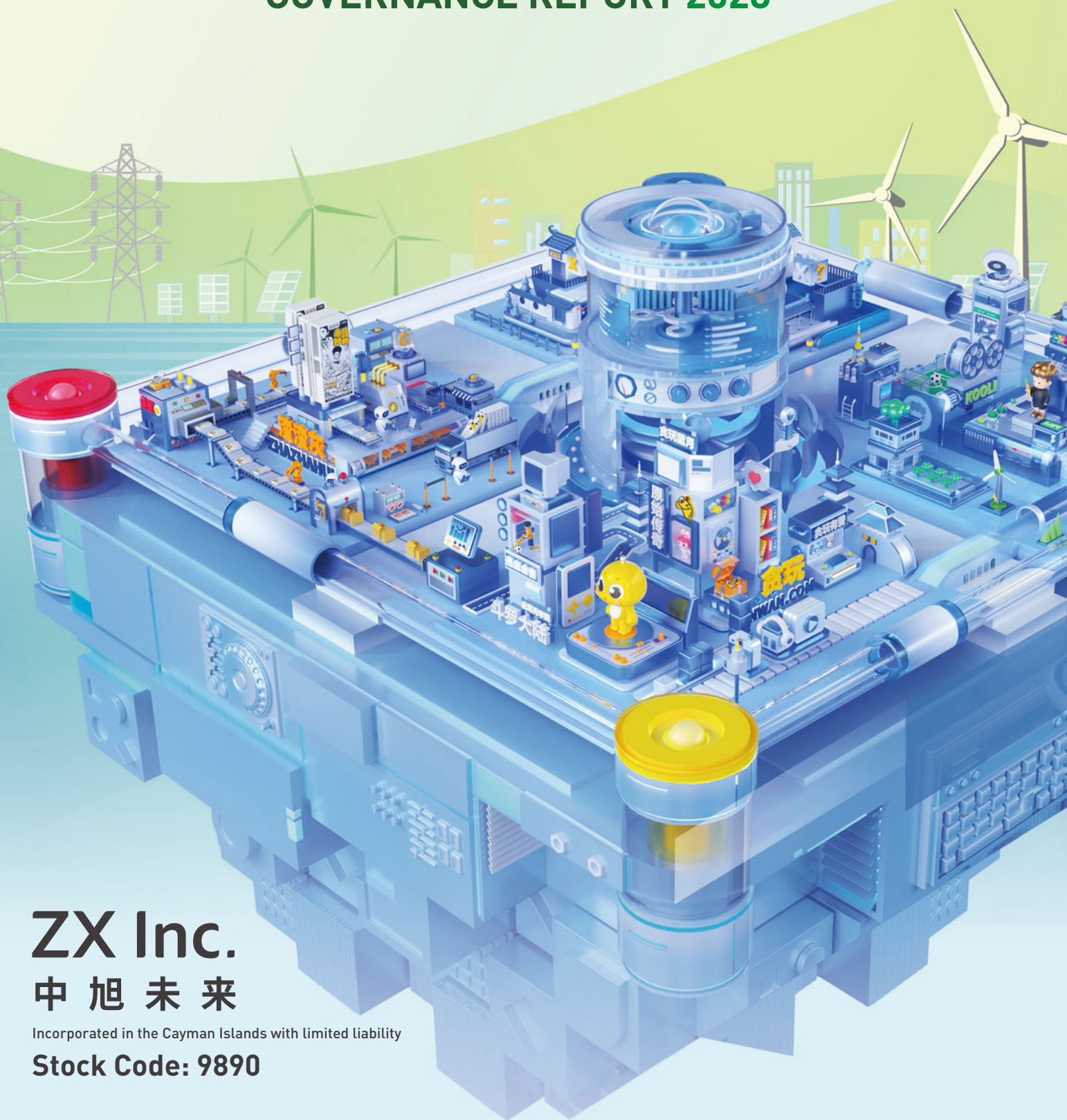




ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2023



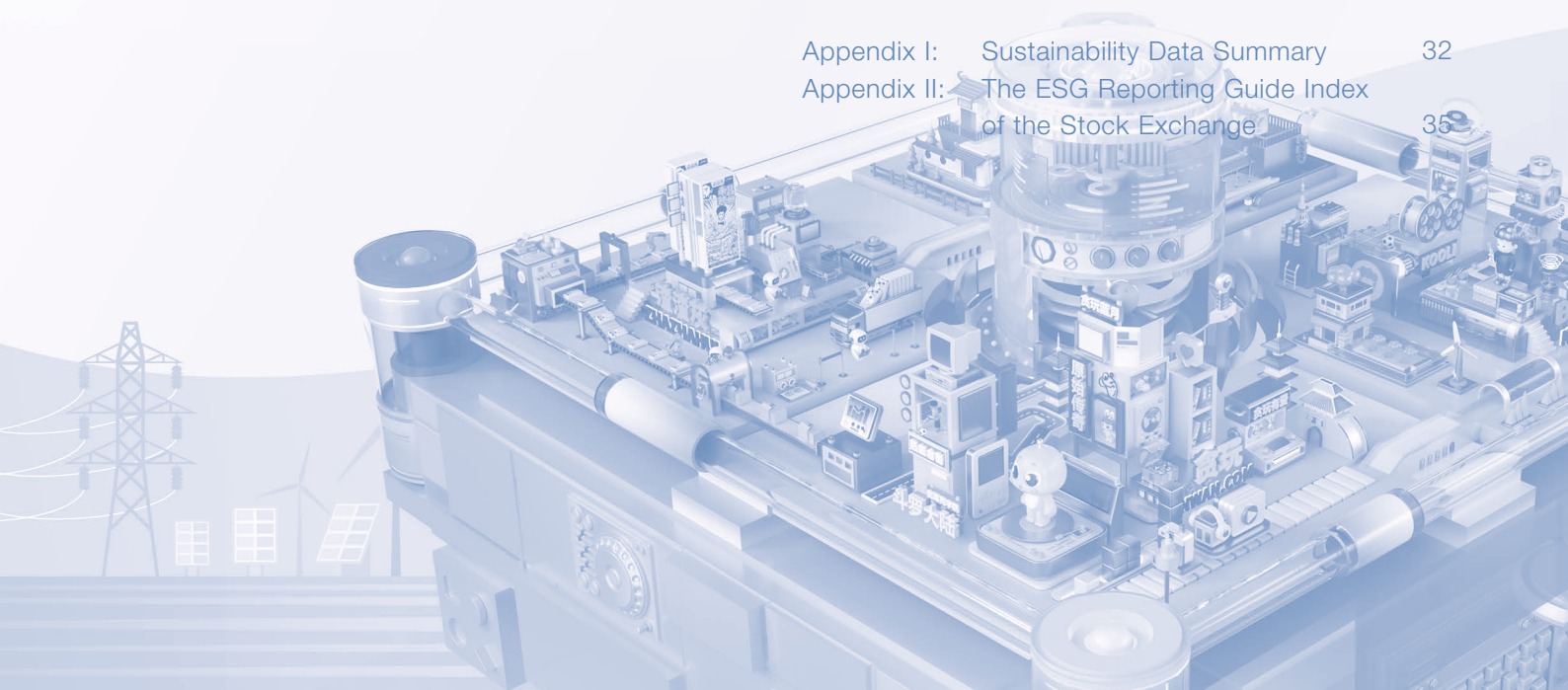
ZX Inc.
中旭未来

Incorporated in the Cayman Islands with limited liability

Stock Code: 9890

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About the Report

ZX Inc. (hereinafter referred to as the “**Company**”) and its subsidiaries (hereinafter referred to as the “**Group**”, “**ZX Inc.**” or “**We**”) are pleased to publish our first Environmental, Social and Governance Report (the “**ESG Report**” or the “**Report**”). The Report describes our sustainable development concept and our performance of environmental, social and governance responsibilities at all levels during the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as the “**Year**” or the “**Reporting Period**”).

REPORTING STANDARD

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “**Guide**”) in Appendix C2 of the Main Board Listing Rules. The content of the Report also complies with the mandatory disclosure requirements, the “comply or explain” provisions and the requirements of the four reporting principles in the Guide. The last chapter of the Report has an index to the Guide with reference to the content of the Report for readers’ quick reference.

Materiality: The Report has identified and disclosed the process of material ESG issues and the criteria for selecting these factors, as well as the process and results of stakeholder engagement.

Quantitative: The statistical standards, methods, assumptions and/or calculation tools of quantitative key performance indicators (hereinafter referred to as the “**KPI**”) in the Report, as well as the sources of conversion factors, are all explained in the definition of the Report.

Balance: The Report represents the Group’s performance in an unbiased manner, avoiding selections, omissions or presentation formats that may inappropriately influence the decisions or judgments of the readers.

Consistency: We use a consistent statistical disclosure method in the Report. If there are any changes in the statistical methods or KPIs or any other relevant factors affecting a meaningful comparison, we will explain them clearly in the ESG Report.

REPORTING SCOPE

Unless otherwise stated, the content of the Report covers the businesses directly controlled by the Group, and the collection scope of environmental, social and governance KPIs covers the entire Group, i.e. all subsidiaries, affiliates of the Group, Jiangxi Tanwan Information Technology Co., Ltd. and its subsidiaries (see “**Contractual Arrangements**” in the Prospectus) etc. For detailed information on the Group’s corporate governance, please refer to the section headed “**Corporate Governance Report**” in the 2023 Annual Report of the Group or the official website of the Group.

REPORTING LANGUAGE

This Report is compiled and published in Traditional Chinese and English. In case of any discrepancies, the Traditional Chinese version shall prevail.

REPORT APPROVAL

The Report was approved by the Board on 28th March 2024 upon confirmation by the management.

ACCESS TO THIS REPORT

To advocate green environmental protection, the Report only provides electronic version, you can browse or download it from official website of ZX Inc. (<https://www.zx.com>) or Hong Kong stock exchange disclosed website (<https://www.hkexnews.hk>).

Board Statement

The Group understands that the leadership and participation of the Board is crucial to sustainable development, and we are committed to incorporating ESG concepts into our business operations. The Board is the highest responsible and decision-making body for ESG matters, and the Board takes full responsibility for ESG strategy and reporting. In order to implement the sustainable development policies into daily business operations, the Group has established an ESG Working Group to manage the Group's ESG-related work and report to the Board on a regular basis.

