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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. ABOUT THE REPORT

China Ruyi Holdings Limited (the “**Company**”), its subsidiaries and its controlled entities (“**Ruyi Films**”, the “**Group**” or “**we**”) are pleased to present the 2021 Environmental, Social and Governance Report (the “**Report**”) for the purpose of disclosing and presenting the Group’s progress and performance in the environmental, social and governance (“**ESG**”) fields during 2021, presenting the vision of sustainable development of the Group to our stakeholders, and facilitating the Group’s improvement of its ESG performance in a sustainable way.

### Scope of the Report

The information contained in the Report covers the businesses of the content production and online streaming business, as well as internet community services and related businesses, manufacture and sales of accessories of the Group. The Report sets out the sustainable development measures of the Group during the period from 1 January 2021 to 31 December 2021, and prior years for certain disclosures.

### Preparation basis

The Report is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the “**Guide**”) set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), as well as with reference to the Guide for Business Action on Sustainable Development Goals (SDGs) (the “**SDGs Compass**”) and the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations (the “**TCFD Recommendations**”) of the United Nations. The Group will continue to increase the transparency of disclosure in the ESG Report in order to respond to the information disclosure demands of the capital market.

### Reporting principles

The Report is prepared in accordance with reporting principles under the Guide.

Principle of “materiality”: In its preparation, the Report has identified major stakeholders, and included them into stakeholder engagement and essentiality evaluation as the basis of determination of material ESG topics.

Principle of “quantitative”: We present quantitative data in the Report. Different departments and business segments collect ESG data of the Group by using data collection forms. To reflect the changes of annual performance of the Company, the Report also includes certain historical data of the Company.

Principle of “balance”: In accordance with the principle of balance, the Report provides an unbiased picture of the ESG status of the Group.

Principle of “consistency”: Unless otherwise stated, the information collection and presentation formats in the Report are the same as those adopted in the prior year to ensure the comparability of information.

### Source of information

The information disclosed in the Report is sourced from internal official documents and statistical data, third-party questionnaire surveys and public information.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### Form of publication

The Report is available in both Chinese and English. If there is any discrepancy between the Chinese and English versions of the Report, the Chinese version shall prevail. You can visit the official website of the Group at <https://www.ryholdings.com/> or the website of the Stock Exchange at <http://www.hkex.com.hk> to obtain an electronic copy of the Report.

## 2. CHAIRMAN'S STATEMENT

2021 was an extraordinary year. Following the outbreak of COVID-19 pandemic in 2020, the film and television industry has been tremendously affected at an unprecedented level. However, with the effective control of the pandemic and the recovery of national economy, the film and television industry in China has gradually resumed steady growth. In the post-pandemic era, the film and television industry is still facing challenges arising from continuous in-depth adjustment. Facing the new requirements for the film and television industry in the new era, the Group aims to become an online streaming media enterprise empowered by content production and internet technology. We always hold firm to our philosophy, grasp opportunities, and overcome different challenges even in an unfavorable situation. With a series of high quality and ingenious dramas and movies, the Group was able to record outstanding performance. In 2021, dramas and movies distributed by the Group received both word-of-mouth recommendation and box office success. At the same time, Pumpkin Films, the streaming platform of the Group, reflected a rapid growth trend. With the empowerment by technologies such as big data, our member user base has further expanded, which facilitated the rapid growth of streaming media business of the Group.

**Content comes first. We hold the production philosophy of quality first, trust and brand building.** Since its establishment in 2006, the Group has produced over 100 dramas and movies. With our creative drama contents, accurate market positioning, professional resources integration, standardized production management and marketing resources, the Group has successfully produced a series of quality dramas and movies, such as "Hi, Mom" (《你好·李焕英》), "A Little Red Flower" (《送你一朵小紅花》) and "Animal World" (《動物世界》), and quickly became a leading film company in the industry.

**We aim to provide satisfying experience for different users with continuous injection of quality and creative power.** Pumpkin Films, a streaming media platform under the Group that adopts vertical subscription membership system, aims to provide ad-free HD copyrighted dramas and movies and excellent user experience for members through quality big data analysis and outstanding original contents. As at 30 June 2021, the cumulative number of registered members of Pumpkin Films reached 61.94 million, and the number of paying subscribers reached 24.62 million. Pumpkin Films owned copyrights of over 1 million dramas and movies. Under the guidance of advanced innovative production and management philosophy, Pumpkin Films produces quality dramas and movies at a stable level.

Looking forward, the drama and movie industry will have a booming development. We still have strong resilience capability. Under the ever-changing society, we always adhere to our industry missions and proactively perform our social responsibilities. We will continue to expand our business, adhere to innovation and pursue quality, thereby creating a solid foundation for sustainable development of the Group. In the future, adhering to the producer-centric system, we will continue to produce high quality dramas and films effectively. We will continue to develop our operation in streaming media, film and television industry, and strive to create long-term and stable returns for our employees, users, investors and other stakeholders. Meanwhile, the Group will continue to discover and demonstrate China's splendid traditional culture and spirits, promote mainstream values, assist the Chinese streaming media in storytelling, and spread Chinese culture across the world.

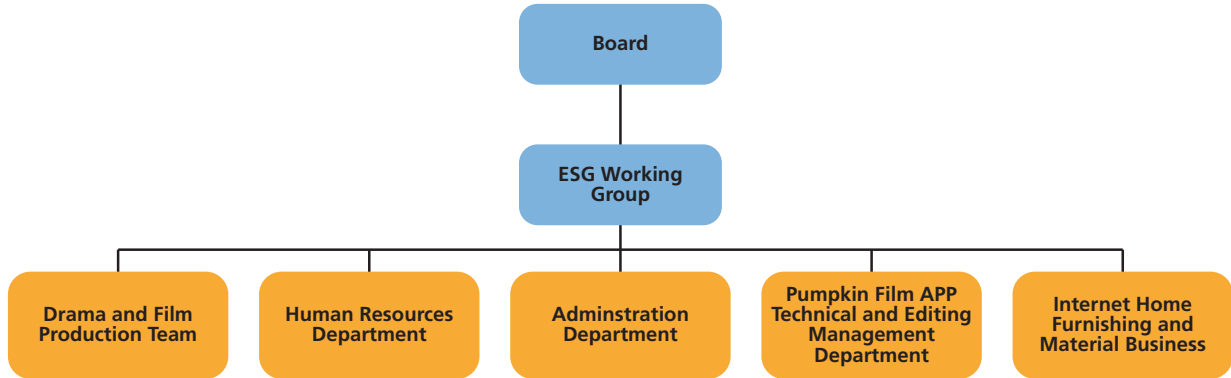


## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### 3. ESG GOVERNANCE

The Group understands the importance of improving our environmental and social efficiency to the sustainable operation of the Company. Following the promulgation of rules by the Stock Exchange, we have reviewed our existing ESG disclosure. To grasp new opportunities and accept new challenges, the board of directors (the “**Board**”) of the Group is of the view that our top priority is to set up a ESG working group subordinated to the Board, as lead by our management, to assist the Group in planning mid- to long-term strategy for ESG development. The Board will fully enhance our efforts and duty supervision on ESG matters, including supervision over the ESG working group and ensure its effective operation, ESG strategies on corporate, as well as monitoring of key opportunities, risk assessment and management. The Board will bear the ultimate responsibility on ESG risk management and information disclosure of the Group to ensure that the Group has established and operated effective ESG management. The Board will also receive reports and review ESG related performance on a regular basis.

The Board agrees that the sustainable development of the Group involves ESG matters. Content production and online streaming business will create social benefits, thereby bringing commercial returns and maintaining profitability. While seeking for economic benefits and business development, the Group strives to achieve operation with integrity and in compliance with laws. In addition, the Group proactively performs ESG responsibilities, thus realizing healthy and harmonious development of employees, artists, society and the environment, and continuously providing higher returns for the shareholders of the Group (the “**Shareholders**”).



To better facilitate the ESG implementation and strengthen management of the Group, the ESG working group, which was formed during the year, is responsible for the formulation of the Group’s ESG strategies, and to ensure proper management and implementation of risks in relation to various ESG aspects, thus gradually improving ESG governance and management capability of the Group.

The ESG working group is in charge of formulating ESG policies of the Group and facilitating implementation of such policies, arranging ESG trainings for senior management of the Group, reviewing ESG disclosure of the Group, and conducting research and discussion on particular ESG topics and formulating action plans.

Under the authorization of the Board, the ESG working group will continue to optimize the establishment of ESG indicator management system and ESG risk management procedures, and conduct regular meetings to report ESG work progress and exchange on ESG matters, thus gradually enhancing our ESG governance and management capability.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

In 2021, the ESG working group focused on:

- Optimizing ESG governance structure — enhance the Board’s decisions on ESG matters;
- Setting goals — collect and analyze annual energy consumption and emissions data, formulate environmental performance benchmarks and set up goals;
- Climate change — increase the disclosure on climate change management with reference to Task Force on Climate-Related Financial Disclosures (“TCFD”);
- Pandemic control — implement healthy recommendations on preventing COVID-19 spread;
- Compliance — ensure dramas and films produced are in compliance with relevant laws, regulations and rules of National Radio and Television Administration;
- Audience satisfaction — understand expectations and needs of audience through box office; and
- Information security and data privacy — update privacy policy of Pumpkin Films, including personal data and authorization functions to meet the basic requirements under the Personal Information Protection Law.

