

The Group is pleased to issue its first environmental, social and governance report for the year 2019. As a responsible corporate citizen, the Group adheres to the concept of sustainable development, actively fulfils its corporate social responsibilities, incorporates environmental protection and environmental management into its business decisions, and is committed to building a healthy and harmonious online and offline ecosystem by actively investing in its internet platform and carrying out charitable activities. Integrating environmental, social and governance and managerial considerations into daily operations has been part of the Group's corporate development strategies at all times. In addition, the Group has been focusing on maintaining closer connections with different stakeholders, listening to the voices of its gamers, caring for and growing with its employees, and taking on more social responsibilities.

This report summarises the Group's strategies, practices and vision for the above environmental, social and governance related issues in 2019.

REPORTING SCOPE AND REPORTING PERIOD

Unless otherwise stated, the scope of this report covers the offices of the Group in Shenzhen, Shanghai and Beijing. This report covers the period from 1 January 2019 to 31 December 2019, which is consistent with the financial year covered by this annual report.

Preparation Basis of this Report

This report was prepared in accordance with the disclosure obligations under the Environmental, Social and Governance Reporting Guideline set out in Appendix 27 to the Listing Rules. This report has complied with all the "comply or explain" provisions, as well as the principles of materiality, quantitative, balance and consistency.

Contact us

The Group values the opinions of the readers of this report. If you have any questions or suggestions about this report, you are welcome to give your feedback to the Company's investor relations team:

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Hong Kong

By fax: (852) 2763 4168

By email: serenashen@cmge.com

Source of Data and Reliability Statement

The information disclosed in this report is sourced from the internal documents of the Group, statistical reports or relevant public information. The Group has confirmed that there are no false representations, misleading statements or material omissions in this report, and is responsible for the truthfulness, accuracy and completeness of its contents.

Confirmation and Approval

The Group's management team has confirmed to the Board that during the year ended 31 December 2019, the Group's risks management and internal monitoring system concerning environment, society and governance was effective.

This report was approved by the Board on 26 March 2020 at 13th Floor, 8 Wyndham Street, Central, Hong Kong. This report is available in both English and Chinese versions. If there is any inconsistency between the Chinese and English versions of this report, the Chinese version shall prevail. The electronic version of this report is available on the websites of the Stock Exchange www.hkexnews.hk and the Company www.cmge.com.

Stakeholder Identification and Communication

In the course of its operation, the Group continues to pay attention to the major issues that the stakeholders are concerned about. The Group understands the expectations and needs of its stakeholders through comprehensive and transparent communication, and continue to improve the Group's sustainable development strategies and plans based on the opinions of its stakeholders, so as to consolidate mutual trust and cooperative relationships, jointly realise its sustainable development plans, and create a future of sustainable economic growth, environmental friendliness and social development.

Major issues concerning stakeholders and corresponding measures

STAKEHOLDERS	FOCUS	COMMUNICATION CHANNELS
Shareholders and investors	• Business strategies • Investment return • Corporate image • Compliance operations	• General meetings • Public disclosure of the Company • Company's website
Government and regulatory authorities	• Compliance operations • Tax payment according to law • Information disclosure and reporting materials	• Company's website • Public disclosure of the Company
Industry associations	• Compliance operations	• Visits • Meetings • Seminars • Exchange activities
Suppliers and business partners	• Compliance operations • Quality of products and service	• Agreements • Tenders • Review and evaluation
Employees	• Remuneration and benefits • Working environment and safety • Diversification and equal opportunities • Training and room for career development	• Forums • Staff training • Group activities for employees • Staff satisfaction survey • Monthly magazine of the Company
Game players	• Product quality • Personal privacy protection	• Company's website • Online customer service • User services agreement • Online and offline promotion activities
Community	• Community development • Public welfare • Employment opportunities • Ecological environment	• Community activities • Volunteer activities • Media enquiry • Promotion activities • Community communication meetings • Press releases and announcements

ENVIRONMENT

Emissions

As a game publisher and developer, the Group's business does not have a significant impact on environment. However, the Group still pays attention to environmental protection and incorporates the concept of sustainable development into its daily management to enhance the environmental awareness of the employees of the Group. The Group strictly abides by relevant laws and regulations on environmental protection, including but not limited to Environmental Protection Law (《環境保護法》), Law on Air Pollution Prevention and Control (《大氣污染防治法》), Water Pollution Prevention and Control Law (《水污染防治法》), Solid Waste Pollution Prevention and Control Law (《固體廢物污染環境防治法》) and Energy Conservation Law (《節約能源法》) of the PRC.

