaluations of material usage during ordinary operations to prevent excessive inventory.

By collecting and disposing of waste in a legal and appropriate way, we are committed to reducing the adverse impact of our operations on the environment. We will continue to improve the existing waste management policies, actively encourage employees to classify waste and reduce unnecessary waste and create a corporate culture with strong environmental awareness and efficient waste management.

We encourage employees to use the electronic communication technology for disseminating information as far as possible, so as to reduce the use of paper. For essential documents that require printing, we advocate for the use of thinner fonts and line spacing, and encourage employees to print in black and white and on both sides of paper and reuse paper that was printed on one side for note-taking or as scratch paper. In addition, we also replace the paper-based office administrative system with the electronic office system.

<sup>7</sup> We only calculated GHG emissions for scope 1 (direct emissions) and scope 2 (indirect energy emissions) based on the requirements of KPI A1.2 in Guide.

<sup>8</sup> The number of people covered by the environment scope covers all the staff working in the Wuhan headquarters office and the Beijing office.

## 7. Green Corporate Operation

During the Year, the non-hazardous waste and hazardous waste of the Group in the Wuhan headquarters office and Beijing office are as follows:

Waste	Unit	2023
<b>Non-hazardous waste<sup>9</sup></b>		
Total office and domestic waste generated	metric ton	<b>96.65</b>
Intensity of office and domestic waste generated	metric ton/employee <sup>8</sup>	<b>0.10</b>
<b>Hazardous waste<sup>10</sup></b>		
Total host generated	Set	<b>0</b>
Total display generated	Set	<b>0</b>
Total all-in-one computers generated	Set	<b>0</b>

### 7.3 Resources Conservation

The Group is fully aware of the significance of energy conservation and enhancing energy efficiency as effective means to reduce corporate operating costs. Therefore, we have been committed to streamlining operations to optimize resource utilization and diligently work towards energy conservation and consumption reduction. We actively promote the importance of environmental protection to employees and enhance their awareness of environmental protection, so as to practice the philosophies of energy saving, waste reduction at source, effective use of resources and green office. To this end, we have taken different measures for integrating the philosophy of environmental protection into our daily operations, so as to actively assume our social responsibility for sustainable corporate development.

Due to the Group's business nature as a third-party digital goods and services platform operator, resources consumed by the Group are mainly electricity, water and paper resources used in daily office operations. The packaging materials utilized by the Group are sourced from third-party manufacturers, so that our operations do not involve any in-house production of packaging materials.

<sup>9</sup> The Group's generation of non-hazardous waste is estimated on the basis of day-to-day operations.

<sup>10</sup> Hazardous waste generated by the Group is calculated on an actual basis. The Group continuously reviews and improves its waste management and will further compile and disclose in detail if hazardous waste is generated in the future.

## 7. Green Corporate Operation

### Energy conservation

The Group continues to enhance energy efficiency, and implements a number of energy management measures. For lighting equipment, we install independently controllable lighting switches in different areas of the office, allowing for more efficient management of lighting needs. Moreover, we use lamps with high energy efficiency to reduce energy consumption while improving lighting quality. For air-conditioning equipment, we choose air-conditioning equipment with an energy efficiency label, and clean, check and repair air conditioners regularly to avoid serious leakage of refrigerant and extend the lifespan of equipment. We pay attention to the maintenance of air conditioning equipment to ensure its normal operation and reduce energy waste. We also raise employees' awareness of energy conservation, and place energy-saving stickers in different areas to remind employees to save and avoid wasting energy, and require them to turn off the lights and power in the corresponding areas after work for energy savings.

During the Year, the energy consumption of the Group's Wuhan headquarters office and Beijing office is as follows:

Energy use	Unit	2023
Total energy consumption	MWh	565.94
Direct energy consumption – vehicle fuel <sup>11</sup>	MWh	0.00
Indirect energy consumption – purchased electricity <sup>12</sup>	MWh	565.94
Intensity of energy consumption	MWh/employee <sup>8</sup>	0.60

### Water conservation

Due to the Group's business nature as a third-party digital goods and services platform operator, it will not generate or discharge any industrial wastewater. Water is used by the Group mainly for daily office operations. The domestic sewage generated by the Group will be discharged into the municipal sewage pipe network for treatment. During the Year, the Group did not have any issue in sourcing water. We have effectively monitored and controlled the usage and management of water resources to ensure rational use of water resources and compliance with relevant environmental regulations. We will continue to prioritize water sustainability and improve our water management practices to reduce our impact on the environment. We have adopted a number of water-saving measures to effectively conserve water. We place water-saving stickers in toilets to raise employees' awareness of water saving. In addition, we perform regular leakage tests to ensure the integrity of the water piping system. If any water leakage is found, we will arrange maintenance and inspection in a timely manner to avoid wastage of water resources.