### 3.1. Responding to the SDGs of the United Nations

Sustainable development of an enterprise must be developed based on a safe, healthy, long-term and sustainable environment. Hence, in respect of promoting the Sustainable Development Goals (the “SDGs”) initiated by the United Nations, it is our inescapable responsibility to take effective actions in a timely manner. Striving to become an influential enterprise, we proactively expand our positive impacts, try to minimize negative impacts and encourage enterprises in upstream and downstream supply chain to share sustainable development concepts with us.

The Group has conducted comprehensive analysis of the value chains in which its core businesses are located and their spheres of influence. The following SDGs have been set as the top priority goals:



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### SDGs of

### the United Nations

### Implications for Ruyi Films

### Contributions of Ruyi Films



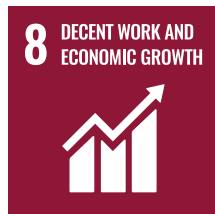
Ensure occupational health and safety of employees.

Provide excellent work environment, ensure occupational health and safety of employees and artists, and take proper prevention measures during the pandemic.



Achieve gender equality and empower all women and girls.

Remuneration of an employee is determined based on his/her respective academic qualification, expertise, experience and personal performance, and do not differ according to their gender.



Promote inclusive and sustainable economic growth, full employment and decent work for all.

Achieve higher level of economic productivity through the technological upgrading and innovation of content production and online streaming business.



Support development, research and innovation of domestic television and film content technologies, including provision of favourable environment for content production to facilitate healthy, orderly development of television and film industry.

Enhance local dramas and films production and increase the distribution channels for local dramas and movies through content production and the use of online streaming media platforms.



Ensure equal opportunities and reduce inequality.

By enriching content production and online streaming media, as well as introducing domestic and overseas copyrighted dramas and films, we enable more audience to watch dramas and films, thus ensuring equal access to information.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### 4. STAKEHOLDER ENGAGEMENT

The Group has been continuously optimizing and enhancing the smoothness and effectiveness of communication channels so as to improve the communication bridges between the Group and its stakeholders. As a result of business transformation, upon conducting materiality assessment during the year, we have conducted in-depth investigations on major stakeholders during the reporting period to reassess and prioritize major ESG issues. The investigation results help us to determine ESG disclosure and key points in the Report.

The Group identified the following category of major stakeholders:

Stakeholders	Expectations and demands	Communication and response
<b>Mobile software application ("APP") users</b>	<ul style="list-style-type: none"> <li>Understand the use of Pumpkin Films APP by users.</li> <li>Ensure the online playing quality of Pumpkin Films.</li> <li>Protect customer data and privacy.</li> </ul>	<ul style="list-style-type: none"> <li>Production innovation and service upgrade</li> <li>Customer information and privacy protection</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Formulate health and benefit plans, and let employees understand the development direction of the Group.</li> <li>Understand opinions of employees on the development of the Group.</li> <li>Strengthen team cohesion.</li> <li>Collect improvement recommendation from employees.</li> </ul>	<ul style="list-style-type: none"> <li>Good remuneration package and benefits</li> <li>Staff training</li> <li>Regular team activities</li> </ul>
<b>Suppliers and commercial partners</b>	<ul style="list-style-type: none"> <li>Ensure that products and services provided by suppliers meet with the required standards, and suppliers are operated in accordance with applicable laws and regulations.</li> <li>Build mutual trust partnership.</li> <li>Fulfill the demands and expectations of audience on dramas and films.</li> <li>Improve quality of dramas and films.</li> <li>Make investment decisions that facilitate the establishment of responsible drama and film market.</li> <li>Formulate market strategies that meet with the needs of audience.</li> </ul>	<ul style="list-style-type: none"> <li>Perform contracts in accordance with laws</li> <li>Business review meetings</li> <li>Business contacts</li> </ul>





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Stakeholders	Expectations and demands	Communication and response
<b>National Radio and Television Administration</b>	<ul style="list-style-type: none"> <li>Comply with the compliance rules of regulators.</li> <li>Maintain good relationship with National Radio and Television Administration.</li> </ul>	<ul style="list-style-type: none"> <li>Site inspection and visits</li> <li>Compliance management</li> <li>Governance announcement</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Explain the latest development of the Group to the Shareholders and investors.</li> <li>Gain supports from the Shareholders and investors in respect of administrative decisions.</li> <li>Create investment returns for the Shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>Email, telephone communication and company website</li> <li>Response to media enquiries through meetings and communications</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Charity movies</li> <li>Charity activities</li> <li>Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>Participate in charity activities</li> <li>Protect environment surrounding the outdoor filming area</li> </ul>

## 5. MATERIALITY ASSESSMENT ON ESG TOPICS

By conducting stakeholder investigation through online questionnaires and face-to-face interviews, the Group objectively assesses the importance of various ESG topics on business development of the Group and the level of concern of stakeholders on such ESG topics. The Group ranks the importance of ESG topics and prepares materiality matrix to determine the key disclosures of the Report, and proactively responds to the expectations and demands of various stakeholders.

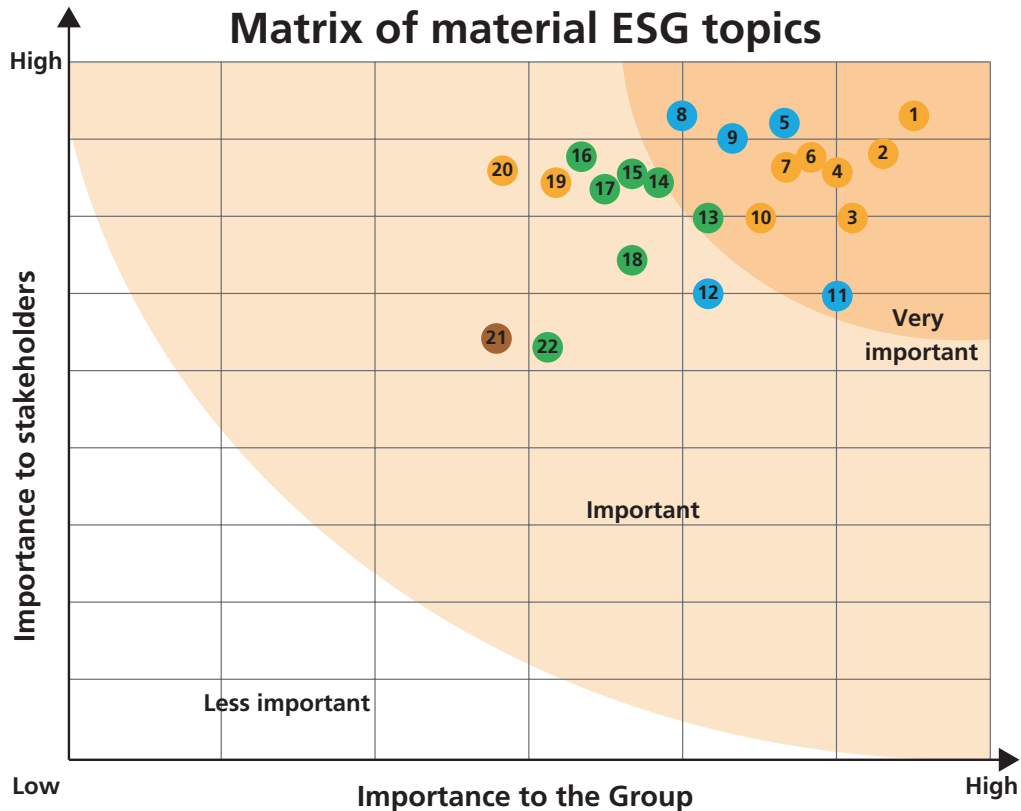
Steps taken on materiality assessment on ESG topics for the year:

Determine relevant topics	Based on the review on our content production and online streaming media business and the assessment results of material ESG topics for the prior year, as well as with reference to laws and regulations regulating the drama and film industry, we determine the list of topics regarding our businesses and stakeholders.
Distribute questionnaires to stakeholders	In September 2021, we started to prepare questionnaires, and invited stakeholders to join our investigation through mobile QR codes.
Material topic ranking and determination	In respect of each topic, we assess the importance of such topic to stakeholders. At the same time, we assess the importance of such topic to the Group and rank those topics. The ESG working group will review such matters and report to the Board for approval.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Based on the scoring results of the importance of various ESG topics to stakeholders, we rank the ESG topics as shown in the materiality matrix below. Matters shown at the top right-hand corner are the most important and concerned ESG topics of the Group.