Exhaust Gas

The Group's business does not involve significant gaseous fuel consumption emissions in its ordinary course of business. The most significant source of emissions of the Group is emissions from vehicles owned by the Group. The types and volumes of these emissions of the Group during the year ended 31 December 2019 were as follows:

MAJOR EMISSIONS	UNIT	VOLUME
Nitrogen Oxides (NO _x)	kg	17.85
Sulphur Dioxide (SO _x)	kg	0.04
Particulate Matter	kg	1.71

Greenhouse Gas

The direct greenhouse gas emissions of the Group mainly come from combustion of fuels by vehicles within the Group, while indirect greenhouse gas emissions mainly come from purchased electricity, paper disposal and aircraft travelled on by employees for business trips.

MAJOR TYPES OF EMISSIONS	UNIT	VOLUME
Scope 1		
Fuel combustion of vehicles:		
Carbon Dioxide (CO ₂)	Tonnes of carbon dioxide equivalent	6.47
Methane (CH ₄)	Tonnes of carbon dioxide equivalent	0.01
Nitrogen Oxides (N ₂ O)	Tonnes of carbon dioxide equivalent	0.94
Total emissions from fuel combustion by vehicles	Tonnes of carbon dioxide equivalent	7.42
Scope 2		
Electricity	Tonnes of carbon dioxide equivalent	640.53 ⁽¹⁾
Scope 3		
Waste paper	Tonnes of carbon dioxide equivalent	6.99
Business trips by employees	Tonnes of carbon dioxide equivalent	129.46
Total emissions	Tonnes of carbon dioxide equivalent	784.40
Total emissions intensity	Tonnes of carbon dioxide equivalent/ square metre ⁽²⁾	0.15

Notes:

⁽¹⁾ The greenhouse gas emission factor of purchased electricity is based on the "Average CO₂ Emission Factors for Regional Power Grids in China in 2011 and 2012" issued by the National Development and Reform Commission.

⁽²⁾ The total office area of the Group was 5,338.4 square metres.

Measures to mitigate emissions

In order to effectively reduce the emissions generated by the Group, the Group has adopted several measures for the management of vehicles, including but not limited to, reasonable use of vehicles, prohibition of private use and strict approval for long-distance travel arrangements to reduce unnecessary travel. The Group's vehicles are examined and maintained on a weekly basis to enhance fuel efficiency. Due to these measures, the Group has been maintaining a relatively low level of emissions, and such emission level does not pose significant environmental and social impacts.

Hazardous Wastes

Owing to the Group's business nature, the Group in its ordinary course of business does not produce material hazardous wastes.

Non-hazardous waste

The solid emissions of the Group mainly come from various types of recyclable and non-recyclable daily office waste, such as paper, office supplies and plastics, generated from the offices of the Group.

Details of the emissions data of the Group during the year ended 31 December 2019 were as follows:

TYPE OF WASTE	UNIT	VOLUME
Non-hazardous waste	Tonnes	21.77
Non-hazardous waste intensity	Tonnes/number of employees	0.03

Measures to reduce waste generation

The Group actively promotes Green Office practices, and adheres to the four "Rs" principle of environmental protection (Reduce, Reuse, Recycle, Replace) in its daily operation, aiming to minimise the generation of waste and maximise the efficient use of resources.

In terms of paper consumption, the Group promotes a paperless office, including but not limited to the following measures:

- Double-sided printing is set for printers by default; employees are required to use double-sided photocopying and reuse single-sided paper without confidential information for draft photocopying;
- Employees are encouraged to use online communication; and
- Waste paper recycling bins are set up to separate waste paper for recycling.

During the year ended 31 December 2019, the papers recycled by the Group amounted to approximately 178 kg.

Use of Resources

The Group's energy consumption mainly comes from purchased electricity. The water consumption of the Group's Shenzhen and Shanghai offices is charged as part of their property management fees. Accordingly, the Group's water consumption figure only took into consideration the water consumption of their Beijing office, which was charged separately, and did not include the data for its Shenzhen and Shanghai offices. For details of the energy efficiency policy and green practices adopted by the Group, please refer to the following section headed "Energy use efficiency" in this report.

Total energy consumption

TYPE OF ENERGY	UNIT	CONSUMPTION
Electricity		
Total electricity consumption	kWh	721,965.10
Total electricity consumption intensity	kWh/m ²	133.24
Water		
Total water consumption	m ³	600
Total water consumption intensity	m ³ /m ²	1

Energy use efficiency

In terms of electricity consumption, the Group adopts low-consumption and recyclable energy-saving lights for office lighting to reduce its electricity consumption for lighting products and thus its carbon emissions. The Group has also posted notices on various power switches to encourage employees to switch off equipment and power when they leave the premises or when they are not using it. The temperature in the Group's offices is maintained at 24 degrees Celsius or above to reduce unnecessary energy use.

In terms of water consumption, the Group adopts various water-saving measures, such as cleaning staff regularly patrolling the toilets to prevent leakage of water taps. Reminders are posted in prominent places in toilets to remind employees to save water.