<sup>11</sup> During the Year, the Group did not have any vehicles in use.

<sup>12</sup> Electricity data is based on the actual electricity usage of the Group.

## 7. Green Corporate Operation

During the Year, the water consumption of the Group's Wuhan headquarters office and Beijing office is as follows:

Water consumption <sup>13</sup>	Unit	2023
Total water consumption	m <sup>3</sup>	5,100.00
Intensity of water consumption	m <sup>3</sup> /employee <sup>8</sup>	5.41

### 7.4 Responding to Climate Change

Climate change has profound impact on the world and poses different risks to the business of various industries. In order to proactively address climate change, the Group has been practicing the concept of low-carbon and green development and implementing the national targets of carbon peaking by 2030 and carbon neutrality by 2060, with a view to reducing carbon emissions and mitigating the impact on the climate.

In 2023, the Group has recognized the potential impact of climate warming on our business operations. Therefore, we have identified and assessed climate change risks such as physical risks, transition risks and regulation risks. In terms of physical risks, natural disasters such as earthquake, extreme high temperature, lake flooding and urban flooding may cause server interruption and failure, system or network failure, and the office may need to be temporarily closed and may be affected by a power cut or sudden power failure. Therefore, we have developed relevant emergency management systems to improve the ability of employees to respond to emergencies, and designate appropriate personnel to address climate-related risks, so as to avoid or reduce losses caused by bad weather conditions arising out of climate change. The legal team of the Group will identify and monitor climate-related litigation and legal risks to the Group in a timely manner. We will continue to review policies, regulatory updates, scientific and technological developments and market trends in the world and operating regions, regularly identify, assess and manage climate-related risks that may have a financial impact on the Group's business, and take corresponding measures. In our commitment to improving energy efficiency and reducing unnecessary energy consumption in daily operations to achieve emission reduction goals, we encourage employees to adopt energy-saving practices in daily office processes and implement low-carbon operations in every aspect.

<sup>13</sup> The water consumption data is based on the actual water consumption of the Group.

## 8. COMMUNITY CHARITY ACTIVITIES

The Group attaches great importance to corporate social responsibility, and actively participates in charitable projects and public welfare activities relying on its technological advantages, thus contributing its share to the society. We encourage employees to participate in volunteer activities and make charitable donations, with a view to comprehensively enhancing employees' sense of social responsibility and making greater contributions to social welfare.

During the Year, the corporate welfare segment of the Group has actively responded to the national strategy of comprehensively promoting rural revitalization. In our journey towards rural revitalization, we demonstrate a strong commitment to assuming corporate social responsibilities. With focus on consumption assistance, we support the development of poor areas with practical actions. By championing the promotion and sales of products related to poverty alleviation, the Company not only addresses the product needs of customers under poverty alleviation program, but also fosters the overall advancement of poverty alleviation efforts. Leveraging our technological expertise and supply chain advantages, we have facilitated the establishment of poverty alleviation cooperation between over 50 companies and more than 30 regions. To date, we have successfully promoted the sales of nearly 200 products into wider markets.

Through the fulfillment of corporate social responsibilities, we aspire to be recognized as a trustworthy enterprise in the society and make positive contributions to the sustainable development of the society. Moving forward, we remain committed to our endeavors and collaborate with all stakeholders to build a better society.

