



拉近網娛集團有限公司
LAJIN ENTERTAINMENT NETWORK GROUP LIMITED

2023

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT
環境、社會及管治報告



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2023



GENERAL

The board of directors (the “Board”) of Lajin Entertainment Network Group Limited (collectively, the “Company” or “We”) is pleased to present the Environmental, Social and Governance Report for the year ended 31 December 2023 (“the Reporting Year”), which summarizes our initiatives, strategies and objectives relating to environmental, social and governance (“ESG”) issues, describes our vision and commitment to the fulfilment of our corporate social responsibilities, and provides an overview on the Group’s performance, management policies, mechanisms and measures in relation to the environmental and social related matters.

This Report is prepared in compliance with the mandatory disclosure requirements and the “comply and explain” provisions of the Environmental, Social and Governance Reporting Guide as set out in the Appendix C2 to the GEM Listing Rules. The Board considers that the Group has complied with the above requirements and provisions set out in the Environmental, Social and Governance Guidelines.

ESG GOVERNANCE STRUCTURE

The Group recognizes the importance of ESG to the corporate sustainable development and has integrated ESG concepts into our corporate culture and daily operations, with the Board overseeing the ESG practices and assuming the overall responsibilities. The ESG related responsibilities have been further delegated from the Board to the management and the functional departments. Through the adoption of the top-down management approach as mentioned above, the Group will be committed to promoting ecological and environmental protection, thus proving the effectiveness of our ESG management approach.

Roles and responsibilities in managing ESG matters are defined within the Group as follows:

The Board is responsible for:

- overseeing and approving ESG policies and strategies, including the identification, evaluation, prioritization and management of material ESG issues;
- ensuring the establishment of appropriate and effective ESG risk management and internal control systems;
- setting up ESG management approach and strategy;
- conducting continuous review of ESG performance; and
- reviewing and approving the ESG Reports.

The management is responsible for:

- identifying key stakeholders and prioritizing their ESG concerns;
- formulating relevant ESG policies, measures and targets;
- supervising the implementation and reviewing the effectiveness of ESG policies and measures;
- reviewing the achievement of ESG objectives; and
- preparing and submitting the ESG reports to the Board for approval.

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The functional departments are responsible for:

- coordinating and implementing specific ESG policies, objectives and measures;
- collecting information and data relating to the Group's ESG performance; and
- assisting the management in preparing the ESG Reports.

GOVERNANCE STRATEGY

The Group is committed to all areas of corporate social responsibility, such as reducing emissions, saving resources, providing employees with a safe and healthy working environment. In order to implement the Group's sustainable development philosophy, our strategy is to comply with all relevant laws and regulations applicable to our scope of business and to continuously improve our environmental management of every aspect towards the industry best practice. We also pay close attention to stakeholders' demands and have established a diversified communication channel to collect and response to their concerns. Through the well-defined governance structure and communication channels, we could identify and prioritize key ESG related-issues that are closely related to our business during the materiality assessment process and to ensure that the ESG strategy is closely aligned with the Group's overall business strategy.

STAKEHOLDER ENGAGEMENT

The Group believes that creating long-term value for stakeholders is important to sustain its business success. We value the intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. During the Reporting Year, the Group has identified key stakeholders that are important to the business. Various communication channels have been established in order to incorporate stakeholders' concerns into our operation and decision-making process in a timely manner and to response to those concerns actively. The following table provides an overview of the Group's key stakeholders, their expectations and requirements and communication channels that have been used to reach, listen and respond to them.