Due to the above measures, the Group has been maintaining a relatively low level of electricity and water consumptions, and such consumption level does not pose significant environmental and social impacts.

Suitable water sources

The Group has not encountered any difficulties in sourcing suitable water sources, and each of its offices has a stable water supply which meets its daily operational needs.

Packaging materials

Owing to the Group's business nature, the Group in its ordinary course of business does not involve any material usage of packaging materials.

Environment and Natural Resources

The offices of the Group in their daily operations do not have significant impacts on environment or natural resources. The Group has always adhered to the principle of environment and natural resources protection in the course of its operations, and strives to avoid causing significant impacts on the environment or over-consumption of natural resources.

SOCIAL**Employment**

The Group firmly believes that its employees are the most valuable assets of an enterprise and one of the most important factors for the sustainable development and success of the Group. The Group strictly complies with all employment-related laws and regulations, including but not limited to the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Labour Law of the PRC (《中華人民共和國勞動法》), the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), the Law on the Protection of Rights and Interests of Women (《婦女權益保障法》), Provisions of the State Council on Working Hours of Workers and Staff (《國務院關於職工工作時間的規定》), the Law on the Protection of Disabled Persons (《殘疾人保障法》) and the Social Insurance Law of the PRC (《社會保險法》).

The Group has adopted the Employee Handbook (員工手冊), the Management System of Employee Recruitment, Departure and Re-designation (員工入職離調管理制度), and the Employee Development Management Measures (員工發展管理辦法) to regulate the workflow of recruiting, induction and training, employee transfers, dismissals and promotions, in order to standardise its workflow and improve its efficiency. The Group is committed to creating a corporate culture centred on the “battleman (戰功者)”, providing the “battleman” with an innovative working environment, and providing business-oriented and market-competitive remuneration and incentive systems. It is also committed to building diverse and non-discriminatory inclusive working environments, strictly forbids any harassment and inappropriate behaviour, provides a promotion and development system for career ranks, and creates a fair, equal, respectful and open corporate development environment, so that the value of the Group's talents can be reflected on, assessed and rewarded fairly. The Group ensures that employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status or family status during recruitment and promotion.

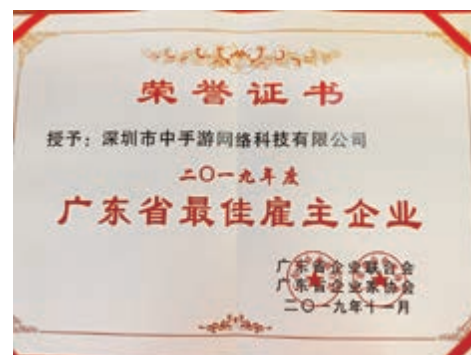
The Group recruits talented candidates with good attributes based on its business planning and needs, and uses structured interview tools, such as written tests and background checks as far as possible, to support decision-making for positions at junior manager level or above, so as to maintain the fairness of recruitment and avoid the subjective personal judgement of interviewers on the strengths and weaknesses of the candidates. The Group also attaches great importance to the career management of employees, and accordingly has set up two development paths for employees, namely the professional and management paths. In the middle and the end of each year, the Group makes available job promotion openings to encourage its employees to fully realise their career development potential.

The Group invests resources to attract, retain and motivate talents. By providing employees with competitive remuneration packages and benefits, the Group hopes to reach in the market and engage high-calibre talents and motivate its existing employees. The Group regularly reviews the remuneration package

of its employees and makes necessary adjustments to conform to market expectations. The Group's employees work 8 hours per day, 40 hours per week on average and at least 1 day off per week. In addition to basic salary, five statutory social insurances and one housing fund, as well as basic statutory festive holidays and general holidays, the Group's employees are also entitled to welfare leave and additional welfare allowances, including but not limited to:

- meal supplements and afternoon tea;
- snack store selling at half-price;
- birthday gifts;
- festive gifts;
- red packets for Lunar New Year;
- fitness programme; and
- annual health check.

In order to enhance team cohesion and create a harmonious working atmosphere, the Group regularly organises various holiday activities and group gatherings, such as birthday parties, sports days, International Women's Day, Children's Day and overseas tours.



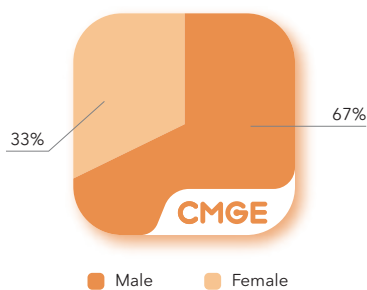
The Group was awarded the honour of the “2019 Best Employer Enterprise in Guangdong Province (2019 廣東省最佳僱主企業)” by Enterprise Association of Guangdong (廣東省企業聯合會) and Entrepreneur Association of Guangdong (廣東省企業家協會), as the Group is recognised as a prominent role model for its employment, remuneration and benefits, its training for growth, its workplace culture and caring environment, and its brand building and steady development.