#### Environment protection

- 13 Green operation/office
- 14 Water resource consumption and sewage treatment
- 15 Waste treatment
- 16 Environment protection of area surrounding the filming area
- 17 Energy consumption and energy saving initiatives
- 18 Respond to climate change
- 22 Greenhouse gas emissions

#### Compliance operation

- 01 Policy and regulation compliance
- 02 Protection of intellectual property rights
- 03 Customer privacy protection and information security
- 04 Customer satisfaction and handling of complaints
- 06 Supply chain management and sustainable development
- 07 Responsible marketing and promotion
- 10 Product and service quality management
- 19 Anti-corruption management mechanism
- 20 Responsible drama and film contents

#### Employment management

- 05 Prevention of child and forced labor
- 08 Occupational health and safety
- 09 Staff training and development
- 11 Talent recruitment and team building
- 12 Performance appraisal and remuneration and benefits

#### Social investment

- 21 Participation of social charity activities



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### 6. DEVELOP PRODUCT QUALITY

The Group always strives to the philosophy of “technology promoting innovation, while innovation driving growth”. The Group embraces future technology development and innovation with an open mind, and produces popular dramas and movies using its expertise. Looking forward, the Group will continue to deepen the innovation and application of intelligent technology and facilitate upgrade of streaming media industry using technologies, aiming to provide users with immersive viewing experience. By collecting the real viewing data of a large number of paid users of Pumpkin Films, the Group analyzes the film types that are popular among users through advanced multi-dimensional algorithm. The Group facilitates data-orientated content production based on the real preference of users.

Ruyi Films adopts the producer-centric system and has extensive experience in industrialized film production. Through refined division of works, scientific management, standardized production and line production, while lowering the costs of production, Ruyi Films is able to achieve products with relatively high degree of artistic completeness, predictable commercial returns, and sustainable research and development and production. Leveraging on the strong industrialized production capability of Ruyi Films, the Group creates customized and exclusive content for Pumpkin Films, thereby promoting mainstream values and actively reflecting the themes of the era. Through modern, artistic and popularized production and expression, the Group aims to create resonance between films and audiences and provide a spiritual sustenance for audiences, thus strengthening the cultural identity and cultural confidence of Chinese people.

Both Pumpkin Films and Ruyi Films have their own industry-leading competitive advantages, which will be fully consolidated for the integrated development of two companies in the future. By focusing on differentiated content creation and diversified contents, the two companies steadily and continuously create dramas and films that are in line with the central theme and popular among subscribers. Both companies will continue to increase its attractiveness to subscribers, build up unique brand image, create core competitiveness and establish strong business moats.

#### 6.1 Responsible Dramas and Films

The Group is of the view that quality of video contents and streaming media service quality improvement are the most important elements of the sustainable development of our operations. To standardize and manage internal drama and film production and operation, we pay close attention to and strictly comply with relevant laws and regulations on real-time basis, including the Cyber Security Law of the People’s Republic of China 《中華人民共和國網絡安全法》, the Regulations on the Customer Information Protection for Telecom and Internet Users of the People’s Republic of China 《中華人民共和國電信和互聯網用戶客戶信息保護規定》 and the Copyright Law. Leveraging on its industry leading content production capability and IP development capability, the Group has established comprehensive content production chain that provides high quality video contents to meet with users’ demands on outstanding dramas and films, thereby continuously improving cultural and entertainment experience of users.

##### Ruyi Films

Ruyi Films is a professional film and television production brand of the Group with industry-leading capabilities in research and development, production, as well as promotion and distribution. Ruyi Films has incubated the creation of more than 100 films and television copyrights. It has also invested in and produced numerous extremely influential film and television works, which won numerous significant awards, such as the Flying Apsaras Award, the Golden Eagle Award, the Magnolia Award and the Huading Award. These outstanding performance and achievements made by Ruyi Films are attributed to its pursuit to quality drama and film production and its high requirements on cast member selection.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

- Centering on values of drama and film contents, and exerting the soft power of film and television works in value guiding.** When selecting themes for dramas and movies, Ruyi Films eliminates any elements that are in contradictory to the correct values, such as wrong judgment on good and evil and bad taste contents, in any of its film and television works. Ruyi Films mostly selects themes that can promote positive energy and positive attitude for analysis and drama and film production. Ruyi Films visualize all values to be delivered through artistic works, thus guiding audience in building up positive values. In respect of content creation, Ruyi Films, under its craftsman’s spirit, has produced a series of popular masterpieces that deliver valuable messages to audience, such as major period dramas with both ideological depth and aesthetic appeal that tell the story of Chinese history and pass on the national spirit, including “All Quiet in Peking” (《北平無戰事》), “Doctor of Traditional Chinese Medicine” (《老中醫》) and “The Legendary Tavern” (《老酒館》), as well as youthful masterpieces that focus on passionate years of life and sing the praise of ordinary everyday lives, including “Hi, Mom” (《你好·李煥英》), “Old Boy” (《老男孩》) and “City of Rock” (《縫紉機樂隊》).
- Continuously injecting creativity to self-produced dramas and movies with its seasoned, strong professional team.** Ruyi Films has an outstanding, experienced professional team of producers that accumulated extensive experience in industrialized film production. Ruyi Films adopts the producer-centric system, and continues to optimize content production chain that standardizes and refines the production process. Meanwhile, Ruyi Films has its own film and drama incubation center. Leveraging on its comprehensive content production chain resources integration capability, Ruyi Films can incubate the creation of its self-produced film and television copyrights.
- Strictly selecting and strengthening creative resources, and ensuring high quality of every professional crew.** Apart from incorporating positive values into every works produced, Ruyi Films also focuses on maintaining the positive attitude of every crew. To ensure the quality and standard of dramas and films, before selecting crew to join the production of dramas and films, Ruyi Films will meet with crew members, including the director and artists, and examine the current status of the crew and recent performances. Ruyi Films believes that objective selection of professional, responsible crew member will bring positive values to dramas and films produced.



“Hi, Mom” (《你好·李煥英》), a film produced by Ruyi Films, ranked top in the box office during the Lunar New Year in 2021. The film recorded a box office of over RMB5.2 billion after 30 days of its release.

This debut film directed by Jia Ling is produced in memory of her mother. The simple, pure and sincere sentiment between mother and daughter has hit the most sensitive part of human being, and deeply touched millions of audience.

Li Huanying, a character in the film, reflects the real life of numerous mothers. They are ordinary but great, and always give warmth and power to their children.

The film displays the attentive, selfless love of mother using warm, sincere artistic expression, deeply touches hearts of audience.

The film has received praises from audience and the National Radio and Television Administration!



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### Awards and Honours

#### Hi, Mom (你好，李煥英)

Douyin Entertainment Annual Award  
(抖音娛樂年度大賞)

🏆 **Most Popular Comedy Film Award**

Sina Weibo Night  
(新浪微博之夜)

🏆 **Weibo Annual Film Award**

China Annual IP Selection (中國年度IP評選)

🏆 **Marketing and Promotion Award**

29th Shanghai Film Critics Awards  
(第29屆上海電影評論學會獎)

🏆 **Top Ten Chinese Films of the Year**

Discover • Z Generation Semi-Annual Consumption Report  
(發現·Z時代信息消費數據半年報)

🏆 **TOP10 Reputed Films**

🏆 **TOP10 Accredited Films**

3rd Lighthouse Pro Annual Award List for Trailers  
(第三屆燈塔專業版預告片大賞年度榜單)

🏆 **Most Completed View Trailer : Hi, Mom : Final Trailer**

2021 Weibo Movie Night (2021年微博電影之夜)

🏆 **Weibo V Recommendation Annual Reputed Film**

Beijing International Film Festival • 28th College Student Film Festival (北京國際電影節·第28屆大學生電影節)

🏆 **Outstanding Chinese Films Selected under "Light of Youth (光影青春)"**

13th Macau International Movie Festival Nominee  
(第13屆澳門國際電影節入圍)

🏆 **Best Film**

2nd "Light of China" Ceremony  
(第二屆「光影中國」榮譽盛典)

🏆 **Top 10 Media Eye-catching Films for 2020-2021**

Douban 2021  
(豆瓣2021)

🏆 **No.3 of Chinese Film with Highest Score**

Sina Movie  
(新浪電影)

🏆 **2021 Top Ten Chinese Films**

Movie Channel : Most Touching Moment of the Year  
(電影頻道年度銀幕催淚瞬間)

🏆 **Hi, Mom**



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### The Reunions (吉祥如意)

23rd Shanghai International Film Festival  
(第23屆上海國際電影節)

🏆 Nominated in Competition Unit —  
Golden Goblet Award  
Best Film

Beijing International Film Festival • 28th College Student Film  
Festival (北京國際電影節 · 第28屆大學生電影節)

🏆 Outstanding Chinese Films Selected  
under “Light of Youth (光影青春)”

Douban 2021  
(豆瓣2021)

🏆 No.7 of Chinese Film with Highest Score

Sina Movie  
(新浪電影)

🏆 2021 Top Ten Chinese Films

### A Little Red Flower (送你一朵小紅花)

2021 Weibo Movie Night (2021年微博電影之夜)

🏆 Weibo V Recommendation Annual Reputed Film

Beijing International Film Festival • 28th College Student Film  
Festival (北京國際電影節 · 第28屆大學生電影節)

🏆 Outstanding Chinese Films Selected  
under “Light of Youth (光影青春)”

30th Huading Awards (第30屆華鼎獎)

🏆 Nomination: Best Film

2nd “Light of China” Ceremony  
(第二屆「光影中國」榮譽盛典)

🏆 Top 10 Media Eye-catching Films for 2020–2021

🏆 Committee Special Recommendation Film for 2020–  
2021

iFeng Index 2021  
(鳳娛指數2021年度榜單)

🏆 Film of the Year

Sina Movie  
(新浪電影)