Key stakeholders	Expectations and requirements	Communication channels
Internal key stakeholders		
Employees	<ul style="list-style-type: none"> • Labour rights and interests • Benefits and welfare • Career development • Health and occupational safety 	<ul style="list-style-type: none"> • Employee activities • Performance appraisal • Employee handbook • Trainings and drills
External key stakeholders		
Investors/shareholders	<ul style="list-style-type: none"> • Return on investment • Good corporate governance system • Transparency and disclosure of corporate information 	<ul style="list-style-type: none"> • Shareholders' meetings • Interim and annual reports • Announcements and circulars • Official company website • Emails
Government/regulatory authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations • Fulfillment of corporate legal responsibilities 	<ul style="list-style-type: none"> • Regular reporting • Laws and regulations

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Key stakeholders	Expectations and requirements	Communication channels
Customers and potential customers	<ul style="list-style-type: none"> • Quality products and services • Timely delivery • Reasonable price • Value of services 	<ul style="list-style-type: none"> • Business visits • Email, telephone and communication applications • Customer satisfaction survey
Suppliers/business partners	<ul style="list-style-type: none"> • Payment schedule • Stable demand 	<ul style="list-style-type: none"> • Business visits • Email, telephone and communication applications • Supplier performance evaluation
Community	<ul style="list-style-type: none"> • Cooperate with pandemic preventive policy • Environmental protection • Community contribution • Economic development 	<ul style="list-style-type: none"> • Direct communication • Official company website • Community involvement • Staff volunteering activities

MATERIALITY ASSESSMENT

In order to identify and consider what ESG-related issues may be material to the Group, the Group has conducted the materiality assessment through the following three steps:

Step 1: Identification

- The key ESG-related issues were identified in accordance with the ESG Reporting Guide, peer benchmarking, media monitoring and etc.

Step 2: Prioritization

- Stakeholders' expectations and requirements were collected through the communication channels as mentioned in the "Stakeholder engagement" section. All ESG-related issues were prioritized based on the results of stakeholder engagement process, which incorporated with the industrial trends, peer benchmarking, and the capital market focus.

Step 3: Validation

- Top five issues were identified as the key and material ESG-related issues of the Group, the materiality assessment result was reviewed and confirmed by the Board.

During the Reporting Year, as a result of the materiality assessment, we have prioritized quality control, energy management, procurement and supply chain management, employee development and training, corporate governance and risk management as key ESG issues. The Group will pay more attention on the above areas and focus on strengthening the discussion of material issues, in order to respond to the concerns of stakeholders. Key initiatives and activities are summarized in the following sections.

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OBJECTIVES AND REVIEW

While developing its business, the Group is committed to improving its business operation management. The Group's business is generally divided into "artiste management segment", "movies, TV programmes and internet contents segment" and "new media segment". The resources we use are mainly electricity and paper. We always aim to reduce emissions and resources consumption so as to reduce the impact on the surrounding environment where we operate. At the same time, we have a sound employment system to create a diverse, inclusive, healthy and safe working environment, and maintain close communication with employees to understand their needs. The table below summarizes our key objectives.

Our objectives

1. Strict compliance with regulations	<ul style="list-style-type: none">Legal compliance – ensuring that the Group's business operations are in compliance with applicable laws and regulationsEthics – adhering to ethical standards of business integrity and establishing a culture of compliance
2. Quality assurance	<ul style="list-style-type: none">Product and service quality – ensuring quality of goods and services in satisfying customers' requirements
3. Environmental protection	<ul style="list-style-type: none">Environmental management – regularly monitoring various environmental parameters to minimize the relevant environmental impact, saving resources and reducing emissionsClimate change strategy – regularly reviewing the Group's approach to climate change, and identifying risks and opportunities, and relevant countermeasures
4. People-oriented	<ul style="list-style-type: none">Diversity and inclusion – respecting the labour rights and human rights of all employees, maintaining high ethical standard and promoting a culture of inclusion within the companyWorking environment – providing employees with a supportive, happy and healthy working environment
5. Giving back to society	<ul style="list-style-type: none">Using our expertise and resources to serve the communities in which we operate

The management evaluates the ESG performance through regular reports provided by each functional department and reports the evaluation results to the Board. The Board reviews the achievement of objectives and reviews the progress and effectiveness of the related governance matters. Meanwhile, the Board will continue to monitor the risks brought by these material ESG-related issues to the Group. As the business continues to develop, the Board has been paying attention to new ESG-related issues and will continue to oversee ESG-related work to keep abreast of the latest ESG disclosure requirements of the Stock Exchange. The Company also ensures that all departments work closely together to achieve the objectives of operational compliance and social responsibility, and will continue to formulate corresponding ESG objectives in response to the development of the Group's business.