Total number and classification of employees

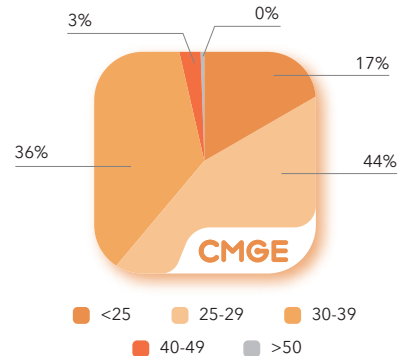
As at 31 December 2019, the total number of employees of the Group was 825, among which, 813 were located in the Group's Shenzhen, Shanghai and Beijing offices. The table below sets forth the details of the Group's employees in its Shenzhen, Shanghai and Beijing offices:

TOTAL NUMBER OF EMPLOYEES IN THE PRC	
Total number of employees	813
Gender distribution of employee	
Female	268
Male	545
Age Profile	
< 25	137
25-29	358
30-39	292
40-49	23
> 50	3
Number of employees at different levels	
Managerial staff	11
Middle level staff	68
Junior staff	734
Number of employees by geographical area	
Shenzhen	296
Beijing	443
Shanghai	74

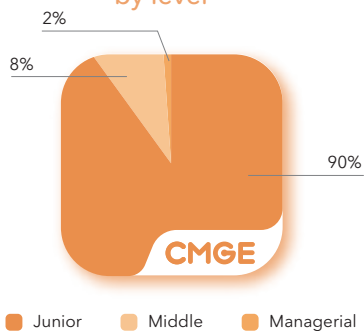
Distribution by gender



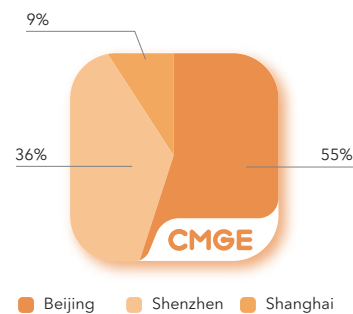
Distribution by age



Number of employee by level



Number of employee by geographical area

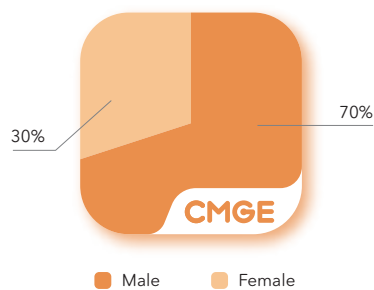


Employee turnover

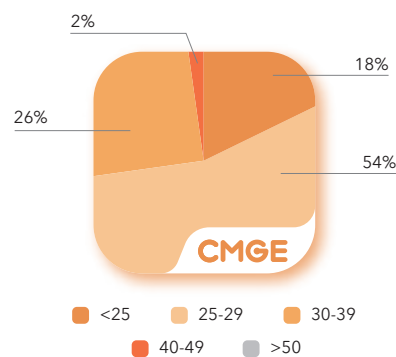
Details of the employee turnover rate of the Group as at 31 December 2019 were as follows:

TOTAL EMPLOYEE TURNOVER		
	Number of employees	% of total number of employees
Total turnover	221	27%
Distribution by gender		
	Number of employees	% of total turnover
Female	67	30%
Male	154	70%
Distribution by age		
	Number of employees	% of total turnover
< 25	39	18%
25-29	120	54%
30-39	57	26%
40-49	5	2%
> 50	0	0%
Number of employee turnover by geographical area		
	Number of employees	% of total turnover
Shenzhen	94	43%
Beijing	87	39%
Shanghai	40	18%

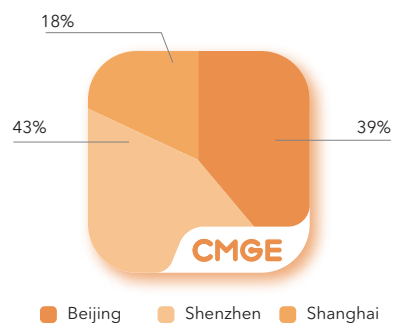
Distribution by gender



Distribution by age



Number of employee turnover by geographical area



Health and Safety

The Group strictly complies with the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Law on the Prevention and Control of Occupational Diseases of the PRC (《中華人民共和國職業病防治法》), the Provisions on the Supervision and Administration of Occupational Health at Work Sites (《工作場所職業衛生監督管理規定》) and other applicable laws and regulations in the PRC. As for laws and regulations regarding occupational health standards and safe production in the PRC, the Group did not record any material non-compliance during the year ended 31 December 2019. Due to the nature of the Group's business, employees mainly work in the office and the chance of encountering work-related injuries is low. Therefore, the Group did not have any serious work-related injuries during the year ended 31 December 2019. The Group has established various health and safety measures in its workplace, including commercial medical and accident insurance, health check-ups for employees and safety guidelines for staff induction training to enhance their safety awareness.