🏆 2021 Top Ten Chinese Films

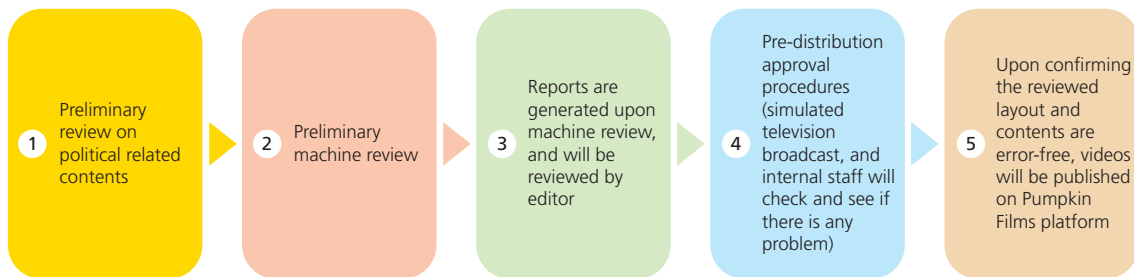


## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### Pumpkin Films

Pumpkin Films is a streaming media platform under the Group, which focuses on establishing the vertical subscription-only membership system. With serving users as the core, as empowered by technologies including multi-dimensional algorithm, films are sorted in multi-dimensions and multi-perspectives. In addition, with better understanding on users and films through algorithm, users' attention and enthusiasm are effectively boosted, resulting in further expansion in user base and increase in level of customer stickiness. Since the acquisition of Pumpkin Films by the Group, the number of subscribers of Pumpkin Films platform increased significantly through the consolidation of shareholders' ecosystem resources and the competitive edges and strengths in related data fields. As at 30 June 2021, the cumulative number of registered members of Pumpkin Films reached 61.94 million, and the cumulative number of paying subscribers reached 24.62 million, reflecting its rapid growth trend.

Pumpkin Films focuses on the contents of dramas and films purchased, and strives to ensure the quality of online dramas and films. After purchasing copyrights, Pumpkin Films will conduct strict review on video contents through the five approval steps in accordance with national regulations such as the Regulations on the Administration of Movies and license requirements. Pumpkin Films attaches great importance to the safe broadcast of videos, and puts huge efforts in content review. In combination of machine review and human review, Pumpkin Films can ensure that the extensive, compliance contents of dramas and films are published on its platform.



**Five approval steps of Pumpkin Films on video contents**

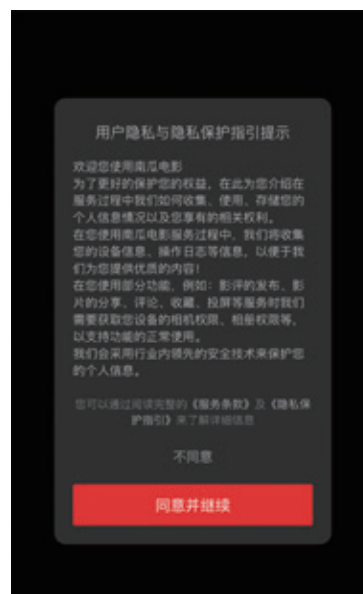
## 6.2. Information Security and Customer Privacy

Safeguarding user information and privacy is the basic principle of business operation of the Group. The Group strictly complies with relevant national laws, regulations and standards such as the Cyber Security Law of the People's Republic of China 《中華人民共和國網絡安全法》, the Information Security Technology — Personal Information Security Specification 《信息安全技術個人信息安全規範》 and Law on the Protection of Minors 《未成年人保護法》, so as to ensure standardized, procedural management of user personal information. We have added the regulatory requirements on privacy protection into our internal compliance policies, and make our best endeavors to protect user personal information through reasonable, effective information security technologies and management procedures. Taking into consideration of different factors such as laws, products and design, we have incorporated the concept of privacy protection into different procedures in product or service development, and adopted hierarchical internal access control. User information protection are implemented in every procedures covering from information collection, transmission, saving, display and enquiry etc.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

The Group clearly expresses the purposes, methods, scope and rules on personal data handlings to the users of Pumpkin Films APP, and collect relevant data upon successfully obtain their consent. We publish our privacy protection policies in plain language in relevant product websites and applications, and clearly express to the users regarding the purposes, methods and scope of the collection and use of personal information. We inform users to read about collection and usage rules, such as privacy policy, through pop-up windows and other clear remainders so that users can learn about our information protection measures. In addition, we adhere to the principle of minimization and do not obtain unnecessary authorization when collecting and managing user privacy data and information.



Notification of Pumpkin Films APP user privacy guidelines

### Information Security Assessment and Third Party Review

- Pumpkin Films invited the China Academy of Information and Communications Technology to conduct security review on the data backend of Pumpkin Films. The review covers fraud assessment on back office data in respect of user system, payment system, access system and other aspects.
- In 2021, Pumpkin Films joined the Excellent Security and Trusted Data Plan (卓信大數據計劃), and received the security audit certificate.
- In respect of information security system, Pumpkin Films obtained the certificate of 3-Grade Protection of Information Security (安全等級保護三級認證) for a term of one year. During the process of obtaining such certificate, strict reviews on data security, data audit and data saving were conducted to ensure the security of internal information system and customer privacy information of the Group.
- Meanwhile, Pumpkin Films engaged the security team of Alibaba Cloud to conduct annual terminal security review on Pumpkin Films. The Alibaba Cloud team conducted random stimulated attacks on the data system of Pumpkin Films to check the reliability of security system of Pumpkin Films. Upon review, the Alibaba Cloud team issued a report on security frauds found in the system, and Pumpkin Films has rectified such problems. In addition, Pumpkin Films recorded the follow-up actions regarding stimulated attacks by the Alibaba Cloud team using third party system so as to ensure the transparency and flow of the review process.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### 6.3. Customer Compliant Handling

As a responsible content production and online streaming media operator, we focus on improving the viewing experience of users, striving to provide them with the best quality dramas and films.

By implementing multiple quality inspection and post-launch real-time monitoring on software, our Pumpkin Films APP strengthens quality of software and services, striving to provide users with excellent viewing experience. Before the release of software, strict test on software will be conducted, and the release is subject to approval of various departments. Upon the launch of product, we will monitor software operation in real-time using third party tools, collect data about product abnormality, and arrange manpower to solve such abnormal situations.

To protect the legitimate rights of users, we have formulated comprehensive user compliant handling procedures. We have opened different channels to collect opinions and feedback, including the 400 699 6228 hotline and online feedback. The aforementioned channels are published in our official website or software. Our customer service officer will handle user complaints based on complaint type. Our customer service and technical team will launch timely investigation in the root cause of the compliant, and promptly take rectification and prevention measures in response to the customer compliant. When handling compliant, we also focus on customer experience. We request our customer service team to monitor the sentiment change of customers and their demands on a continuous basis, and timely adjust and formulate appropriate solution. Our customer service officers will try their best to explain the software issue and resolve problems experienced by customer. If customers are not satisfied with the solution, customer service officers can propose short-term free membership or return to customers. In addition, the Group attaches great importance to customer feedback on service quality. To continuously improve and enhance service quality, the Group will conduct customer satisfaction survey.

### 6.4. Youth Mode

To protect the mental and physical health of teenagers, we have formulated anti-addiction system for minors in accordance with the requirements and regulations on preventing minors from addicting to video viewing under laws and regulations, such as the Ordinance on the Protection of Minors on Internet (《未成年人網絡保護條例》). Such system has been applied in our Pumpkin Films APP. In our youth mode, we have specifically included some puzzle and educational videos. We strictly control the timing and duration of viewing of underage users. Under the youth mode, underage users are prohibited from using the software from 22:00 to 08:00 on the next day. In respect of restriction on viewing duration, the daily maximum viewing duration for underage users is 40 minutes.

During the reporting period, our anti-addiction system for minors is operating smoothly, and does not violate laws and regulations such as the Ordinance on the Protection of Minors on Internet (《未成年人網絡保護條例》).

### 6.5. Protection of Intellectual Property Rights

The Group deeply understands that intellectual property rights are important assets of an enterprise, and treats them as the foundation of operation. The Group strictly complies with laws and regulations on intellectual property rights, such as the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Trademark Law of the People's Republic of China (《中華人民共和國商標法》). To effectively protect the intellectual property rights of the Group and respect the intellectual property rights of others, we have formulated the intellectual property right protection management system, which clearly stipulates the duties of intellectual property right management, scope of intellectual property right, ownership of intellectual property right, rewards and other related matters.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

The Group has recruited special intellectual property officers, who are responsible for intellectual property right management. For example, before starting cooperation, Ruyi Films of the Group will request screenwriter, copyright owner of screenplay or original copyright owner of work to make written commitments regarding independence and originality of the work. Ghost-writing or copy of other intellectual property rights are strictly prohibited. Relevant liabilities on breach of contract are expressly stipulated in the contract. When purchasing or selling copyrights of dramas or films, we strive to conduct purchase and sale through official channels to protect our legitimate rights and avoid infringement of others' intellectual property rights. For instance, Ruyi Films of the Group adopts several measures to avoid any potential infringement of intellectual property rights, such as signing rigorous purchase agreement when purchasing copyrights, and expressly defining duties of parties involved. The complete scope of authorization will be stipulated under the provisions of the contract. Upstream supplier shall be liable for any infringement action. Internally, Pumpkin Films adopts digital alert system to manage works with copyrights that are about to be expired. The system will release yellow alert one month prior to the expiry of copyrights, and red alert for any works with copyrights to be expired within one week. Finally, we manually remove copyrighted contents that are about to be expired so as to avoid inadvertent infringement of intellectual property rights.