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REPORTING PRINCIPLES

This Report is prepared in accordance with the ESG Reporting Guide and based on the following four reporting principles – materiality, quantitative, balance and consistency.

Materiality: The Group has engaged stakeholders in the process of identifying, prioritizing and determining important ESG-related issues that reflect the Group’s significant impacts on the economy, environment and society. More details can be found in the section “Stakeholder engagement” and “Materiality assessment”.

Quantitative: The ESG key performance indicators disclosed in this Report are supported by quantitative data and measurable criteria. The sources of all applicable data, calculation tools, methodologies, references and conversion factors used are disclosed in the presentation of emission data, where applicable.

Balance: This Report provides a complete, fair, clear and comparable overview of the Group’s ESG policies and performance.

Consistency: To facilitate stakeholders’ comparisons of the ESG performance of the Group from year to year, the same reporting and calculation methodologies are used as reasonably practicable in the preparation of this Report and material changes in the methodologies are set out in the relevant sections in detail. The Group will also add a note in the corresponding contents of the report to indicate any changes that may affect the comparison with previous reports.

REPORTING BOUNDARY

The Group is principally engaged in the provision of artiste management services, movies, TV programmes and internet contents services and new media business in Beijing. This Report focuses on the operations of all segments. The reporting boundaries of this Report is consistent with the same report for the year ended 31 December 2022.

A. Environmental

A1: Emissions

The principal activities of the Group are the provision of artiste management services, movies, TV programmes and internet contents services and new media business. As a result, the management believes that the emission of exhaust gas and greenhouse gas, the discharge of pollutants into water and soil, and harmful and non-hazardous wastes generated by the Group’s operation have insignificant impact on the environment.

In compliance with the Environmental Protection Law of the People’s Republic of China, the Group has been encouraging and conducting business in an environmentally responsible manner and has integrated environmental protection awareness into our daily operations. For example, we had issued instructions to employees to educate them on pollution and waste reduction especially during outdoor filming, for example, behaviors which destroy the natural environment and national heritage are strictly prohibited and approvals must be obtained from respective governmental departments before outdoor filming at national heritage or conservation areas. The Group has also promoted initiatives to mitigate environmental impacts among the Group by using energy-efficient products such as equipment carrying China Energy Labels.

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Due to the nature of the Group's principal businesses, the Group does not have significant, direct greenhouse gas emissions. The Group's greenhouse gas emissions are generated mainly from electricity consumption in Beijing office. The Group's key performances indicators of greenhouse gas emissions and their intensities are as follows:

Greenhouse Gas Emission	2023	2022
Carbon dioxide equivalent emission from indirect power consumption	128,296 kg	113,676 kg
Amount of carbon dioxide emitted per unit area	23 kg/m²	20 kg/m ²

The increase in volume and intensity of carbon dioxide emission in 2023, as compared to that in 2022, was attributable to the increase in electricity consumption due to the gradual resumption of operation after the pandemic. However, the emission caused by business air travel has been reduced, as consideration has been given to employee's health protection and environmental concern, in-person travel is no longer necessary, virtual options through video conferencing tools were offered that enable employees to attend meetings without physical attendance, which can greatly contribute to the reduction of environmental footprint.

Electricity consumption is the main source of the Group's greenhouse gas emissions. The Group strictly controls and aims to gradually reduce emissions of greenhouse gas through a series of measures. For example, switch off the power in unused rooms, reduce standby energy consumption and use energy-saving lamps. The Group predicts that the greenhouse gas emissions will stabilize and decrease in the following years by implementing energy conservation measures.