During the Year, the establishment of the ESG Working Group laid the foundation for the sustainable management of the Group. We actively carried out ESG management and held ESG meetings on a regular basis. During the Year, we discussed various ESG issues in the meetings, including climate change, carbon footprint reduction, the ESG work of various departments and etc. We have formulated ESG strategies and targets, communicated and exchanged with various departments and stakeholders, and confirmed that relevant plans can be effectively implemented. We will enhance data collection and reporting and strengthen ESG training for employees.

In terms of materiality assessment, the Group engaged a third-party consultant to assist in identifying ESG issues and to assist in conducting materiality assessment. We conducted the materiality assessment with reference to the ESG issues in the industry, analyzed and consolidated the opinions of various stakeholders on ESG issues, rated and ranked the level of concern on each ESG issue to identify material issues. The Board reviewed the assessment results and confirmed the material ESG issues of the Group. We have formulated ESG targets. In the future, we will review ESG-related targets to improve our sustainable development efforts.

About Us

Company Introduction

ZX Inc. is a publisher of online game products in China and devotes to marketing and operating online games (in particular mobile games) in China. The online games developed by our clients are delivered to players under the “Tan Wan” brand (貪玩遊戲) which is marketed and operated by us. Our “Tan Wan” brand (貪玩遊戲) is an online game publishing brand widely recognised by the players in China.

In addition to game products, we also export our core capabilities to empower the marketing of online literature products. Furthermore, the end-user insights we accumulate allow us to spot other needs of end-users. We have developed our own consumer product brands in new consumption scenarios, including the instant food brand “Zha Zha Hui” (渣渣灰) and pop toy brand “Bro Kooli”. The consumer product business diversified our revenue composition and facilitated our expansion into offline channels, enabling us to generate a larger end-user base and accumulate more end-user insights, which in turn enables us to further optimize our marketing and operational capabilities.

In the future, ZX Inc. will deeply explore the value of “Game+”, take “Tanwan Game” brand as the origin, and deeply integrate different attributes of the game into many fields such as culture, education, pop toy, science and technology, medical care, etc., so that the public welfare and the development of the enterprise will unite as one, and jointly stimulate the development of the enterprise’s internal governance and operation.



Honors and Qualification
Enterprise Main Honors



2023 Top 100 Comprehensive Strength China Internet Enterprises



Digital Interactive Entertainment Group of the Year 2023



2023 Top 20 Game Enterprises in Guangdong



2023 Guangzhou Unicorn Innovative Enterprise



2022 Top 20 Cultural Enterprises in Jiangxi Province



Specialized, High-end and Innovation-driven Small and Medium Enterprises



2023 “Top 10 Positive Energy Cases” of Guangzhou Internet Enterprises 《Discovering the Legends Around Us》



The 12th China Finance Summit 2023 Most Valuable Investment Award



2023 Outstanding Business of the Year

About Us

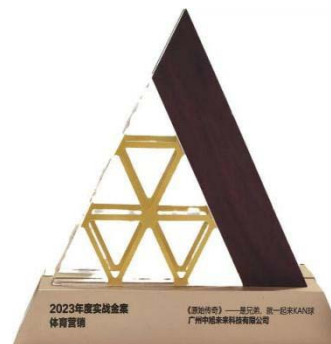
The Game's Main Honors



“Golden Finger” Award of China Game Industry “2023 Outstanding Enterprises of China Game Industry”