In respect of trademark management, the Group proactively evaluates, applies and protects trademarks of the Company. The Group has recruited special intellectual property officers, who are responsible for trademark management and formulation of trademark protection system. The Group registers its trademarks in a timely manner. For example, after completing the production of "Hi, Mom" (《你好·李焕英》), the Group has registered all categories of trademarks for "Li Huanying" to ensure the promptness and accuracy of trademark application. In addition, we proactively conduct trainings on intellectual property rights. If employees discover other inappropriate use of videos in the market, we encourage employees to report such case to the management for further investigation.

### 6.6 Internet Home Furnishing and Material Business

The Group's internet home furnishing and material business covers categories including customized furniture, complementary home electric appliances, balcony textile art products and soft decorations, decoration engineering and kitchen supplies, meeting customers' consumption needs for one-stop home furnishing. While developing our principal content production and online streaming media business, we have to ensure that the emission of hazardous substances from all kinds of home products and materials meet with current national requirements, including GB 18580-2017 Interior Decoration and Refurbishment Materials — Limit of Formaldehyde Emission of Wood-based Panels and Finished Products (《GB 18580-2017室內裝飾裝修材料人造板及其製品中甲醛釋放限量規定》), GB 18584-2001 Interior Decoration and Refurbishment — Limit of Harmful Substances in Wood Furniture (《GB 18584-2001室內裝飾裝修材料木家具中有害物質限量》) and GB 6566-2010 Limit of Radionuclides in Construction Materials (《GB 6566-2010建築材料放射性核素限量》). We expressly stipulate our quality standards and specifications in contracts, and require our partners to provide quality inspection reports according to product batches so as to ensure product quality.

In respect of after-sale services, we have formulated the after-sale service management system, which sets up service standards and defines scope of duties in different procedures, thus practically ensuring customer service standard. Our customers can make complaints through our after-sale service hotline. Upon receiving complaints, our after-sale service centre will immediately take follow-up actions and contact factories for further handling. During the reporting period, the home furnishing and material products of the Company are not subjected to product recalls for quality and safety reasons.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### 7. COOPERATING TOGETHER

Comprehensive supply chain management and good procurement management are vital for the sustainable operation of the Group. Major suppliers of the content production and online streaming media business of the Group are classified into the following four major categories:

1. Administrative procurement — primarily includes office equipment and electronic devices, such as stationery, computer, printer etc.;
2. Technology procurement — primarily includes data saving and server suppliers, such as Alibaba Cloud, Tencent Cloud etc.;
3. Copyright procurement — primarily includes copyrights of films and drama, and our supplier partners include Universal Pictures, HBO, huasho.tv etc.; and
4. Promotion procurement — primarily includes films and dramas promotion and traffic boosting, and platforms used include Douyin, Kuaishou etc.

Adhering to the principle of mutual trust, we achieve the above goals by establishing long-term cooperative relationship with our suppliers. All procurement works of the Company are conducted by the procurement group based on fair, objective and professional standards. When selecting supplier, we take into consideration of various factors, including but not limited to the number of users, reputation, company strength, qualification, payment capability, product quality, after-sale service, pricing etc.

For entrusted suppliers, we will enter into contracts with those suppliers, especially in relation to copyright procurement. All commercial terms will be reviewed by lawyers before signing of any contracts, including obligation terms, price, exclusive, non-exclusive, term of validity etc.

Although the social and environmental risks exposed to our supply chain are relatively low, when selecting suppliers, in addition to taking into consideration of the aforementioned factors, we will review the status of new suppliers through various means. For example, we will focus on reviewing the legality of the qualification of suppliers, assessing whether there are any legal disputes or potential safety issues in the operations of the supplier, considering the quality of its products or services, social influence of the supplier and other related factors. On such basis, for technology procurement, we will review its privacy policy and system on protection of user information.

For drama and film projects, since the crew is formed on temporary basis, we will conduct the production through contracting in addition to the production team of the Company. We are responsible for the overall organization of drama and film projects, the general control of crew members and the overall budgets. We will recruit temporary staff to complete the shooting when necessary. In respect of casting, we will select suitable cast based on the plot. We will take into consideration of the following factors:

- whether he/she meets with the requirements of the character;
- good personality and public image;
- high professionalism; and
- performance ability.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

In respect of internet home furnishing and material business, we will conduct onsite inspection at factory, and random testing on raw materials, semi-finished goods and finished goods regularly so as to learn about the actual product quality and the effectiveness of quality control and management system. We will collect all after-sale feedbacks obtained during the use of products, and propose rectification requests on defective products. If the supplier fails to make rectification, such supplier will be eliminated.

In respect of green procurement, we will fully take into account of environmentally friendly, resources saving and low-carbon products that can be recycled and reused. We will prioritize in purchasing and using energy and material saving products that are beneficial to environmental protection. For example, when purchasing meals for staff who works overtime, we try to minimize the use of disposable tableware.

During the year, we have business partnership with 211 domestic and overseas suppliers. Most of them are film and drama copyrights suppliers. By introducing film and drama copyrights, we have expanded our online streaming media film and drama database to attract more users.

### 8. REMAIN TRUE TO OUR ORIGINAL ASPIRATION OF INTEGRITY OPERATION

The Group strictly abides by the Companies Law of the People's Republic of China 《中華人民共和國公司法》, the Anti-Unfair Competition Law of the People's Republic of China 《中華人民共和國反不正當競爭法》, the Interim Provisions on Banning Commercial Bribery 《關於禁止商業賄賂行為的暫行規定》 and other laws and regulations. Internally, the Group strictly promotes the culture of anti-corruption and integrity, and treats honesty and integrity as the most vital part for the sustainable development of the Group.

#### 8.1. Establishment of Integrity System

To effectively create an integrity, honest working atmosphere and regulate its own commercial ethics, the Group strictly implements the provision on integrity, professional code of conduct and personal morality under the Staff Manual 《員工手冊》. The Group requests its employees to adhere to the principle of honesty, integrity and fair when working, and prohibits them from asking for and obtaining any benefits.

In addition, to implement integrity management, the Group encourages employees to report any illegal or immoral acts such as corruption and bribery. Meanwhile, the Group adopts zero-tolerance on violations. As the Group adopts horizontal management, employee can directly reports to human resources or senior management on any discovered or suspected corruption. All complaints will be handled fairly in a confidential way. If anyone is found to be in violation of code of conduct, he/she will be subject to disciplinary actions, and be liable to damages and legal liabilities in accordance with laws.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### 8.2. Integrity Training

The Group proactively promotes integrity education and training, encourages management and employees to adhere to baseline of professional morality, and increases their awareness on any non-disciplinary and non-compliance acts such as corruption and bribery. For new employees, the Group organizes promotion and training on provision on integrity, professional code of conduct and personal morality under the Staff Manual. In order to ensure new employees fully understand and comply with relevant rules, they will sign the Learning Confirmation 《學習確認書》 upon completing the training. During the year, the Group arranged lecturers to conduct training session for all employees of the Group to systematically explain contents in relation to the provision on integrity, professional code of conduct, personal morality under the Staff Manual of the Group, aiming to make sure that every employee is strict with oneself and fully complies with standards and requirements under the provision on integrity.

During the reporting period, the Group did not aware any concluded legal cases regarding corrupt practices brought against the Group or its employees.

## 9. CREATING A PROMISING FUTURE

The Group firmly believes that growing together with our employees is an important part for healthy corporate development. The Group always adheres to the principle of fair, diversified employment and inclusive development, striving to create a happy working environment that promotes innovation, health and safety and gender equality for employees. The Group also strives to provide a working environment in which every employee can fully exploit his/her own talent.

The Group strictly complies with relevant laws and regulations such as the Labor Law of the People's Republic of China 《中華人民共和國勞動法》, the Labor Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》 and the Law on the Protection of Women's Rights and Interests of the People's Republic of China 《中華人民共和國婦女權益保障法》, and formulates and strictly implements the internal Staff Manual and the Work Attendance Management System 《考勤管理制度》 in accordance with laws.

The Group believes that employees are important elements to our success. Hence, we strive to retain our employees by creating a good working environment and development opportunities so that our employees can have a better self-development and focus on their works. Our works include encouraging open exchange between employees and management, and accrediting hardworking employees.

Moreover, the Group actively advocates the concept of equal employment. To promote employee diversity and attract outstanding talents in film and television industry, the Group opens several official recruitment channels, primarily classify into online and offline recruitment. Online recruitment channels include Zhaopin.com (智聯招聘), liepin.com (獵聘網), Boss Zhipin (Boss直聘) and lagou.com (拉勾網) etc. Offline recruitment channels include internal referrals, campus recruitment, labor market recruitment, special recruitment fair and headhunting companies etc. When conducting recruitment works, the Group strictly complies with the Law of the People's Republic of China on the Protection of Minors 《中華人民共和國未成年人保護法》, the Regulations on the Prohibition of the Use of Child Labor of the People's Republic of China 《中華人民共和國禁止使用童工規定》 and other laws and regulations so as to avoid child labor or forced labor. During the recruitment process, the Group conducts identity verification to applicants, including but not limited to their age and qualifications, to ensure compliance with the national laws and regulations and the Group's employment management system.