A2: Use of Resources

Due to the nature of the Group's operational activities, the use of resources is mainly related to the consumption of electricity and paper in the Beijing office. Water consumption and packaging material used are relatively low to the Group.

At the Beijing office, the Group has placed great emphasis on the "green office" concept and have promoted the 3R's concept – "Reduce, Reuse and Recycle" throughout daily operations. We will remind our employees to switch off all idle lights, computers, air-conditioners and other office equipment, to print and photocopy on both sides of paper, to promote paperless office which encourages them to send documents electronically, and using equipment carrying Energy Labels.

The volume of resources used by the Group in Beijing, the respective office areas and intensities are listed in the table below:

	2023	2022
Resources consumption		
Electricity consumption (kWh)	218,931	180,078
Paper consumption (piece)	56,889	67,208
Area of offices		
Beijing Office (m ²)	5,694	5,694
Use of resources per unit of area		
Electricity consumption (kWh/m ²)	38	32
Paper Consumption (piece/m ²)	10	12



The increase in electricity consumption (and indirect greenhouse gas emissions) of the Group was mainly attributable to the gradual resumption of operation after the pandemic. The market is gradually restored and the operation of the Group has yet to revert to the pre-pandemic level of prior years. An increase in resources consumption in the future is therefore foreseeable, but the Group is committed to minimize its usage of resources through the abovementioned measures.

Due to a significant reduction of live-streaming activities in 2023, the use of cue cards and product description sheets for anchors have been reduced, which resulted in the decrease of paper consumption. To reduce the use of paper for environmental protection, double-sided printing was required and the use of digital forms for internal and online approval was encouraged.

A3: The Environment and Natural Resources

The existing businesses and media projects of the Group are not expected to pose a material threat on the environment, especially during outdoor filming, no damages shall be made to the environment. Throughout our planning of business activities, we have performed comprehensive assessments and considered minimizing potential impacts on the environment as one of our key assessment criteria. For example, we will consider the potential impacts caused to the environment during the selection of filming locations, no filming shall take place near any conservation areas which may bring negative impacts to them. As our attempt to raise the environmental protection awareness of our business partners (including media production outsourcing contractors, suppliers, production teams), we have shared our views with them on aspects of environmental protection such as efficient use of resources. The Group hopes that continuous improvement will make a contribution to the global ecological environment.

A4: Climate Change

Climate change might pose potential risks to the Group's business. In general, the new media business is less affected by climate-related issues but production of movies and TV programmes may be influenced as it involves outdoor activities. Extreme weather conditions would affect the schedule of outdoor filming and threaten the safety of staff during outdoor activities. To mitigate the impact of climate-related issues on business operation, the Group pays close attention to the weather conditions to timely adjust shooting schedule. Furthermore, the staff have been trained to properly deal with emergencies.

B. Social

(i) Employment and Labour Practices

B1: Employment

The Group aims to provide employees with a comfortable and healthy working environment and ensure that their rights and interests are protected. The Group has established a sound system of human resources management covering various aspects of employment.

Recruitment

During our recruitment process, employees have been hired based on consideration of their experience, qualifications and knowledge. All employees have entered into written employment contracts prior to employment to ensure job title, job duties, working hours, holidays, remuneration, termination process and benefit are agreed.

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Promotion, compensation and dismissal

We motivate employees by promotion and salary increments based on the results of regular performance appraisals. Staff dismissals are based on the relevant local laws and regulations, as well as the requirements stipulated in the employment contracts.

Working hours, rest periods and benefits

Five-day work week arrangement has been adopted to facilitate work-life balance. In addition to all rest days and statutory holidays as specified in local laws and regulations, employees are entitled to paid annual leaves, maternity leaves, paternity leaves, marriage leaves and compassionate leaves. Employees are also entitled to benefits such as medical benefits and other benefits subject to the Group's human resources policies.