Golden Plume Award Most Popular Mobile Game Publisher — Tan Wan



2023 Practical Gold Case Sports Marketing 《Legend of Origin》



2022 Most Popular Online Games 《Legend of Origin》



The Best Role Play Game of the Year 2023 Vivo 《Legend of Origin》



Golden Mouse Digital Marketing Competition “Silver Award in Crossover Joint Marketing Category” 《Blooded Attack》



14th Tiger Tsunami Awards Bronze Award in the Game Marketing Category 《Blooded Attack》



2022 The Most Positive Energy Internet Video and Audio Works 《Yongchun Legend》



Ocean Engine Awards Download Business Case Awards — Tan Wan x 《DOU Come to World Cup》 Marketing Case

Public Welfare Major Honors



Top 10 Public Welfare Projects · Rural Revitalization



2023 Social Responsibility Award



2023 Excellent Cases of Digital Economy in Guangzhou
《Xuliang Xinghai "Digital Village" Plan》



SDGs Sustainable Excellence Program



Most Publicly Recognized Projects



Best Responsible Corporate Brand



2023 "Dream Center Classroom" Project Caring Company



Jiangxi Socially Responsible Enterprises



"Excellent Enterprise" in Internet Ecological Governance of Guangzhou Game Industry

About Us

Membership in Selected Trade Associations

We promote mutual cooperation among peers and involve in a number of associations and participate the formulation and signing of multiple policies, standards and conventions, aiming to promote the healthy and orderly development of the industry and market, and protect the rights and interests of customers. ZX Inc. also actively participates in certain member units of different associations, to become a member of associations and to hold certain positions, to give full play to its own capabilities and roles and deepen industry exchanges, cooperation and development.




China Audio-visual and Digital Publishing Committee
Vice chairman committee unit



Internet Association of China
Standing director unit



Online Marketing Working Committee of Internet Association of China
Committee unit



Social Responsibility Working Committee of Internet Association of China
Committee unit



China Culture and Entertainment Industry Association
Member unit



China Enterprise Evaluation Association
Council member



Guangdong Federation of Internet
Member unit



Guangdong Entertainment & Game Industry Association
Council member



Guangdong Internet Association
Member unit



Guangzhou Entertainment & Game Industry Association
Vice president unit



Guangzhou Institute of Internet Communication
Member unit



Guangzhou Internet Association
Council member



Jiangxi Internet Association
Council member



Jiangxi Software Industry Association
Member unit

We participated in the preparation of the group standard of the Network Protection and Management System for Minors in Internet Enterprises (《互聯網企業未成年人網絡保護管理體系》), Guidelines for Mobile Intelligent Terminals for Minors (《適用於未成年人的移動智能終端指南》) and Management Requirements for Consumption of Online Gaming Services by Minors (《未成年人網絡游戲服務消費管理要求》), the preparation of the industry standard of the Regulations on Disclosure of Social Responsibility Information of Internet Enterprises (《互聯網企業社會責任信息披露要求》), and the signing of the Convention on Collection, Improvement and Governance of Personal Information beyond Scope in the Game Industry (《個人信息超範圍採集整治治理遊戲行業公約》) and the Self-discipline Convention on Strengthening the Transparency of Internet Platform Rules (《加強互聯網平台規則透明度自律公約》).

Sustainable Development Policies

ZX Inc. is committed to achieving sustainable development. In addition to business development, it also promotes responsible development in environmental, social and governance aspects. We have formulated the Sustainable Development Policies to clarify our sustainability commitments and targets to guide our strategic decisions and business operations.

We set responsibilities and goals in different ESG scopes and promoted the Group, employees and partners to work together to achieve corporate sustainability.

Environmental Protection

- We have set various environmental targets to reduce greenhouse gas emissions and improve energy efficiency in strict compliance with relevant environment related regulations.

Social Responsibility

- We provide good welfare and development for employees, and actively participate in community public welfare activities to promote the sustainable development of the employees and the community.

Innovation and R&D

- We will join hands with different partners to invest heavily in R&D and launch development of more sustainable technologies and products.

Supply Chain Management

- Through transparent and trustworthy partnership with the suppliers, we actively promote long-term cooperation relationship with the suppliers and sustainable development.

Legal Compliance and Ethical Business Conduct

- We will establish an internal control system and establish the code of ethics for employees, provide relevant training for employees to ensure compliance and business ethics in our business and operations.

Communication and Reporting

- We will cooperate and communicate with stakeholders, and regularly release the latest sustainable information to all walks of life to show the work achievements of the Group.

ESG Management

ESG Management Structure

ZX Inc. has established a top-down ESG governance structure, which consists of the Board, the ESG Working Group, the ESG Responsible Team and responsible departments, and clarifies the work responsibilities at each level. Among them, our ESG Working Group consists of senior management and key cadres, and is responsible for formulating and implementing ESG strategies, goals and plans and monitoring relevant performance and reports.



Stakeholder Engagement

The support of stakeholders is the foundation for the stable development of the Group's business, helps us determine existing and potential opportunities and risks, and is also an integral part of our sustainable strategies. Therefore, the Group attaches great importance to communication with various stakeholders, including consumers, employees, upstream and downstream cooperation institutions, regulatory authorities, peer companies and community. By communicating with stakeholders through various channels, we can capture their main ESG issues of concern.

| Stakeholders | Main Issues of Concern | Communication Channels |
|--------------|---|--|
| Consumers | <ul style="list-style-type: none"> • Improvement of customer service; • Improvement of the anti-addiction and security system; • User data and privacy protection; • Product quality; • Enhancement of brand reputation; • Motivation of enterprise; • Innovation and personalization; • Fulfillment of social responsibility | <ul style="list-style-type: none"> • Online customer service communication; • Satisfaction survey; • Improvement of the customer complaint handling mechanism; • Social media communication; • Telephone; • Mailbox |
| Employees | <ul style="list-style-type: none"> • Improvement of the remuneration and welfare system; • Enhancement of the publicity of corporate culture and improvement of the occupational happiness of employees; • Career development and training; • Sufficient communication and feedback mechanism; • Good office environment and office facilities | <ul style="list-style-type: none"> • Employee opinion surveys; • Internal communication channels; • Performance appraisal; • Training courses; • Volunteer activities; • Seminars/workshops/lectures; • Employee communication conferences; • Employees intranet |