In addition, to create and maintain a good, comfortable and healthy working environment, the Group has implemented a series of policies:

- to maintain accessibility of emergency exits in the Group's workplace;
- to provide adequate illumination and moderate temperature in the Group's workplace;
- to ensure no smoking is allowed in the Group's workplace; and
- to ensure safety inspections and fire drills are conducted regularly in the Group's workplace.

In addition to maintaining a safe and comfortable working environment, the Group understands the importance of work-life balance and has therefore implemented relevant measures to encourage employees to make good use of their leisure time. The Group organises various recreational activities for its employees, including holiday activities, weekend ball games and overseas trips, to build up a sense of belonging and team spirit. During the year ended 31 December 2019, the Group organised various health clubs, including fitness club, yoga club, basketball

club, badminton club and football club, to provide employees with various sports programmes on a weekly basis, which are beneficial to their physical and mental health.

Development and Training

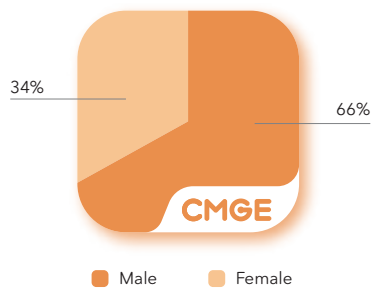
The Group values talent training and believes that employees will continue to grow along with the Group's business expansion, and provides targeted, systematic and forward-looking training for employees to ensure that they can quickly meet the needs of relevant positions and explore their potential to support the sustainable development of the Group. At the same time, the Group believes that skills and experience of employee are important factors for the long-term development of the Group. Therefore, in addition to the Employee Handbook (員工手冊) and the Employee Development Management Measures (員工發展管理辦法), the Group has also adopted the Training Management Measures (培訓管理辦法) to enhance employees' work performance through effective training, coaching and on-the-job development. In addition, the Group has sufficient training opportunities for employees of different departments and levels every year.

The training of the Group are mainly divided into internal training and external training. The Group provides necessary internal training for relevant operational positions based on the development needs of the Group, including internal sharing among departments, cross-department sharing and training. The Group also commissioned external professional training providers to provide professional training courses, including induction training, external training, and certification training involving enterprise qualification certification, to the Group's technical staff.

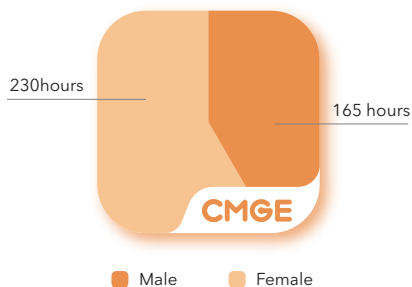
In addition, the Group provides different types of training for employees of different ranks, such as training for new employees recruited publicly, training for new employees recruited from schools and training for trainees. The Company provides position-based vocational training, including general ability training and professional ability training. The Company also provides leadership development training, including project manager training (professional direction), high potential mandatory training (management direction), cadre training and senior management training.

Staff training		
Total Number Trained	Number of employees 585	% of total number of employees 72%
Gender		
	Number of employees	% of total number of employees trained
Female	197	34%
Male	388	66%
Type of employee		
	Number of employees	% of total number of employees trained
Junior staff	540	92%
Middle and senior staff	45	8%
Training hours		
Total hours (hours)	1,973	
Average training hours completed (by gender)		
Female (hours)	230	
Male (hours)	165	
Average training hours completed (by type of employee)		
Junior staff (hours)	328	
Middle and senior management (hours)	167	

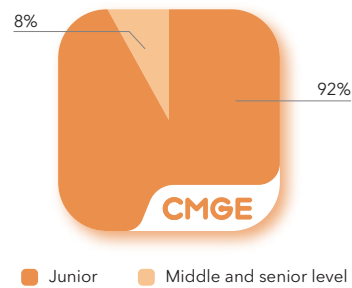
Gender



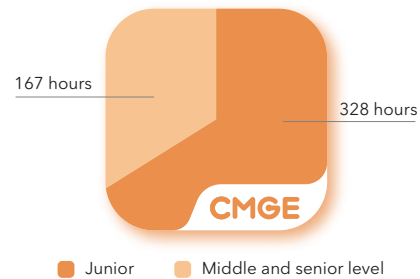
Average training hours completed (by gender)



Type of Employee



Average training hours completed (by type of employee)



Labour Standards

The Group resolutely resists and opposes any form of employment of child labour and forced labour, and strictly complies with the Labour Law of the PRC (《中華人民共和國勞動法》), the Law on the Protection of Minors of the PRC (《未成年人保護法》), the Provisions on the Prohibition of Using Child Labour of the PRC (《禁止使用童工規定》) and other applicable laws and regulations when recruiting employees so as to protect their legitimate rights and interests.