## APPENDIX I: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA

The following is a summary of sustainability information of the environmental scope for the Year:

Environmental scope	Unit	Quantized Value of 2023
<b>Air emissions</b>		
Nitrogen oxides (NO <sub>x</sub> )	kg	0.00
Sulfur oxides (SO <sub>x</sub> )	kg	0.00
Particulates (PM)	kg	0.00
<b>Greenhouse gas (GHG) emissions</b>		
Direct GHG emissions (scope 1)	tCO <sub>2</sub> e	0.00
Indirect GHG emissions (scope 2)	tCO <sub>2</sub> e	322.58
GHG emissions in total (scope 1 and 2)	tCO <sub>2</sub> e	322.58
GHG emissions per capita (scope 1 and 2)	tCO <sub>2</sub> e/employee	0.34
GHG emissions per square meter (scope 1 and 2)	tCO <sub>2</sub> e/square meter	0.04
<b>Waste generated</b>		
<b>Hazardous waste generated</b>		
Total hosts generated	Unit	0
Total displays generated	Unit	0
Total all-in-one computers generated	Unit	0
Hosts generated per capita	Unit/employee	0
Displays generated per capita	Unit/employee	0
All-in-one computers generated per capita	Unit/employee	0
<b>Non-hazardous waste generated</b>		
Total office and domestic waste generated	metric ton	96.65
Total office and domestic waste generated per capita	metric ton/employee	0.10
<b>Paper consumption</b>		
Paper consumption	kg	5,395.47
Paper consumption per capita	kg/employee	5.73
<b>Energy consumption</b>		
Total energy consumption	MWh	565.94
Vehicle fuel consumption	MWh	0.00
Purchased electricity consumption	MWh	565.94
Intensity of energy consumption	MWh/employee	0.60
<b>Water consumption</b>		
Total water consumption	m <sup>3</sup>	5,100.00
Water consumption intensity per capita	m <sup>3</sup> /employee	5.41

## Appendix I: Summary of Sustainable Development Data

The following is a summary of information on sustainable development of the Group in the social subject area for the Year:

Social subject area	Unit	Quantized Value of 2023
<b>Number of employees</b>		
Total number of employees	No. of people	976
<b>Number of employees by gender</b>		
Female	No. of people	469
Male	No. of people	507
<b>Number of employees by employment category</b>		
Short-term contract/part-time employees	No. of people	45
Full-time junior employees	No. of people	385
Full-time mid-level management	No. of people	493
Full-time senior management	No. of people	53
<b>Number of employees by age group</b>		
Aged below 30	No. of people	348
Aged 30–50	No. of people	627
Aged above 50	No. of people	1
<b>Number of employees by geographical region</b>		
Northern China	No. of people	216
Eastern China	No. of people	55
Central China	No. of people	628
Southern China	No. of people	61
Northwestern China	No. of people	16
<b>Employee turnover rate<sup>3</sup></b>		
Total employee turnover rate	%	30.93
<b>Employee turnover rate by gender<sup>3</sup></b>		
Female	%	29.79
Male	%	29.19
<b>Employee turnover rate age group<sup>3</sup></b>		
Aged below 30	%	36.26
Aged 30–50	%	24.82
Aged above 50	%	75.00

## Appendix I: Summary of Sustainable Development Data

Social subject area	Unit	Quantized Value of 2023
<b>Employee turnover rate by geographical region<sup>3</sup></b>		
Northern China	%	27.76
Eastern China	%	44.44
Southern China	%	44.55
Central China	%	26.46
Northwestern China	%	27.27
<b>Occupational health and safety</b>		
Number of work-related fatalities (2021, 2022 and 2023)	No. of people	0
Rate of work-related fatalities (2021, 2022 and 2023)	%	0.00
Lost days due to work injury	Day	0
<b>Development and Training</b>		
<b>The percentage of employees trained by gender<sup>6</sup></b>		
Female	%	100.00
Male	%	100.00
<b>The percentage of employees trained by employment category<sup>6</sup></b>		
Short-term contact/part-time employees	%	100.00
Full-time junior employees	%	100.00
Full-time mid-level management	%	100.00
Full-time senior management	%	100.00
<b>The average training hours of employees trained by gender<sup>5</sup></b>		
Male	Hour	8.63
Female	Hour	8.63
<b>The average training hours of employees trained by employment category<sup>5</sup></b>		
Average training hours per short-term contact/part-time employee	Hour	3.88
Average training hours per full-time junior employees	Hour	8.10
Average training hours per full-time mid-level management	Hour	8.60
Average training hours per full-time senior management	Hour	16.80