ESG Management

| Stakeholders | Main Issues of Concern | Communication Channels |
|---|--|---|
| Upstream and Downstream Cooperation Institutions | <ul style="list-style-type: none"> • Honest transactions; • Mutual benefit and win-win; • Information sharing; • Mutual growth | <ul style="list-style-type: none"> • Supplier management procedures; • Meetings; • Supplier/contractor evaluation system; • Site inspections; • Strategic cooperation projects; • Exchange activities; • Lectures; • Report |
| Regulatory authorities | <ul style="list-style-type: none"> • Compliant operation and paying taxes in accordance with the law; • Promoting traditional culture and continuously launching high-quality games and peripheral products; • Complying with national laws, regulations and policies and promote the improvement of industry standards; • Supporting national development strategies; • Establishing an honest operation mechanism | <ul style="list-style-type: none"> • Consultation; • Lectures; • Daily management; • Supervision and inspection; • Work meetings; • Compliance reports; • Submit a motion for review; • Written responses to public consultations |
| Peer companies | <ul style="list-style-type: none"> • Corporate governance; • Compliant operation; • Transparent information | <ul style="list-style-type: none"> • Cooperative projects; • Industry associations; • Developers' activities |
| Community | <ul style="list-style-type: none"> • Green and sustainable operation of enterprises; • Facilitating the high-quality development of the regional economy; • Providing employment opportunities; • Increasing social interaction and building close cooperative relationship | <ul style="list-style-type: none"> • Participation in social welfare; • Donations; • Volunteer activities; • Seminars/lectures/workshops |

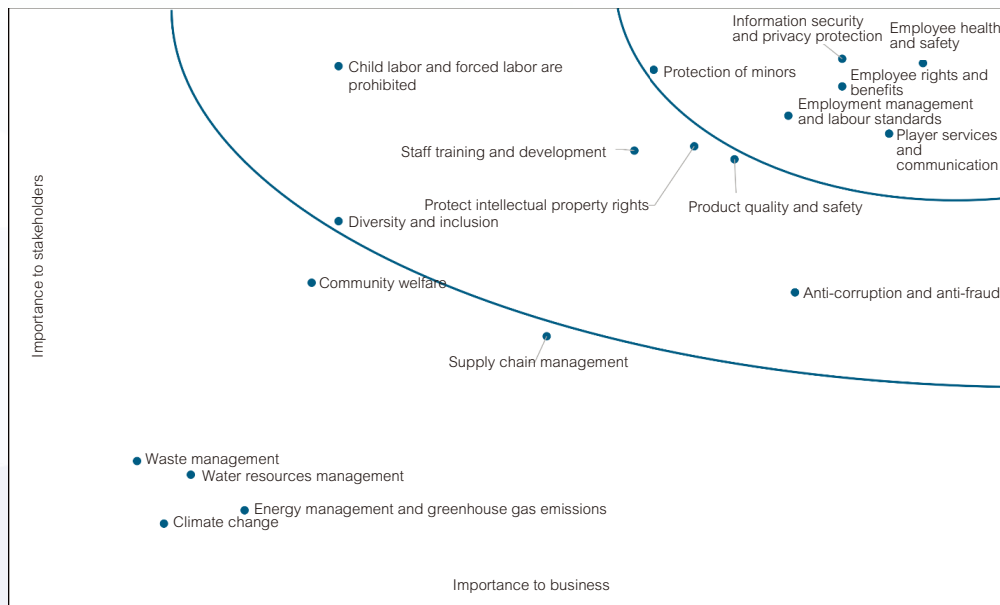


Material Issues and Matrix

We identify material ESG issues with reference to the Guide of the Stock Exchange, the Sustainability Accounting Standards Board (“SASB”) and peers and consider the expectations and views of major internal and external stakeholders. Through conducting materiality assessment and analysis with various stakeholders, we rank ESG issues and derive a matrix of material issues.

| Steps | Details |
|--|--|
| Establish a library of material issues | In order to promote ESG work more effectively, the Group has selected a total of 18 sustainable development issues with reference to the Guide of the Hong Kong Stock Exchange, the Sustainability Accounting Standards Board (“SASB”) and peers and established a bank of material issues. |
| Questionnaire of stakeholders | The Group has invited various stakeholders to participate in an online questionnaire to collect the level of their concern on various ESG issues. |
| Determination of materiality | We have reviewed the importance of each issue based on the two dimensions of “importance to business” and “importance to stakeholders”, and drawn a materiality assessment matrix to summarise the materiality assessment results. The materiality assessment results have been approved and confirmed by the Board. |

The results of the Group’s ESG materiality issue matrix are as follows:



| Highly important issues | Moderate important issues | General important issues |
|---|--|--|
| <ul style="list-style-type: none"> Employee health and safety Information security and privacy protection Employee rights and benefits Player service and communication Employment management and labour standards Protection of minors | <ul style="list-style-type: none"> Product quality and safety Protect intellectual property rights Staff training and development Child labor and forced labor are prohibited Anti-corruption and anti-fraud Diversity and inclusion | <ul style="list-style-type: none"> Supply chain management Community welfare Water resources management Waste management Energy management and greenhouse gas emissions Climate change |

Standardization of Operations

Anti-Corruption and Integrity Promotion

The Group strictly abides by anti-fraud and anti-money laundering laws and regulations such as the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Company Law of the People's Republic of China (《中華人民共和國公司法》) and Interpretation of the Supreme People's Court on Several Issues Concerning the Specific Application of Law in the Trial of Money Laundering and Other Criminal Cases, etc. (《最高人民法院關於審理洗錢等刑事案件具體應用法律若干問題的解釋》). In order to further strengthen the supervision of the Group's daily operations, we have formulated the Anti-Fraud Management System, the Anti-Money Laundering Work Guidelines and etc. to resolutely eliminate any corruption such as bribery, extortion and money laundering and establish a good atmosphere of integrity, diligence and dedication.

Before cooperating with a partner, we will identify the counterparty's identity, understand the counterparty's identity, keep and re-identify the information when cooperation again. If any suspicious transaction is found in the cooperation with the counterparty, we will report it to the Anti-Money Laundering Monitoring Centre of the PRC and relevant institutions. We will also strengthen the training and publicity of anti-money laundering in accordance with the requirements of business and relevant regulations.

The internal audit department is the anti-fraud working unit of the Group, responsible for reviewing the anti-fraud procedures and control measures of the management and establishing the anti-fraud culture of the Group. It is also required to regularly report anti-fraud work to the audit committee every year, and investigate anti-corruption reports. We provide reporting channels such as reporting mailboxes, offer a safe way to the employees for reporting cases involving in business ethics and fraud and conduct investigations. When various improper behaviours are found, we will take targeted corrective measures. The Group will handle all collected data in a confidential and prudent manner. For the corruption behaviour complaints received, once verified, the punishment will be given in according with the established system, and in serious cases, they will be transferred to the judicial authorities.

During the Year, the Group provided anti-corruption and anti-commercial bribery related training to the Board and some employees. The training content includes introduction to the regulatory requirements of anti-corruption, how to identify corrupt practises, the Company's internal control and anti-corruption policies and case analysis.