The human resources department of the Group strictly monitors the recruitment process, conducts background checks on its job applicants and verifies their credentials, and will not employ any candidates if they are found not suitable. Any use of false document will be deemed as fraudulent and any related signed labour contract will be deemed invalid.

During the year ended 31 December 2019, the Group did not have any child labour or forced labour, or receive any related complaints.

Supply Chain Management

The Group understands that supply chain management has an inseparable relationship with its sustainable development, and is therefore committed to establishing a long-term and harmonious cooperation relationship with its suppliers. The Group expects its suppliers to uphold the principles of integrity and pragmatism, and provide products and services in strict compliance with the requirements of applicable laws and regulations.

In order to standardise the procurement procedures of products and services and strengthen the monitoring and management of suppliers, the Group has adopted the Procurement Management System (採購管理制度) specifying the supplier selection and approval procedure through a preliminary review of standardised suppliers' information, screening, information database management and examination of suppliers to properly manage the environmental and social risks of the Group's supply chain.

When selecting potential suppliers, the supplier investigation team, comprising the requesting department, and members from the Group's finance, internal audit and administration departments, will conduct a preliminary investigation on the candidates from different channels to understand the scale of the suppliers, their professional qualifications, speed of response, service quality and reputation in the industry. Suppliers are included in the list of qualified suppliers only after passing the inspection by the supplier investigation team. Considering the potential environmental and social impacts of the supply chain, the Group takes into account environmental protection, occupational health and safety, labour rights and compliance with laws and regulations when selecting potential suppliers, with an aim to bringing positive impacts to the entire supply chain. For example, when inviting bids from travel suppliers, the Group requires the bidders to comply with the Bidding Law of the PRC (《中華人民共和國招標法》) and the Procurement Law of the PRC (《中華人民共和國採購法》) in the bidding process. The Group also requires the employment of the bidders' employees follows the Labour Law of the PRC (《中華人民共和國勞動法》) and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) to protect employees' safety in accordance with the relevant law. The Group also requires its bidders to pay taxes according to law.

To ensure the quality of suppliers, the Group closely monitors the performance of suppliers and reviews approved suppliers on an annual basis. The performance of suppliers is assessed based on price, quality, delivery schedule and volume, service and other aspects. In addition, the Group will also continuously evaluate and monitor suppliers for their track record of handling social issues in the past. For suppliers who fail to meet the standards of the Group, the cooperation with these suppliers will be terminated when the Group rated them as "rectification is needed" for two consecutive times.

Product Responsibility

The Group believes that maintaining good game services is crucial to its sustainable development and is the key to its success. Therefore, the Group is committed to publishing high-quality games and having stringent game selection procedures to ensure better gaming experience for players. The Group continues to improve its technical services and player services and provides valuable technical support to game developers according to their specific needs. The Group continues to implement its long-term strategies, including improving service quality by analysing the data collected and enhancing player loyalty and satisfaction by improving the quality of the games based on the Group's understanding of player preferences. The Group will also upgrade the data collection system and big data platform to more accurately analyse player behaviour and more effectively monetise the value of games. The Group also enhanced its game development capabilities by investing more in research and development.

In addition, the Group has established a relatively comprehensive game development and publishing process, and will produce the display version of its games and conduct multiple rounds of testing before the games are officially approved for publishing to ensure the quality of the games and player experience.

The games of the Group have received tremendous support and numerous recognitions. On 7 December 2019, the Group obtained two awards, namely "Outstanding Enterprise in the Chinese Game Industry of 2019 (中國遊戲行業2019年度優秀企業)" and "Advanced Game Operation Unit in the Chinese Game Industry of 2019 (中國遊戲行業2019年度遊戲運營先進單位)", at the Chinese Game Industry Annual Conference and the 2019 Chinese Game Industry "Golden Finger" Award Presentation Ceremony (中國遊戲行業年會暨2019年度中國遊戲行業"金手指"獎頒獎盛典) hosted by China Culture & Entertainment Industry Association (中國文化娛樂行業協會). In addition, at the 2019 Guangdong Game Industry Annual Conference and the "Golden Diamond List" Release Ceremony (2019廣東遊戲產業年會暨"金鑽榜"發佈儀式) hosted by the Association of Game Industry of Guangdong (廣東

省遊戲產業協會), the Group was awarded the title of "Most Influential Enterprise of 2019 (2019最具影響力企業)" as a global IP game operator, and the Group's IP-based game "*One Piece - The Road of the Strong* (航海王強者之路)" was awarded the title of "2019 Most Popular Online Game (2019最受歡迎網絡遊戲)". In addition, three of the Group's games, namely *Dragon Ball - Awakening* (龍珠覺醒), *One Piece - The Road of the Strong* (航海王強者之路) and *The World of Legend - Thunder Empire* (傳奇世界之雷霆霸業), won the "2019 Chinese Game Industry Outstanding Mobile Game (2019年度中國遊戲行業優秀手機遊戲)" awards.