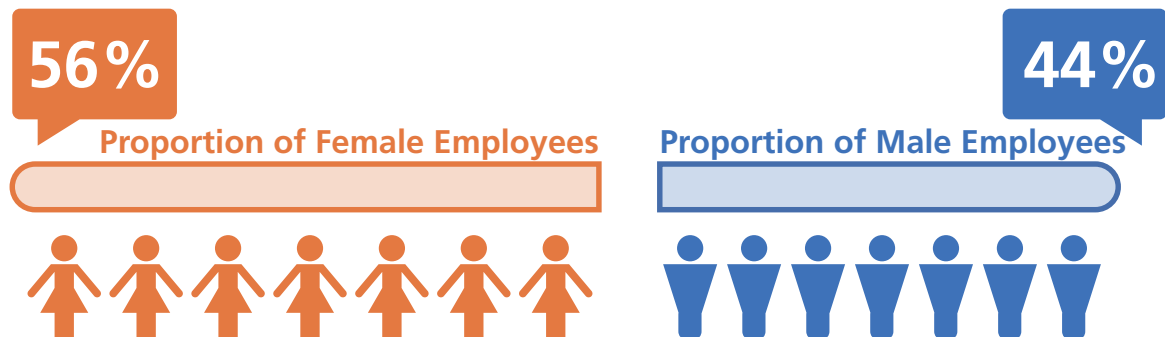
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Remuneration of employees of the Group is determined based on his/her qualification and experience. To incentivize employees to make contributions to the development of the Company, the Group will also provide discretionary bonus based on the personal performance of the employee during the year. In accordance with provisions under the Social Insurance Law of the People's Republic of China 《中華人民共和國社會保險法》 and the Administrative Ordinance on Housing Fund 《住房公積金管理條例》, the Company makes contribution to the pension insurance, basic medical insurance, work injury insurance, unemployment insurance, maternity insurance and housing fund for its employees in China. Moreover, the Company also makes contribution to social insurance fund for all of its permanent employees in China according to relevant national rules and local social insurance contribution policies. Employees are entitled to statutory holiday, annual leave, marriage leave, maternity leave and paternity leave.

The Group adheres to the principle of fairness on matters such as provision of employment opportunities, remuneration, education, performance appraisal and promotion. There is no case of discrimination in relation to gender, age, race, religion, culture or education background. We strive to provide equal development platform for all employees, secure different legitimate rights of employees and create a fair, harmonious working environment.

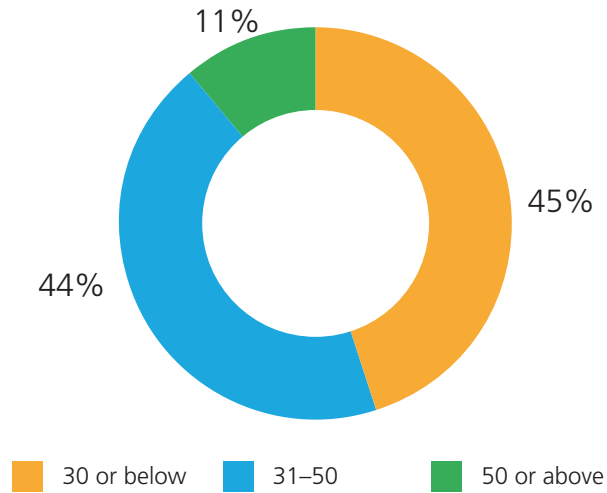
Following the business transformation of the Group, we have recruited a lot of employees for our content production and online streaming media business. As at 31 December 2021, the Group had a total of 401 employees, including 392 full-time employees and 9 part-time employees. The employee turnover rate was relatively low during the year.

### Employee Structure

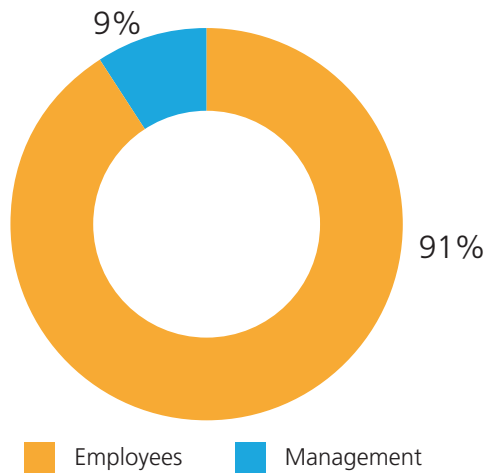




### Statistics of Employees by Age

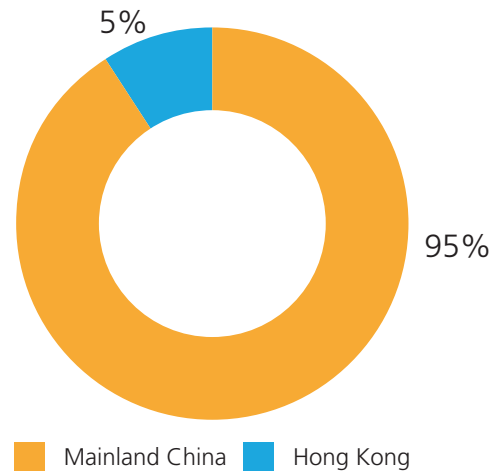


### Statistics of Employees by Ranking





### Statistics of Employees by Region



#### 9.1. Health and Safety

The Group always treats the health and safety of employees as one of the most concerned topics. We strictly abide by the Law on the Prevention and Treatment of Occupational Diseases of the People's Republic of China 《中華人民共和國職業病防治法》, the Production Safety Law of the People's Republic of China 《中華人民共和國安全生產法》, the Administrative Measures on Employee Training on Labor Safety and Health Education 《企業職工勞動安全衛生教育管理規定》, the ISO45001 Occupational Health and Safety Management System 《ISO45001職業健康安全管理体系》 and other relevant laws and regulations. We have purchased work injury insurance for new employees in accordance with relevant regulations. We regulate the employee on-the-job system and operating procedures by implementing relevant rules and systems such as the Staff Manual, so as to ensure the safety and health of our employees. For example, pursuant to the Staff Manual of the Group, employees are prohibited from entering different warehouses and filing rooms unless they are in need for job purposes. Smoking is prohibited in warehouses and filing rooms. Before leaving office, employees should check the safety condition of areas surrounding the office and turn off all office appliances such as computers, thereby eliminating different potential hazards.

Meanwhile, to strengthen fire safety management, the Group regularly organizes safety education and training for employees. Fire drill will be conducted in office premises every year, thus strengthening employees' capability in handling fire hazard and increasing their safety awareness. The fire drill shall cover:

- Location of fire alarm system;
- Fire-fighting equipment in the facility;
- Ways of using such equipment when fire breaks out;
- Ways of organized evacuation.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Under the COVID-19 pandemic, we have formulated pandemic prevention rules. Anti-pandemic materials are under centralized management and dispatch, covering from administrative management, personal protection and other aspects. We irregularly promote pandemic prevention knowledge, enhance employees' awareness on pandemic prevention, and secure the health and safety of employees. We provide sufficient hand sanitizing facilities. For example, we provide 70%-80% alcohol-based hand sanitizers in reception and corridor in public area.

In respect of health and safety of cast members and crew, the Company adopts various measures, such as purchase of commercial insurance and restrictions on contractors or suppliers through contract terms, to ensure the safety of shooting area and avoid occupational hazards that may endanger cast members and crew.

During the reporting period, the Group had no litigation in relation to violation of occupational health and safety laws and regulations. There was no case of work-related fatality. The number of loss of working days due to work-related injuries was zero.

### 9.2. Development and Training

The Group firmly believes that the expertise of our employees is closely related to the corporate development. It pays high attention to quality talent cultivation, and continuously expands and optimizes its talent pool in order to enhance the core competitiveness of the Group in the industry. We have established comprehensive employee training policies, and formulated long-term planning on occupational development of employees. We conduct professional trainings for the whole career path of employees, thus making the promotion path more transparent.

During the year, the Group conducted its key training programs in a diversified, innovation way. Employees can attend training courses through online and offline channels. At the same time, the Group conducted training courses by appointing internal trainers and arranging external learning courses for employees. Moreover, the Group regularly conducts employee performance appraisal, and announces the appraisal results and promotion direction in a transparent manner, thereby effectively boosting the work enthusiasm of employees and selecting outstanding talents for the Group.

In addition, we organize induction training for every new employee in order to help them to get familiar with different constitutional policies and corporate culture of the Company. We arrange experienced senior employees to help new employees to quickly adapt themselves to the corporate culture and working environment.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### Training Campaign for All Employees

From 18 to 20 June 2021, the Group conducted a 3-day offline training campaign for all employees. It has formulated specific training courses for senior management, middle management, administrative department and business department based on their classes and duties. While improving the expertise of employees from different departments, the training campaign has also strengthened the communication and team building of different departments under the Group. The training campaign helped all employees to get themselves equipped with necessary expertise and improved their personal capabilities, thus helping the Group in achieving rapid growth in the industry.