During the Year, there were no case of conviction against the Group or its employees due to corruption.

Standardization of Operations

Quality Management

We evaluate the quality of our games based on three aspects of our online games, including performance evaluation, quantitative analysis and online testing. Game vendors provide demo versions of the games to us. We will analyze the design, function, experience, interactivity, traffic and interest points of the games. The games will also go through pilot tests to test a number of indicators, in order to examine and predict the penetration rate and monetization ability of the games. The Group's team of strategic analysts and game evaluators will evaluate the games based on the games' potential, future market trends, user preferences and etc.

We have commissioned third-party toy manufacturers and food manufacturers with production qualifications to carry out production, and have developed quality control measures, suppliers in the procurement of raw materials, production quality, safety control, etc., in strict compliance with the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法》), Implementation Rules of Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法實施條例》), National Plan for Emergency Respond to Food Safety incidents (《國家食品安全事故應急預案》), Administrative Measures for National Food Safety Standards (《食品安全標準管理辦法》), Measures for the Administration of Food Trade Licensing and Recordation (《食品經營許可和備案管理辦法》), Administrative Provisions on Food Labeling (《食品標識管理規定》) and other provisions to regulate suppliers' policies on raw material procurement, production quality and safety control. We require our suppliers to conduct safe production in accordance with food safety. When we select suppliers, we examine their price, quality, business scale, reputation, and whether they have any records of violations, etc., and we also ensure that our products meet the requirements of quality and laws and regulations.

We sell food and pop toy through third party platforms. Customers can notify us of safety or health issues with the products through the recall policy of the relevant platform and we will contact the relevant customer to provide support, if the incident is a safety or health issue, we will arrange for the product to be recalled. After recalled, we will conduct testing, feedback and rectification of the quality issue. If the problem is of a major and serious matter, we will notify the relevant authorities. Product recalls do not apply to the Group's Gaming business.

During the Year, we have supplied 39.9 million "Zha Zha Hui" instant food with 0.12% recall percentage; we also supplied 20,407 pop toys with 0.04% recall.

Standardization of Operations

Healthy Games

We strictly abide by Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Provisions on the Administration of Account Names of Internet Users (《互聯網用戶賬號名稱管理規定》) and other regulations to provide players with a healthy and positive game platform. In term of game, we act as a publisher, before game distribution, we conduct through healthy game screenings to ensure that the game we publish comply with and meet relevant national health game laws and regulations. Before the game launch, we will collect information on the version, partner, trademark, authorization letter and other information of a game, and review and judge its content to judge whether there is any risk of operation or infringement. If there is any false or missing part in relevant data of the game, the game will not be allowed to be launched or will be delayed until there are no false, missing data etc.. After the game is launched, the game platform has reporting and banning functions to prevent the occurrence of bad and non-compliant information to ensure the compliance of the game. We will also review the game environment to prevent any external cheating software, and promptly detect and deal with technical issues.

The Group strictly abides by Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Provisions on the Administration of Account Names of Internet Users (《互聯網用戶賬號名稱管理規定》), the Provisions on the Management of Public Internet User Account Information Services (《互聯網用戶公眾賬號信息服務管理規定》), the Notice on Preventing Minors from Indulging in Online Games (《關於防止未成年人沉迷網絡遊戲的通知》) and other policies. As a responsible game platform operator, we require all users to register and log in to the platform with their real names, and minors can only play for a limited period of time in accordance with regulatory requirements. We also set limitations on the recharge behaviours of the minors in the games, any recharging behavior by minors will be dealt with in accordance with the relevant regulations. ZX Inc. also participated in the preparation of the group standard of the Management System on Minors online protection for Internet Enterprises (《互聯網企業未成年人網絡保護管理體系》) to ensure the safety of minors on the network.

We launched an anti-fraud public welfare game, Anti-Fraud Heroes (《反詐英雄》), with the Public Security Bureau of Shangrao City, Jiangxi Province, to convey the message of preventing online fraud to the public in the form of game. The game has been received positive feedback by many parties since its launch. In 2022, the game was selected as one of the "Top 10 Positive Energy Cases" of Guangzhou Internet (廣州互聯網「十大正能量案例」) and the Promotion List of Mature and Applicable Products for the Improvement of Minors' Internet Literacy" at the "20th China Internet Conference – Forum on the Healthy Use of the Internet by Minors" (「第二十屆中國互聯網大會未成年人健康使用網絡論壇」《未成年人網絡素養提升成熟適用產品推廣名單》).



The Game "Anti-fraud Heroes"

Information Security

As a digital interactive entertainment group, our business involves the collection, use, analysis and storage of players' personal information. Therefore, we attach great importance to the security of the Group's information and user data. The Group strictly abides by relevant laws and regulations such as Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), Computer Information System Security Protection Regulations of the People's Republic of China (《中華人民共和國計算機信息系統安全保護條例》), the Regulations on Technological Measures for Cybersecurity (《互聯網安全保護技術措施規定》), the Regulation on Internet Information Service of the People's Republic of China (《互聯網信息服務管理辦法》), the Measures for Security Protection Administration of the International Networking of Computer Information Networks (《計算機信息網絡國際聯網安全保護管理辦法》), continuously improves internal management regulations, strengthens the security awareness of the employees and comprehensively maintains information security.

The Group has formulated and Implemented the systems such as the Information Security Management System of ZX Group (《中旭集團信息安全管理制度》), the Information Security Strategy of ZX Inc. (Framework) (《中旭未來信息安全策略(框架)》), the Formulation and Change System on Platform Rules, Privacy Policy and Algorithm Strategy of ZX Inc. (《中旭未來有關平台規則、隱私政策和算法策略的制定與變更制度》) and the Management and Control System for Lifecycle of Personal Information and Data of the Users of ZX Inc. (《中旭未來用戶個人信息數據生命周期整體管控制度》), which provide detailed explanations and regulations on information security responsibilities, information security strategies, confidentiality systems and user data, and provide institutional basis for preventing information security accidents and strengthening information security management of the Group.

The Group has formulated a number of information security related policies to regulate the following behaviours, aiming to strengthen information security management of the Group and prevent information security accidents.

Management Structure The Group has established an information security system, formulated and implemented information security strategies

System Structure

- To set up an independent information security working group to be responsible for the security management, maintenance and execution of the Group;
- To clarify the division of responsibilities between the person responsible for information system security and the person who maintains it, establish a hierarchical classification system for the Group's information assets, and breakdown responsibilities to individuals;
- To strengthen exchanges and cooperation with external organizations, including liaising with information security experts and engaging third-party companies to conduct independent security audits;
- To develop a detailed system to impose strict requirements, risk identification and control on third-party access

Group Information The Group has formulated and implemented the provisions such as the Information Security Management System of ZX Group (《中旭集團信息安全管理制度》) and the Interim Provisions on Confidentiality Management of Jiangxi Tanwan Information Technology Co., Ltd. (Trial) (《江西貪玩信息技術有限公司保密管理暫行規定(試行)》).