In order to prevent myopia among children, the Chinese government has a myopia prevention program, which plans to regulate the number of new online games and limit the time spent by children on electronic devices. Accordingly, eight national government-level PRC regulatory authorities, including the National Radio and Television Administration (廣電總局), Administration of Press and Publication (國家新聞出版署) and the Ministry of Education (教育部), jointly issued the Notice of Issuance of the Implementation Plan for Integrated Prevention and Control Program of Myopia among Children and Teenagers (《綜合防治兒童青少年近視實施方案》) on 30 August 2018. Hence, the Group takes active and effective measures to protect the physical and mental health of minors, such as launching and implementing the Parents' Guardian Project of Minors Online Games (網絡遊戲未成年人家長監護工程) by setting up special monitoring channels for parents on the homepage of games to guide the healthy participation of minors in online games. In addition, the Group jointly published the Declaration on the Protection of Minors in China's Game Industry (《中國遊戲行業未成年人守護宣言》) with other game manufacturers at the 2019 China Game Industry Annual Conference for the Protection of Minors Sub-forum (2019中國遊戲產業年會未成年人守護分論壇) and the 2019 Guangdong Game Industry Annual Conference and the "Gold Diamond List" Launch Ceremony (2019廣東遊戲產業年會暨"金鑽榜"發佈儀式), and launched the Minor Network Protection Initiative Ceremony (未成年網絡保護倡議儀式) to promote the provision of safe, healthy and orderly network services for minors.

The Group is also committed to comply with laws and regulations related to product responsibility such as the Provisions on the Administration of Online Publishing Services (《網絡出版服務管理規定》), the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》) and the Interim Measures for the Administration of Online Games (《網絡遊戲管理暫行辦法》), while ensuring that all games have obtained the Online Publishing Service License (《網絡出版服務許可證》). The advertisements released by the Group were also in line with the relevant regulatory requirements, including the Advertising Law of the PRC (《中華人民共和國廣告法》). During the year ended 31 December 2019, the Group did not receive any material complaints and compensation requests from audiences and customers due to deceptive, unfair or inappropriate contents, or poor service quality or recall for safety reasons.

Service Complaints and Responses

In order to establish a good relationship and a mutual trust with players, the Group has established a written customer complaint handling procedure, which is handled by the Group's customer service department, to deal with players' enquiries and complaints. The customer service representatives will handle customers' complaints and requests with patience. Every complaint will be recorded in a standardised customer complaint record, which includes work order number, game name, user source, label of the work order, staff code of customer service representative, processing time of work order, complaint content and handling results, to facilitate the customer service department to follow up and improve in the future, and also to serve as a source of information for the Group to improve its game quality.

Intellectual Property

Intellectual property rights are extremely important to the business of the Group, and the Group is committed to protecting intellectual property rights. The Group has established a copyright centre to monitor the risk of infringement of its intellectual property rights. Before entering into an IP licensing agreement, the copyright centre conducts independent background checks on the identity of the legal owner of the IP. For games developed based on IP licensed from game developers, the copyright centre also requires the

game developers to provide authorisation letters issued by the IP owners to the Group. Before entering into a game licensing agreement, the copyright centre requires the relevant game developer to provide its software copyright registration certificate, and such game licensing agreement also contains an undertaking by the game developer as the legal owner of the game copyright. The Group has established the Measures for the Administration of Trademarks and Computer Software Copyright (《商標及電腦軟體著作權管理辦法》) to regulate the application process of its trademarks and copyrights. The Group has also included information such as application number, application date and duration of the software copyrights and trademarks of the Group in a Copyright List (《著作權清單》).

In order to continuously monitor the abuse of the Group's IP rights by others, the business department of the Group regularly searches for the application of market and distribution platforms to determine whether the Group's games are being infringed. Once a game infringement is discovered, the business department collects and compiles evidences and submits them to the relevant application market or publishing platform to request for removal of the infringing games from its portal. If the application market or publishing platform fails to remove the infringing games within the prescribed period, the Group will issue a legal letter to them. The Group will also consider initiating legal proceedings against infringing application markets or distribution platforms and infringing game developers.