In 2021, the overall trainings of the Group were as follows:

<b>Percentage of staff trained</b>	<b>%</b>
Percentage of total number of staff trained	100%
Percentage of female staff trained	42.8%
Percentage of male staff trained	57.2%
Percentage of management trained	4.5%
Percentage of general staff trained	95.5%

<b>Average hours of training per staff</b>	<b>Hours</b>
Annual average hours of training per staff	39
Annual average hours of training per female staff	33.38
Annual average hours of training per male staff	44.53
Annual average hours of training per management staff	28.5
Annual average hours of training per general staff	49.5



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### 9.3. Labor Standards

China Ruyi fully understands that child labor and forced labor are in violation of basic human rights and international labor covenants, and threat to the social and economic sustainable development. The Group will only execute provisions under standard labor contracts, and will not set any restrictions on the employment between employees and the Group using any illegal or unfair means. The recruitment and employment standards of the Group are strictly complied with relevant rules under the Labor Law of the People's Republic of China.

In particular, the Group will ensure:

1. No child labor — During the recruitment, the Group will check the actual age of applicants (including checking the original copy of ID card). All applicants must be aged over 16.
2. Freedom of accepting employment — We will not allow forced labor. We will ensure that the employment conditions are on voluntary basis. Employees work for the Company on a voluntary basis. They are free to resign by giving notice in accordance with relevant system of the Company.
3. Remuneration and benefits — We will ensure that the remuneration and benefits of our employees meet with or better than the minimum statutory requirement of the country where relevant employee is employed. The Company will not take remuneration reduction as a disciplinary action.
4. Equal opportunities and anti-discrimination policy — We will ensure the recruitment, remuneration, training, promotion, dismissal and retirement policies and practices of the Group will not cause any discrimination to employees due to age, gender, marriage status, race, religion, disability or other factors that are not related to work. Remuneration is determined based on the performance, qualification and experience of employee.
5. Harassment and abuse — We will not tolerate any physical, sexual, psychological or verbal harassment or abuse to employees of the Group.

During the reporting period, the Group did not discover any significant violation of labor laws and regulations.

## 10. SAFEGUARDING GREEN ENVIRONMENT

As an environmentally friendly enterprise, we strive to minimize the negative impacts of our business operation to the environment, and to ensure our operations are in compliance with all relevant environment laws and other statutory requirements. The content production and online streaming media business of the Group do not have any significant impact on the environment. However, daily activities of the Group will have impacts on the environment, which primarily include:

- resources consumption, such as paper, energy and water;
- waste, such as domestic waste, drama and film prop etc.;
- greenhouse gas emission, primarily generated from electricity consumption.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Hence, we have adopted various measures, such as internal promotion of the concept of resource conservation and reduction at source, to incorporate the environment protection concept to our daily operation so as to minimize the impacts on the environment.

In order to maximizing efficiency of resource utilization, as well as achieving the best energy and water saving and emission reduction effects, we have adopted the following energy and water saving and emission reduction measures:

- encourage employees to send messages through electronic means so as to reduce printing;
- encourage employees to select double-side printing if printing is necessary;
- promote garbage classification and recycle usable papers;
- use of LED lightings in office; and
- reuse of drama and film props.

We also attach great importance to environment protection and waste management in shooting area. During the filming, we focus on the impacts on the environment, and guarantee the protection of flowers and plants. We will also handle domestic garbage and waste in different area near the shooting site.

During the reporting period, the Group did not discover any significant non-compliance or violation of relevant environmental laws and regulations.

### 10.1. Emission Management

#### Waste Gas Emission

The operations of the Group primarily include office and warehouse operation. Hence, there is no waste gas emission in relation to fuel combustion. The major source of waste gas is generated from use of vehicles. To reduce waste emission and maintain vehicle efficiency, the Group will conduct regular vehicle check, and timely pump up tyres to ensure normal tyre pressure, thus reducing use of gasoline. Data of air pollutant emission generated from business operation of the Group is set out below:

Air pollutants	Unit	2021	Intensity (Consumption/person)
Nitrogen oxide	kg	169.66	0.42
Sulfur dioxide	kg	0.87	0.002
Particulate matter	kg	9.16	0.02

Note: We take reference to the Reporting Guidance on Environmental KPIs of the Stock Exchange when calculating A1.1 emissions.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### Greenhouse Gas Emission

Greenhouse gas (“GHG”) emission (or “GHG emission”) is closely related to climate change, which brings long-term risk exposures and opportunities to the Company. To better understand the impacts in relation to GHG and climate change, we have conducted GHG inspection. We strive to reduce GHG emission. Quantitative data can help us in conducting further evaluation, as well as setting of emission reduction benchmarks and goals.

Electricity consumption by the Group is our major source of GHG emission. Our second major source of GHG emission is the gasoline consumption of the Company’s vehicles. During the reporting period, the total GHG emission generated from office of the Group was approximately 660.41 tCO<sub>2</sub>e. Particulars on GHG emission are as follow:

GHG	2021	
	Emission	Intensity (Consumption/person)
Scope 1 direct GHG emission	161.07 tCO <sub>2</sub> e	0.40 tCO <sub>2</sub> e
Scope 2 indirect GHG emission	499.34 tCO <sub>2</sub> e	1.24 tCO <sub>2</sub> e
Total GHG emission	660.41 tCO <sub>2</sub> e	1.64 tCO <sub>2</sub> e

Note: GHG emission (scope I) mainly comes from primary energy consumption of gasoline of official vehicle. GHG emission (scope II) is generated from electricity purchased. Emission coefficients are based on the Reporting Guidance on Environmental KPIs of the Hong Kong Stock Exchange. In particular, emission coefficients of greenhouse gas of purchased electricity are based on the China Regional Power Grid Baseline Emission Factor for Emission Reduction Project for 2017 《2017年度減排項目中國區域電網基準線排放因子》.

### Waste

We strive to reduce waste emission. Our waste is primarily classified as electronic waste and non-hazardous waste. To save resources and protect environment, waste is further classified as reusable and recyclable. The Group strives to reuse, recycle and reduce waste produced by the Group.

Hazardous waste produced from operations of the Group primarily includes obsolete electronic device, battery, ink cartridge etc. Non-hazardous waste produced from operations of the Group primarily includes paper, office printing material and domestic waste. Electronic waste is primarily collected, recycled and handled by computer service provider. Domestic waste is collected and handled on centralized basis by the property management company in the area where our office is located.

Non-hazardous and hazardous waste produced from business operation of the Group is as follow:

Waste	Unit	2021	
		Emission	Intensity (Consumption/person)
Non-hazardous waste	tonne	14.58	0.03
Hazardous waste	tonne	0.12	0.0003



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### 10.2. Resource Utilization

Resource utilization of the Group primarily includes electricity and water consumption in daily office operation.

#### Energy Consumption

We deeply understand the importance of effective use of resources. Hence, we implement electricity saving measures in office. In respect of electricity consumption, we encourage employees to turn off all unnecessary lightings and other electronic devices, such as computers and printers, and maximize the use of sunlight. In addition, we select air conditioner with energy efficiency label. We also recommend office staff to set the lowest temperature as 26°C or above. We conduct regular check and cleaning on air conditioners to lower the possibility of refrigerant leakage.

For gasoline usage, we encourage drivers of our internet home furnishing and material business to plan their routes before departing. We also encourage drivers to conduct regular vehicle maintenance, including regular tyre check to reduce gasoline consumption.

We strive to reduce energy consumption. Due to our business transformation, we find out the actual energy consumption of our new business through data collection for the year, and set feasible emission reduction benchmarks and goals for the coming year.

Office energy consumption of the Group is as follow:

Energy consumption	Unit	2021	Intensity (Consumption/person)
Total energy consumption	Thousands of kWh	1,133.49	2.82
Gasoline	Liter	59,338.16	147.97
Diesel	Liter	1,230.63	3.06
Electricity	kWh	586,443.77	1462.45

#### Water Resources

Water consumption of the Group is primarily used in daily office operation. Domestic sewage produced will be discharged to municipal pipeline network for sewage treatment. The Group did not experience any problems in relation to water consumption. Water is precious resource, especially in Northern China. Hence, we strive to save water and reduce waste of water consumption. Our washrooms are equipped with dual pressure water saving toilets. If there is water leakage in pipes, we will timely inform the property management company to arrange repair and inspection.

Water consumption in office of the Group is as follow:

Water consumption	Unit	2021	Intensity (Consumption/person)
Total water consumption	m <sup>3</sup>	8,163	20.35



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### Management on the Use of Packaging Materials

In respect of internet home furnishing and material business, major packaging materials of our products are classified into three major categories, namely paper box, plastic bag and foam or transit cotton buffer. To save transportation space, we have optimized the design of our home furnishing products, which are pre-assembled at factory to reduce use of packaging materials. We will arrange technical staff to assemble products at the sites of customers. Our paper box is made of corrugated fibreboard, which can be recycled and reused. Adhering to the “3R” principle, namely “Reduce”, “Recycle” and “Reuse”, all of our paper boxes and foam or transit cotton buffers can be reused or recycled, thus maximizing efficiency and recycling with minimum resources input.

### 10.3. Environment and Natural Resources

During the reporting period, we have complied with all relevant environmental protection laws and regulations. In respect of the content production and online streaming media business and internet home furnishing and material business of the Group, we are not aware of any significant violations of environmental protection laws and regulations in relation to air and GHG emission, water and land pollution, and production of hazardous and non-hazardous wastes which have greatly affected the environment and natural resources.