Equal opportunity, diversity and anti-discrimination

In accordance with our human resources policies and regulations, no discrimination on the grounds of age, gender, marital status, family status, sexual orientation, disability, race, nationality or religion, etc. shall be considered in any of our decision-making processes and during our daily operations. We believe that our employees should be treated equally and our employees or job applicants during the recruitment process should not be subject to any form of discrimination. As at 31 December 2023, the percentage of male and female employees (including Board members) we employed were approximately 72% (2022: 71%) and 28% (2022: 29%) respectively to promote the diversity of employees.

Human resources policies have been established to ensure the Group has strictly complied with all applicable laws and regulations of labor practices, particularly the Labor Law of the People's Republic of China and the Hong Kong Employment Ordinance.

The entertainment and cultural industry is one of those in which talents are difficult to retain, and its employee turnover rate is usually higher than those of other commercial enterprises, especially in 2022, the turnover was higher than usual due to the decrease in e-commerce business of the Group and it has been stabilized during 2023. As at 31 December 2023, the Group had a total of 47 (2022: 51) employees, and 20 (2022: 198) employees resigned during the Reporting Year. The distributions are as follows:

Total Workforce

By gender:

Gender	Number of employees	
	2023	2022
Female	13	15
Male	34	36
Total	47	51

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By employee category:

Employee category	Number of employees	
	2023	2022
Senior management	5	6
Mid-level management	6	7
Non managerial employees	36	38
Total	47	51

By age groups:

Age	Number of employees	
	2023	2022
under 30	8	16
30-50	32	30
over 50	7	5
Total	47	51

By geographical area:

Region	Number of employees	
	2023	2022
Beijing	44	48
Hong Kong	3	3
Total	47	51

Resigned employees

Total turnover

Employee turnover	Percentage	
	2023	2022
Total turnover	43%	388%

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By gender:

Gender	Percentage	
	2023	2022
Female	38%	647%
Male	44%	281%

By age groups:

Age	Percentage	
	2023	2022
under 30	150%	738%
30-50	25%	267%
over 50	0%	0%

By geographical area:

Region	Percentage	
	2023	2022
Beijing	45%	413%
Hong Kong	0%	0%

B2: Health and Safety

During our daily operations, one of our major concerns is to ensure health and safety of our employees, actors and production crews, we believe that a safe working environment can uphold the adherence to our people-oriented principles, and to protect our employees from any occupational diseases or injuries. During the Reporting Year, the Group did not encounter any lost days due to occupational diseases, injuries or work-related fatalities throughout the past three years.

At the office and filming locations, safety guides for preventing employees/actors from occupational hazards have been placed in observable area or made available to stuntman in the work places to address health and safety issues, especially during dangerous shooting scenes. Besides, we encourage our contractors and business partners to place a strong emphasis on employees' health and safety issues, in terms of occupational hazards.

More attention has been given to the psychological safety of employees after the pandemic, the mental health among them was prioritized and space for open conversations was created. These measures make employees more comfortable to seek support in handling work-related stress or in the occurrence of mental health problems, which positively shape the working culture in the long run.



During the Reporting Year, the Group ensures full compliance with the applicable laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and relevant occupational health and safety laws and regulations. The Group has maintained a healthy and safe working environment and there is no occurrence of work-related fatalities or work injury during the Reporting Year. As the Group is principally engaged in cultural and entertainment-related businesses, we believe that the risk of occupational hazards are relatively low.

The Group has established several infection preventive measures to protect the health and safety of staff during the pandemic of coronavirus disease 2019 (COVID-19), which further enhanced the employees' awareness of personal hygiene. The Group continues to maintain their effect after the pandemic:

- Encouraged our staff to take vaccination and perform regular PCR testing according to government requirement;
- Performed office cleaning and disinfection on a timely basis;
- Encouraged our staff to avoid visiting crowded spaces or poorly ventilated areas;
- Reminded the employees to maintain good personal hygiene such as the need to wear surgical masks properly in office and washing hands frequently;
- Employees are advised to report and seek medical advice as soon as possible if they feel unwell.