We strictly supervise the distinction between internal and external organisations in accessing information systems, clarify the responsibilities of users, and strengthen the control of key information such as the Group's applications and operating systems through various means:

- To conduct information security control for the Group's employees at three stages before, during and after employment to avoid information leakage due to intentional or negligent omission;
- To break down the communication and operation management process, and implement corresponding regulations on the nodes such as operation procedures and responsibilities, third-party service delivery management, system planning and acceptance, prevention of malicious codes and mobile codes, backup, network security management, media processing, information exchange monitoring and auditing;
- To constantly deepen daily confidentiality management, commercial confidentiality management, financial confidentiality management, protection of technical patents and intellectual property, and implement the Group's confidentiality work into precise practice.

Standardization of Operations

| | |
|-------------------|--|
| User Data | <p>The Group has formulated and implemented regulations such as the Overall Management and Control System for Lifecycle of User Data of ZX Inc. (《中旭未來用戶數據生命周期整體管控制度》) and the System on the Records and Retention of Processing Logs of User Data of Zhongxu Digital (《中旭數科用戶數據處理日志記錄留存制度》) to protect users' and stakeholders' personal information and data privacy.</p> <ul style="list-style-type: none">— The Group adheres to the principle of minimum necessity and conducts internal emergency response training and emergency drills at least once a year for the protection of data throughout its lifecycle, including lawful collection, storage, use, processing, transmission, provision, disclosure and deletion under the authorization of users;— In order to obtain effective user consent, the Group provides the User Privacy Policy in a prominent manner such as pop-up windows for users to view during the collection of information and services;— The Group strictly requires its employees to perform their obligations to protect users' and stakeholders' personal information security, signs confidentiality agreements with the staff in relevant positions and requires them to continuously perform their confidentiality obligations when they are transferred from their positions;— The Group have introduced self-assessment platform to control data in accordance with the classification and grading of data security regulations conduct no less than 10 hours of theme-based learning and training for data security-related personnel each year. |
| Hardware Security | <p>The Group strictly monitors the environment of key equipment such as computer rooms and conducts regular security inspections to eliminate the risk of security incidents caused by failure or damage of hardware facilities.</p> <ul style="list-style-type: none">— We demarcate security areas, impose the requirements such as locking, access control and restriction of authority on key protection areas, and conduct regular maintenance and inspection;— We regularly conduct security inspections such as fire prevention, theft prevention in key areas such as computer rooms, and data destruction must be carried out for abandoned equipment. |
| Accident Handling | <p>The Group has formulated internal regulations such as the Security Incident Management Measures of ZX Inc. (《中旭未來安全事件管理辦法》) and the Emergency Plan Management System of ZX Inc. (《中旭未來應急預案管理制度》) to provide detailed explanations on the Group's information security accident responsibility identification, classification and grading of accidents, handling process, emergency measures and etc.</p> <ul style="list-style-type: none">— We require all employees and third parties to report information security incidents in a timely manner, and keep detailed records of time nodes, screen information, consequences and etc., so that relevant personnel can quickly handle them;— The Group keeps records of the accident classification, response methods and follow-up matters of all accidents to provide reference for future prevention;— We standardize the emergency treatment work of the Company's infrastructure, software and hardware systems and application systems, make detailed delineation of the handling scenarios of general accidents, major accidents and serious accidents, and clarify the handling methods and remedial work;— In order to encourage the employees to improve their information security awareness and handling capabilities, the Group has set up reward and punishment regulations to reward the employees who forecast risks and deal with them in a timely manner, and to punish those who are responsible for information security incidents. |
| Advertising | <p>The Group strictly complies with the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), Interim Measures for the Administration of Internet Advertising (《互聯網廣告管理暫行辦法》) and 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》), manging the accuracy and authenticity of any information disseminated to the public, so as to provide customers with appropriate information and strive to ensure, at our level, that customers will not be misled by the content of the information.</p> <ul style="list-style-type: none">— We have formulated the Advertisement Review Management System of ZX Group (《中旭集團廣告審核管理制度》) to conduct self-inspection to the contents of the games before they are published on the platform to ensure the authenticity of the data and in compliance with regulatory requirements.— The business department must conduct an internal review before using promotional materials, and we have clarified the use of words by employees in advertising materials.— Advertisements shall not contain content that does not possess the characteristics and damages the physical and mental health of minors and persons with disabilities. |

During the Year, the Group did not violate any major laws and regulations relating to personal data, advertising and labelling.

Intellectual Property Rights

The Group strictly abides by the Advertising Law of the People’s Republic of China (《中華人民共和國廣告法》), the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), the Rules for the Implementation of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》), the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》), Regulations for the Implementation of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》), Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), Regulations for the Implementation of Copyright Law of the People’s Republic of China (《中華人民共和國著作權法實施條例》), Regulations on the Protection of Computer Software (《電腦軟體保護條例》) and other laws and regulations. We have formulated the Intellectual Property Rights Management System (《知識產權管理制度》), Measures for Trademark Management (《商標管理辦法》), Measures for Copyright Management (《著作權管理辦法》) and Measures for Patent Management (《專利管理辦法》). We respect and protect intellectual property rights and standardize the management of intellectual property rights, including trademark rights, patent rights, copyrights and trade secrets. The legal department of the Group manages intellectual property rights, and the brand promotion department, design department and marketing department support for intellectual property rights management and protection.

The creative achievements developed by employees or external units due to their positions or entrusted by the Group are vested in the Group. We will apply for protection of intellectual property rights, which will be reviewed by the legal department. The legal department will evaluate the feasibility of the application and the risk of infringement before making the application. The use of any intellectual property rights must be authorised by the licensor. If any intellectual property risks are found in daily operations, the legal department must be notified. If any infringement is found, the legal department will carry out rights protection and collect relevant evidence to protect the Group’s intellectual property rights through judicial channels. We will also strengthen intellectual property rights training for employees.

During the Year, the Group held 11 patents.

In 2022, the trademarks of “Tanwan (貪玩)” and “Tanwan Lanyue (貪玩藍月)” were selected as key trademarks of Guangdong Trademark Association, and the litigation case of protecting intellectual property rights was selected as a typical case of judicial protection of digital economy intellectual property rights issued by Jiangxi High People’s Court.



Standardization of Operations

Customer Service

We attach great importance to customers' opinions, and set up various channels to collect customers' opinions and complaints to solve difficulties for customers in a timely manner, and provide customers with the better service. We have established multiple platforms to collect customers' opinions, including complaint on WeChat official accounts platform, game customer service hotline, feedback mailbox, etc. We handle complaints and disputes efficiently and properly. The handling process of complaint is as follows:

After receiving players' complaints about the game, we will contact the players to know the problems and their requirements, and then arrange relevant personnel to deal with the problems. For example, we will check the problems encountered by the users through the back end, such as system bugs, non-receipt of recharge, user ban etc., and then report to players based on the results of the investigation, and explain the reasons, propose and negotiate solutions. If the bugs occur on the platform, the technical personnel will confirm the repair plan and report to the players.