Privacy Protection Policy

The Group attaches great importance to the protection of personal data to safeguard business and personal privacy. To this end, the Group has formulated the Information Security Management System (《資訊安全管理制度》) to regulate the organisation, storage, confidentiality and use of files to reduce the risk of data leakage. Employees are required to keep the information and data necessary for their work properly and keep them confidential. Important information, electronic files and important data are backed up regularly to prevent data loss due to mechanical failure or accidental deletion. In addition, the Group has clearly stated in its Employee Handbook that employees must strictly keep the Group's information confidential, and must not disclose confidential information of the Group to other unrelated employees

or external parties. In the event that the leakage of the Group's confidential information results in losses to the customers and the Group, the Group will impose penalties or pursue legal liabilities in accordance with the Group's internal stringent procedures to protect the interests of the Group and its customers. The Group strictly adheres to Network Security Law (《網絡安全法》), and there were no incidents of non-compliance in relation to data privacy during the year ended 31 December 2019.

Improving Network Security Management

In order to reduce the Group's exposure to cyber-attacks, the Group has developed a series of network security management, including (i) prohibition of employees from browsing or logging on unknown illegal websites, browsing illegal information and sending or receiving emails related to the above contents, (ii) downloading and installing virus spreading and hacker programmes on the Internet or by disks, (iii) assessing to unauthorised computer systems to change system information and user data, and (iv) attacking other computers or servers of the Group in any form. All computer equipment must be installed with anti-virus software on a uniform basis, and no measures such as anti-virus software and personal firewalls are allowed to be installed in computers without the consent of the Group's technology centre.

Anti-corruption

The Group strictly complies with the relevant laws and regulations such as the Anti-Money Laundering Law (《反洗錢法》), the Anti-Unfair Competition Law (《反不正當競爭法》) and the Criminal Law of the PRC (《刑法》), and adheres to the fundamental standards of integrity and self-discipline. The Group's Employee Handbook clearly states the business conducts and professional ethics that employees should strictly follow, and prohibits any acts such as bribery, insider trading and fraud.

If any employee finds any violation, he/she can report to the head of the Group's internal audit department through the reporting mailbox or the reporting hotline provided by the Group. The department is responsible for investigating and collecting evidences and submitting the same to the Audit Committee. The head of the audit department will determine the corresponding penalties for the violations based on the nature, severity and evidences obtained.

During the year ended 31 December 2019, the Group was not aware of any violations of corruption, bribery, extortion, fraud or money laundering.

Social Responsibilities

The Group upholds the philosophy of "earnestly fulfilling social responsibilities and actively carrying out public welfare activities" and regards public welfare as an important part of its corporate culture. Due to the nature of the game industry, the Group focuses on the charity for the youth and gives back to the society with a grateful heart.

During the year ended 31 December 2019, the Group donated approximately RMB972,000 to charity activities for the youth and charity funds in Hong Kong, and spent a total of approximately 148 volunteer hours. The Group joined hands with China Population Welfare Foundation (中國人口福利基金會) and Lingshan Foundation (靈山基金會) to carry out a series of public welfare activities, including the "CMGE Dream Library (中手游築夢圖書館)". Five CMGE Dream Libraries have been completed and put into use.



The fourth and the fifth "CMGE Dream Library (中手游築夢圖書館)" were officially completed on 23 April 2019 and 9 September 2019, respectively, at the Qianjin Primary School (前進小學自由分校) in Chunwan Town, Yangchun City, Guangdong Province and the Dongbai School (東柏學校) in Jishan County, Yuncheng City, Shanxi Province. This is another two libraries planned after Chengping Primary School (承平小學) in Yunan County, Yunfu City, Guangdong Province, Shangquyang Primary School (上曲陽小學) in Zhengding County, Shijiazhuang City, Hebei Province and Zhonghe School (中和學校) in Meihokou City, Jilin Province. The completion of these two libraries marked that the Group has achieved more than half of its target of building at least 10 "CMGE Dream Libraries" across China.

In addition to a series of public welfare activities, volunteers from the Group's Shenzhen and Beijing offices also visited Tiantian Special Children Rehabilitation Centre (天天特殊兒童康復中心) in Longgang District, Shenzhen, and Chenguang Cerebral Palsy Rehabilitation Centre (晨光腦癱兒童康復中心) in Chaoyang District, Beijing, respectively, to carry out a warm public welfare activity to care for special needed children. At the same time, on the 99 Charity Day (99公益日), the Group carried out a donation activity for the STEAM book corner for Every Class Project (班班圖書角) through Tencent's charity platform, providing high-quality STEAM-element children's books and supporting practical materials for rural schools.

As a result of its outstanding performance in corporate social responsibility, the Group was awarded the Social Responsibility Award for Internet Corporate 2019 (2019年度互聯網企業社會責任獎) at the Chinese Charity Festival (中國公益節) jointly organised by the Syobserve.com (數央公益), Gongyi Daily (數央網) and many other media. The Group will continue to contribute to the future prosperity and growth of the youth, promote the established social welfare projects, and continue to explore more different social welfare actions.