B3: Development and Training

Apart from providing reading materials for directors to ensure that they keep updated with the latest regulatory requirements and corporate governance practices, employees are also recommended to participate in continuous learning activities. Subsidies are offered to our employees for attending training courses or seminars organized by professional institutions to enhance their professional and technical skills. Further, we always provide opportunities to our employees with learning experience gained through work assignments to build up their ongoing job skills and soft skills which benefit their career development.

The Group provides appropriate training according to the requirements and needs of various departments to staff, including skills training to senior management, system and quality training to all staff. During the Reporting Year, we continuously provide tailored training and career guidance to our staff with technical knowledge and skillsets in respective of their job position.

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A summary on relevant training related KPIs of the Group in the Reporting Year is disclosed as follows:

The percentage of employees trained:

KPI	2023		2022	
	Number	Percentage	Number	Percentage
Total number of employees	47	–	51	–
Total number of trained employees	34	72%	17	33%
By gender				
Female	6	18%	8	47%
Male	28	82%	9	53%
By employee category				
Senior management	5	15%	5	29%
Middle level management	14	41%	4	24%
Non managerial employees	15	44%	8	47%

The average training hours:

KPI	2023		2022	
	Hours	Average (hours)	Hours	Average (hours)
Total training hours	52	1	49	1
By gender				
Female	9	1	25	2
Male	43	1	24	1
By employee category				
Senior management	8	2	8	1
Middle level management	21	4	14	2
Non managerial employees	23	1	27	1

B4: Labour Standards

Child labour and forced labour are strictly prohibited within the Company. Laws and regulations regarding the hiring of child actors (including the Provisions on the Prohibition of Using Child Labor and the Provisions on Special Labor Protection of Underage Laborers of the Labor Law of the People's Republic of China) are also strictly followed if necessary. Recruitment requirements, especially regarding the prohibition of recruitment of child and forced labour are set out in our human resources policies. During the recruitment process, review of job applicant's identity information is required, background checks and reference checks of potential employees may also be conducted. Applicants who fail to meet the legal requirements would not be hired.

If any cases related to child and forced labour are discovered, we will immediately investigate the causes to ensure no child labour exists and no employees work overtime on an involuntary basis.



Besides, we will give our major contractors, especially outsourced contractors and production crews, a reminder regarding the prohibition of child labour and forced labour. If reporting of such cases are identified, we will conduct investigations in detail.

The Group ensures full compliance with relevant labour legislation of Hong Kong and the PRC. During the Reporting Year, we did not engage child actor and did not receive any complaints or reporting of a child labour or forced labour.

(ii) Operating Practices

B5: Supply Chain Management

During business activities, we encourage our contractors and business partners to uphold a high standard of ethics that is similar to us. During the selection phase of our business partners, assessments are based on a variety of criteria. In addition to the quality of services, criteria such as attitude towards environmental and social issues are also taken into consideration in evaluating our potential contractors and business partners. Priority will be given to potential business partners who are actively fulfilling environmental and social responsibilities. In the meantime, management oversees the on-going business projects in preventing and mitigating any environmental and social impacts.

During the Reporting Year, the Group had a total of 8 key suppliers, which they were all located in China.

The Group has formulated policies and procedures to standardize the selection, evaluation and monitoring procedures of suppliers in a fair, open and impartial manner. With the establishment of the joint supplier review team, all departments and subsidiaries are required to submit approval forms to the joint supplier review team for the procurement of various items or the leasing of equipment. To ensure fairness and independence of the procurement workflow, procurement can only proceed after the review and approval from the joint supplier review team.

The Group concerns the environmental and social risks along the supply chain. Before corporation, a preliminary survey on new suppliers should be conducted, and all the existing suppliers should be subject to an annual assessment. Suppliers are selected based on several key indicators, including suppliers' credibility, quality of service or products, as well as their environmental and social practices. The responsible employees will score the performance of suppliers throughout the year according to key indicators. Those with poor performance will be excluded from the supplier list.