We also provide minors a refund service of the recharge application for games. After receiving the customer service content, we will contact the users to understand the situation and collect information from the player as a minor, such as the certificates of family relationship between parents and minors, and the identity certificates of the complaining users, etc., which will be reviewed by the staff. We will use big data analysis, behavior analysis, money comparison and other tools to comprehensively review. If the review result proves that the recharge was made by minors, the refund will be made, but if it was made by adults, the refund will not be made.

During the Reporting Period, our customer satisfaction rate of gaming, instant food and pop toy business were 93.82%, 87.8% and 90.00% respectively. We received 26,644 complaints from customers about gaming, 1 about pop toy and 47,740 about instant food, all of which have been handled.

Supply Chain Management

In order to improve the Group's procurement management level and strengthen the unified supervision of suppliers, we have formulated policies such as the Supplier Management System (《供應商管理制度》), the Procurement Management System (《採購管理制度》) and the Guidelines for Supplier Access Specifications (《供應商准入規範指引》) to specify the development, access, renewal, selection, evaluation, reward and punishment of suppliers, so as to promote the healthy, sound and green development of the supply chain.

Our supplier categories mainly include suppliers of servers, e-commerce procurement, development and design, platform and channel, media placement software, intermediary services, exhibition services, human resources services, etc. In order to provide stable and high-quality services, we have established a strict evaluation process, with suppliers' qualifications, service quality, supply capacity, price, operation status and reputation as the selection criteria. The main responsibilities of our procurement staff include: (i) reviewing the procurement needs formulated by the R&D department and the sales and marketing department; (ii) identifying and contacting with the appropriate suppliers of the Group; and (iii) negotiating and communicating the terms with suppliers.

For new suppliers, The Group selects prospective suppliers through active contact and acceptance of self-recommendation, and requires prospective suppliers to fill in the Supplier Information Registration Form (《供應商信息登記表》) and the Supplier Qualification Comprehensive Review Form (《供應商資格複合型審核表》) to inspect their business information, main performance, supply and service assurance ability, quality assurance ability, service plan and compliance performance, etc., and the supplier access is jointly determined by the review team, demand department and procurement leading group. For existing suppliers, The Group regularly conducts annual evaluation on the qualified major suppliers, and classifies them into A-excellent, B-qualified, and C-eliminated based on their scores, suppliers with A-level will be given priority to cooperate under the same conditions, and suppliers with C-level will be eliminated and will not be selected within three years.

During the Reporting Period, we completed reviewing our major suppliers. During the Year, the number of our suppliers was 589, by region, 507 of suppliers were from Mainland China and 82 were from international, Hong Kong, Macao and Taiwan.

We pay attention to the environmental and social performance of suppliers and require all suppliers to comply with relevant legal requirements. We will sign the Anti-Commercial Bribery Agreement (《反商業賄賂協議》) with common suppliers to prevent any non-compliance, safeguard the common interests of both parties, and promote the good development of relations between both parties. We intend to work with suppliers with sustainable development concepts to reduce the use of non-recyclable materials and encourage the reuse of environmentally friendly packaging. We will also consider its environmental impact when selecting suppliers and actively encourage suppliers to use recycled materials.

People-oriented & Love and Care for Talents

Caring for Employees to Grow Together

Based on the principle that talent is the core competitiveness of enterprise development, we are committed to creating an equal, inclusive, healthy and safe working environment and avoiding any discrimination on gender, marital status, age, race, religion, etc. to achieve the common growth of the enterprise and employees. During the Year, the total number of employees was approximately 1,305.

The Group strictly abides by the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), Law of the People's Republic of China on Protection of Minors (《中華人民共和國未成年人保護法》), the Provisions on the Prohibition of Using Child Labor (《禁止使用童工的規定》) and other laws and regulations. We have formulated the Employee Handbook to clarify the Group's internal policies on employment, promotion, dismissal, holidays, benefits and other procedures, aiming to enable employees to clearly understand the Group's system and culture.

Our recruitment work covers the following steps: the relevant department submits recruitment applications, arranges recruitment, conducts resume screening and preliminary examination, conducts re-examination and final evaluation. Employees can also internally recommend suitable candidates for internal recruitment, and encourage internal qualified and capable employees to take relevant positions. If the presentee successfully takes office, the presenter can be rewarded. Child labor as defined by laws and regulations is strictly prohibited during the recruitment process. By collecting personal information, we select suitable candidates and verify candidates' personal information, and require the human resources department to carefully check the identification documents to ensure that the recruited employees comply with laws and regulations.

Employees who submit the resignation application, with the approval of the department head and filing with the human resource department, are required to complete the handover within the required notice period, and return the assets of the Group kept by the employees, such as product documents, business passwords, employee's cards, entry cards, data and information etc. Interview will be arranged by the human resource department with employees to collect their opinions and ensure that handover arrangements are in place. The Employee Handbook stipulates the management of termination of employment, and the Group reserves the right to terminate the labor contract with employees in the event of any violation of the Employee Handbook or professional ethics. Turnover rate was higher in FY2023 with 46.04% for the Year due to the following reasons: (I) Turnover were concentrated in junior employees and the number of junior employees accounted for 87.15% of the total number of active employees (excluding short-term/part-time employees). (II) The Company streamlined or shut down some of its non-primary operations in the first half of 2023. (III) Individual departments, especially e-commerce, sales and customer service, have high mobility. Detailed separation information is categorized as shown in the chart below.

| | Full Year | Second half of the Year |
|---|-----------|-------------------------|
| Total Employee turnover rate ¹ | 46.04% | 15.49% |
| By Gender | | |
| Male | 46.41% | 15.98% |
| Female | 45.38% | 14.63% |
| By age group | | |
| Under 30 | 49.09% | 15.89% |
| 30-50 | 36.08% | 14.88% |
| Above 50 | 18.75% | 0.00% |
| By district | | |
| Northern China | 50.85% | 19.01% |
| Southern China | 45.50% | 15.12% |

¹ Calculation method of employee turnover of different categories: $\frac{\text{The number of employees in this category}}{\text{(total number of employees in this category + the number of employees in this category at the end of the Year)}} \times 100\%$

People-oriented & Love and Care for Talents

In addition, we also eradicate forced labor the working hours of employees are clearly stated in the Employee Handbook. Employees who need to work overtime to handle emergencies shall be approved by their department head. If any violation is identified, it will be dealt with in accordance with the circumstances clearly set out in the Group's Employee Handbook. During the Year, there were no cases of non-compliance in relation to the employment of child labor or forced labor.