Along with the policies and measures mentioned under sections headed “Emission Management” and “Resource Utilization” above, the Group will continue to adopt environment protection measures and actions to minimize the impacts of our business development on environment and natural resources.

### 10.4 Responding to Climate Change

With the passing of Paris Climate Agreement by the United Nations, climate change has become an important issue that cannot be neglected for governments and enterprises across the world. The Chinese government has also facilitated and implemented the Nationally Determined Contribution measures, aiming to achieve “carbon peak” by 2030 and “carbon neutrality” of the “dual carbon goals” by 2060. The achievement of “dual carbon goals” is a broad and intensive economic and social systematic reform, which requires collective actions from all industries and sectors, including the film, television and streaming media industry. The film, television and streaming media industry has to maintain high-quality green development, guide the public in striving for environmental protection and emission reduction, which will be beneficial to the achievement of “dual carbon goals”.

The Group also attaches great importance to the impacts of climate change on the operation of the Group. In active response to calls of national policies, we have gradually identified the climate change-related risks and opportunities in relation to the business development of the Group with reference to the list of risks as recommended by the Task Force on Climate-Related Financial Disclosures (“TCFD”). Meanwhile, we have formulated a series of measures and administrative rules on potential climate-related risks to help the Group to maintain its sustainable development when exposing to climate-related risks.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Risk type	Source of risk	Impacts	Responsive measures
Physical risk	Frequent extreme weather (extreme rainfall, global warming, typhoon etc.)	Frequent extreme weather may result in damage to outdoor filming equipment for dramas and films, personnel casualty etc., thus causing suspension in shooting and asset loss	<ul style="list-style-type: none"> <li>Formulate emergency plan for outdoor filming</li> <li>Organize trainings on emergency plan for outdoor filming</li> </ul>
Transition risk	Climate and environmental protection related policies, laws and regulations	Gradual introduction of new policies in relation to climate and environmental protection (such as “dual carbon goals” etc.) may result in stricter regulations over outdoor filming environment of film and television industry	<ul style="list-style-type: none"> <li>Continuously monitor the changes in relevant policies, conduct self examination on regular basis and timely formulate responsive measures</li> </ul>
	Public call for enhancement in waste management and waste reduction by enterprises	Improvement of waste treatment in outdoor and indoor filming may result in rise in operating costs	<ul style="list-style-type: none"> <li>Establish comprehensive waste management for outdoor and indoor filming (such as garbage classification measure at shooting sites etc.)</li> <li>Establish shooting prop warehouses to store shooting props and equipment for recycling and reuse</li> </ul>





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Looking forward, the whole society is stepping towards the direction of low carbon economy development. The Group has also identified potential opportunities for the Group arising from sustainable development. We strive to discover and grasp the opportunities for corporate sustainable development.

### Future trend

### Potential opportunity

Whole society stepping towards the direction of green, low carbon and high quality development

Technology advancement offers huge opportunities for reduction in energy consumption and cost, as well as low carbon economy transition. With the continuous integration and innovation in digitalization and industrialization of film and television industry, film and television production can produce orderly and efficient output covering from scene construction, onsite shooting, prop management and other fields. While improving the quality of film and television works, this can also drive us towards the direction of sustainable, quality development.

Increasing public awareness on environmental protection related topics

The increasing awareness on climate change from the public and association and institutions from film and television industry will create new market opportunities. Looking forward, we, in our capacity of film and television producer, can increase public awareness on climate change by creating different quality films and dramas, thus combating climate change.

## 11. PROMOTING SOCIAL DEVELOPMENT

While focusing on our business development, we try our best to create positive social impacts and contribute to the society through various means. Leveraging on our edges in culture promotion through our own platforms, we plan the direction of charity programs, project scale and resources allocation, aiming to maximize our contributions to the society. We support the broadcast of charity films. Provided that all necessary conditions are met, we will offer free movie viewing activities for public during public holidays, or organize free movie broadcast in cooperation with other organizations, thereby enriching the cultural life of audience, supporting the development of socialist culture and promoting positive attitude.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

During the year, we continued to invest both manpower and resources in disaster relief and film and television operation, thereby creating values for the society:



### Charity Broadcast for Promoting Asian Games

In cooperation with the Publicity Department of CPC Central Committee, the Group filmed “《驚嘆號》”, the theme movie of the Asian Games. The movie received special funds for 2021 quality films.

The movie is about the story of a teenager who is passionate about street dance. Despite being mocked by others of not possessing talent for becoming an outstanding street dancer since his childhood, the main character of the movie is selected as a substitute of the provincial street dance team with his persist in street dance and efforts made over the years. Under the coach’s training, this teenager is stepping forwards in fulfilling his dream of “joining the Hangzhou Asian Games”.

The Group has given consent to the broadcast of the movie in minority language for free. The copyrights of the translated version will be granted to the Publicity Department for free.



### Donating RMB400,000 to Support and Help Henan

Since 17 July 2021, Henan was attacked by extreme heavy rainfall, resulting in catastrophic floods across the province. Floods in Henan touched the hearts of citizens across China. The Group donated RMB400,000 to support Henan in flood relief. The donation was used for securing the personal safety of citizens in Henan and purchasing emergency relief materials.



### Volunteers Giving Warmth to Empty Nester

In May 2021, the internet home furnishing and material business team and Guangzhou Volunteer Association (廣州志願者協會) jointly organized the Guangzhou Volunteer Campaign. Our volunteers visited empty nester, talked with them and expressed our care on their daily life and health. Volunteers also assisted elderly in solving the problem of lack of necessities so as to improve their quality of life.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### APPENDIX I. CONTENT INDEX OF ESG REPORTING GUIDELINES

ESG Indicators		Disclosure Situation	Corresponding Chapter	Corresponding Page(s)
A1 General disclosure	Information on the policies and 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.	Disclosed	Safeguarding Green Environment	26–28
A1.1	The types of emissions and respective emissions data.	Disclosed	Safeguarding Green Environment	27–28
A1.2	Direct (scope I) and energy indirect (scope II) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Safeguarding Green Environment	28
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Safeguarding Green Environment	28
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Safeguarding Green Environment	28
A1.5	Description of emission goals and measures to achieve these goals.	Disclosed	Safeguarding Green Environment	26–28
A1.6	Description of how hazardous and non-hazardous wastes are handled, as well as emission goals and measures to achieve these goals.	Disclosed	Safeguarding Green Environment	28
A2 General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Disclosed	Safeguarding Green Environment	29–30
A2.1	Direct and/or in direct 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).	Disclosed	Safeguarding Green Environment	29
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Safeguarding Green Environment	29
A2.3	Description of energy use efficiency goals and measures to achieve these goals.	Disclosed	Safeguarding Green Environment	29–30
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency goals and measures to achieve these goals.	Disclosed	Safeguarding Green Environment	29
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Disclosed	Safeguarding Green Environment	30
A3 General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Disclosed	Safeguarding Green Environment	30
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Safeguarding Green Environment	30
A4 General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	Safeguarding Green Environment	30–31



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

ESG Indicators		Disclosure Situation	Corresponding Chapter	Corresponding Page(s)
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.	Disclosed	Safeguarding Green Environment	30–31
B1 General disclosure	Information on the policies and 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.	Disclosed	Creating a Promising Future	20–24
B1.1	Total workforce by gender, employment type (full-time or part-time), age group and geographical region.	Disclosed	Creating a Promising Future	20–23
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Creating a Promising Future	21
B2 General disclosure	Information on the policies and 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.	Disclosed	Creating a Promising Future	23
B2.1	Number and rate of work-related fatalities occurred in each of the in past three years (including the reporting year).	Disclosed	Creating a Promising Future	23–24
B2.2	Lost days due to work injury.	Disclosed	Creating a Promising Future	24
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	Creating a Promising Future	24
B3 General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Creating a Promising Future	24–25
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Creating a Promising Future	25
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Creating a Promising Future	25
B4 General disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Disclosed	Creating a Promising Future	26
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	Creating a Promising Future	26
B4.2	Description of steps taken to eliminate such non-compliant practices when discovered.	Disclosed	Creating a Promising Future	26
B5 General disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Cooperating Together	18
B5.1	Number of suppliers by geographical region.	Disclosed	Cooperating Together	18
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	Cooperating Together	18



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

ESG Indicators		Disclosure Situation	Corresponding Chapter	Corresponding Page(s)
B5.3	Description of practices relating to identifying environmental and social risks in every part of the supply chain, and how they are implemented and monitored.	Disclosed	Cooperating Together	18
B5.4	Description of practices relating to promoting usage of environmental friendly products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	Cooperating Together	18
B6 General disclosure	Information on the policies and 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.	Disclosed	Develop Product Quality	10
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	Develop Product Quality	17
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	Develop Product Quality	16–17
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Develop Product Quality	16–17
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Develop Product Quality	10–14,17
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	Develop Product Quality	14–15
B7 General disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Remain True to Our Original Aspiration of Integrity Operation	19
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.	Disclosed	Remain True to Our Original Aspiration of Integrity Operation	19
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	Remain True to Our Original Aspiration of Integrity Operation	19
B7.3	Description of anti-corruption trainings for directors and employees.	Disclosed	Remain True to Our Original Aspiration of Integrity Operation	20
B8 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.	Disclosed	Promoting Social Development	32–33
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	Promoting Social Development	32–33
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Promoting Social Development	32–33