Environment is an essential element that needs to be considered in the process of procurement and has been incorporated in practices of selecting suppliers. For every procurement, recyclable products with great durability will be given priority. Besides, the Group prefer suppliers that utilize clean technology and generate fewer emissions with a view to developing a long-term strategic relationship with them to sustain business growth of the Group.

B6: Product Responsibility

Music, movies and television are one of the Group's core businesses, which are required to comply with Mainland China's Provisions on the Administration of Radio and Television Program Production, Regulations on the Administration of Movies, Film Industry Promotion Law, permits, licenses and approval, as well as the relevant regulations in relation to music, movies and television businesses.

The Group emphasizes the importance of proper advertising and compliance with relevant requirements of media advertisements, such as posters, trailers, online advertising material and the timely response to audiences or the public. To meet different needs of the audience, we strive to build long-term relationships with existing and potential audience and suppliers, understand their needs and concerns, and accept and respond to their comments and requests. During the Reporting Year, the Group has not received any complaints from audiences or the public or encountered any litigation regarding the movies released. The Group strictly complies with all relevant regulations regarding the movie advertisements as well as the released movie itself.

For the new media business, the Group complies with the Consumer Protection Law, Advertising Law, Product Quality Law and other relevant laws and regulations, by ensuring that there are no false and misleading messages in our promotion and advertising contents. During the Reporting Year, the Group did not identify any material non-compliance of the laws and regulations related to the quality of products for the new media business.

Besides, we stress the importance of safeguarding and protecting our intellectual property rights, i.e. movies and other copyrights, trademarks, domain names, and we strictly comply with Personal Data (Privacy) Ordinance, Copyright Law of the People's Republic of China, Contract Law of the People's Republic of China and relevant laws and regulations related to the protection of intellectual property rights. For the strict prevention of copyright infringements, the Group signs non-disclosure agreements with all contractors and business partners. The confidentiality clause includes provisions prohibiting unauthorized use of movie copyrights.

B7: Anti-Corruption

The Group is committed to and prohibits any form of corruption such as bribery, money laundering, extortion and fraud. We believe that our employees, contractors and business partners have maintained a strong ethical conduct during operations. Terms have been included in employment or service contracts to ensure that all parties act in accordance with our requirements on anticorruption. The management has also signed the Letter of Commitment to Integrity (《*高管廉潔履職承諾函*》).

During the Reporting Year, we have strictly complied with relevant laws and regulations including the Prevention of Bribery Ordinance of Hong Kong, the Criminal Law of the PRC, and the Interim Provisions on Prohibiting Commercial Bribery, and there was no litigation nor complaints regarding corruption, bribery, money laundering, extortion and fraud.

The Group has established whistle-blowing procedures to encourage employees to report corruption incident through a confidential channel. Every report will be sent to the Audit Committee for follow up and conducting evidence-based investigations.

With the establishment of the anti-corruption mechanism as mentioned above, the Group is committed to maintaining a high level of ethical culture. Relevant training will be arranged when necessary.



(iii) Community

B8: Community Investment

We provide opportunities for our employees to be a part of our local communities. We encourage our employees to actively participate in public conventions, conferences, exhibitions and events, with a particular focus on promoting the development of media industries and community investment.

We encourage our employees to volunteer their time and skills in contributing to the society, and at the same time enriching their knowledge of environmental and social issues, to prevent and mitigate any potential and actual negative impacts on the community.

The Group has also invested resources to build a platform and develop an application “AMBER ” (the “APP”) in which the original musicians can use that to realise “self-publishing” of their compositions and obtain 100% of the copyright. In addition to platform operation, the APP has officially established a strategic cooperation relationship with China International Cultural Exchange Foundation, a 3A public fund under China International Cultural Exchange Centre. In the future, part of its revenue will be donated to the “Special Fund for Rural Revitalization” to implement national policies, support rural revitalization on top of business operations while fulfilling social responsibilities in the meantime.



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