# APPENDIX II: INDEX TO THE STOCK EXCHANGE'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Indicators		Sections
<b>A. Environmental</b>		
<b>A1: Emissions</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
		7. Green Corporate Operation
A1.1	The types of emissions and respective emissions data.	7.1 Energy Saving and Emission Reduction Appendix I: Summary of Sustainable Development Data
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).	7.1 Energy Saving and Emission Reduction Appendix I: Summary of Sustainable Development Data
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.2 Waste Reduction Appendix I: Summary of Sustainable Development Data
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7.2 Waste Reduction Appendix I: Summary of Sustainable Development Data
A1.5	Description of emission target(s) set and steps taken to achieve them.	7. Green Corporate Operation 7.1 Energy Saving and Emission Reduction
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	7. Green Corporate Operation 7.2 Waste Reduction

## Appendix II: Index to the Stock Exchange's Environmental, Social and Governance Reporting Guide

Indicators		Sections	
<b>A2: Use of Resources</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7.2 Waste Reduction 7.3 Resources 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).	7.3 Resources Conservation Appendix I: Summary of Sustainable Development Data
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7.3 Resources Conservation Appendix I: Summary of Sustainable Development Data
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7. Green Corporate Operation 7.3 Resources Conservation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	7. Green Corporate Operation 7.3 Resources Conservation
	A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, with reference to per unit produced.	The packaging materials utilized by the Group are sourced from third-party manufacturers, so that our operations do not involve any in-house production of packaging materials.
<b>A3: The Environment and Natural Resources</b>	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The impact of the Group's business on the environment and natural resources is remote.
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The impact of the Group's business on the environment and natural resources is remote.
<b>A4: Climate Change</b>	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7.4 Responding to 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.	7.4 Responding to Climate Change

## Appendix II: Index to the Stock Exchange's Environmental, Social and Governance Reporting Guide

Indicators		Sections	
<b>B. Social</b>			
<b>B1: Employment</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6. Empowering Employee Development
	B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	6. Empowering Employee Development Appendix I: Summary of Sustainable Development Data
	B1.2	Employee turnover rate by gender, age group and geographical region.	6.1 Compliant Employment Appendix I: Summary of Sustainable Development Data
<b>B2: Health and Safety</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6.4 Safe Working Environment
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6.4 Safe Working Environment Appendix I: Summary of Sustainable Development Data
	B2.2	Lost days due to work injury.	6.4 Safe Working Environment Appendix I: Summary of Sustainable Development Data
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6.4 Safe Working Environment

## Appendix II: Index to the Stock Exchange's Environmental, Social and Governance Reporting Guide

Indicators		Sections	
<b>B3: Development and Training</b>	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).	6.3 Talent Development Appendix I: Summary of Sustainable Development Data
	B3.2	The average training hours completed per employee by gender and employee category.	6.3 Talent Development Appendix I: Summary of Sustainable Development Data
<b>B4: Labor Standards</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	6.1 Compliant Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	6.1 Compliant Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	6.1 Compliant Employment
<b>B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.2 Sustainable Supply Chain
	B5.1	Number of suppliers by geographical region.	5.2 Sustainable Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.2 Sustainable Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.2 Sustainable Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.2 Sustainable Supply Chain

## Appendix II: Index to the Stock Exchange's Environmental, Social and Governance Reporting Guide

Indicators		Sections	
<b>B6: Product Responsibility</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	5 Providing High-quality Services 4.2 Privacy and Security Protection
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group's product shipping services are provided by third parties and there are no products that need to be recalled for safety and health reasons.
	B6.2	Number of products and service related complaints received and how they are dealt with.	5.1 Maintenance of Customer Relationship
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.3 Protection of Intellectual Property Rights
	B6.4	Description of quality assurance process and products recall procedures.	The Group does not involve in quality assurance process and products recall procedures during the course of business.
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.2 Privacy and Security Protection

## Appendix II: Index to the Stock Exchange's Environmental, Social and Governance Reporting Guide

Indicators		Sections	
<b>B7: Anti-corruption</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.1 Integrity-based Operation
	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.	4.1 Integrity-based Operation
	B7.2	Description of preventive measures and whistle blowing procedures, how they are implemented and monitored.	4.1 Integrity-based Operation
	B7.3	Description of anti-corruption training provided to directors and staff.	4.1 Integrity-based Operation
<b>B8: Community Investment</b>	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	8. Community Charity Activities
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	8. Community Charity Activities
	B8.2	Resources contributed (e.g. money or time) to the focus area.	8. Community Charity Activities