During the Year, the Group did not violate any major laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, and other benefits and welfare etc.

Health Protection for Employees

The Group pays attention to the health and safety of employees and complies with the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》), the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》), 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》), the Regulation on Work-Related Injury Insurance (《工傷保險條例》) and other laws and regulations, and requires employees to comply with fire safety rules. For purpose of raising employees' awareness of occupational safety, we provide fire safety education for employees, and arrange professional medical staff to conduct cardiopulmonary resuscitation training and teaching on the use of automated external defibrillator for our employees.

In order to enable employees to be more concerned about their own physical conditions, the Group provides physical examinations for employees and commercial insurance. Moreover, we have provided gym equipment in the office to encourage employees to do more exercise, thereby relieving their stress and reducing occupational diseases and other diseases.

During the Reporting Period, the Group had no work-related fatalities or lost days due to work injury. In the past three years, the number of work-related fatalities of the Group was zero.



People-oriented & Love and Care for Talents

Generous Treatment and Excellent Benefits

In addition to stipulating the welfare management system in the Employee Handbook, we have also set out the Social Insurance and Housing Provident Fund Management System (《社會保險及住房公積金管理制度》), the Remuneration Incentive Management System (《薪酬激勵管理制度》), and the Year-end Bonus and Remuneration Adjustment System of the Group (《集團年終、薪酬調整制度》) to disclose the social insurance rights and interests of employees. In order to fully mobilize the work enthusiasm of employees and strengthen incentives, the Group's compensation consists of base salary, position/skill salary, performance-based salary, full-attendance award, year-end bonus, etc. We pay year-end bonus in fair, incentive and competitive principles, and make salary adjustments based on employees' performance, position value and market salary survey data. We also pay social insurance (including basic pension insurance, basic medical insurance, unemployment insurance, labor injury insurance and maternity insurance) and housing funds for our employees in accordance with the law. Moreover, the Group provides annual leave, compassionate leave, marriage leave, maternity leave, sick leave for employees. We also provided various welfare allowances for employee, such as paid holidays, commercial insurance, welfare body check, employee birthday parties, working meals, afternoon tea and holiday benefits, striving to create a friendly and belonging work environment for employees.

We attaches great importance to talent cultivation and management training. In 2023, we organized 39 learning and training activities for new and old employees, including “New Employee Orientation”, XMTSBU “Gold of Desert King”, “Management Training: Information Acquisition, Structured Thinking, Depth Thinking”, “AIGC Business Sharing”.



“King’s Boat — Favorite Talent Employer Award” from BOSS ZHIPIN.



Compliance Management Training

People-oriented & Love and Care for Talents



Group Activity



Leader's Message



Outstanding Employee Recognition

In order to reduce the stress of our staff at work and to enhance the team spirit among staff and their sense of belonging to the Group, we organize after-work activities for our staff. This year, we held the “Gold of Desert King” activity.



“Gold of Desert King” Activity

People-oriented & Love and Care for Talents

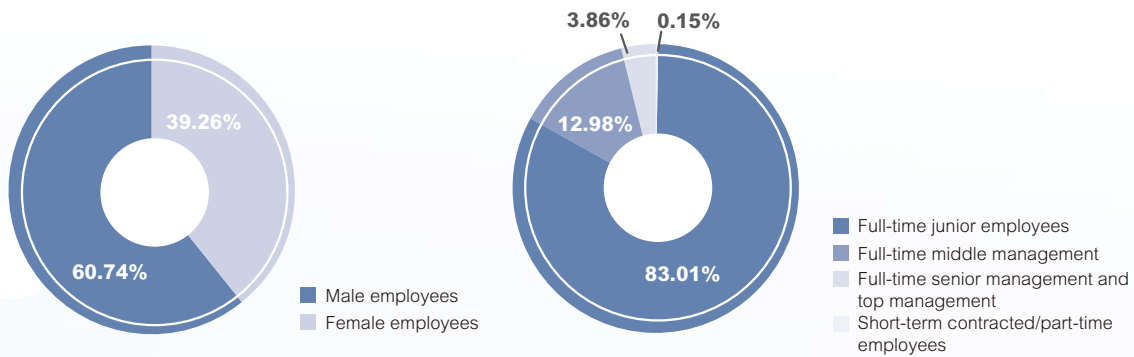
Talent Cultivation Focuses on Development

An excellent team is critical to the Group’s sustainable and long-term business development. In addition to meeting the needs of business development, the Group improves the quality, vocational skills and knowledge of employees through continuous training. We believe that we organized various types of training to our employees, lead them to learn different creative concepts and related industry knowledge through different creative environments.

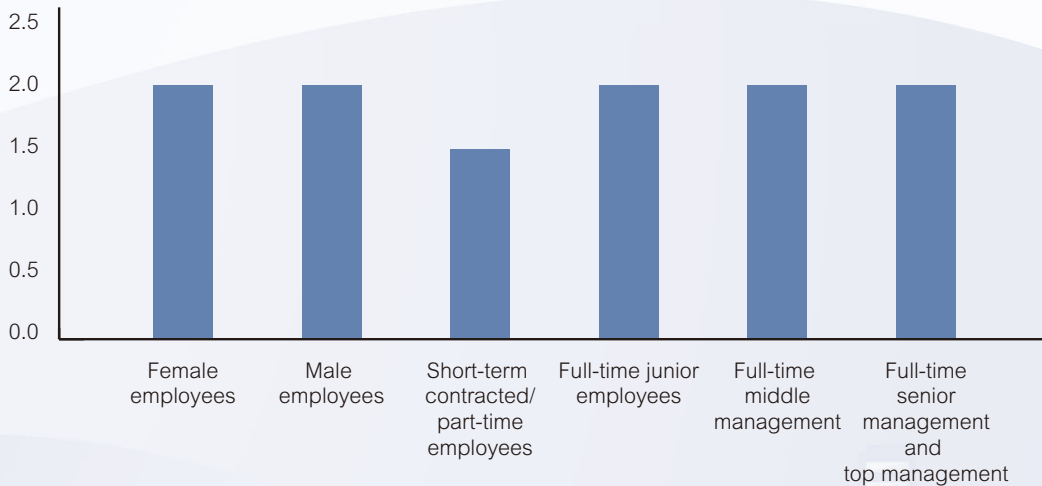
We provide induction, internal and external training for employees, and provide new employees with training on the Company’s background, culture, rules and regulations, code of conduct, etc. when employees join the Company, so that new employees can adapt to the Group’s work and culture more quickly. In order to enhance the skills and knowledge of employees in professional fields, the Group provides relevant internal training for employees, and also provides the latest market training from external experts, so as to enable employees to master the knowledge and skills required for their positions, to utilize their abilities and to enhance their work performance. During the Year, we provided employees with “Multi-dimensional Form Use Training”, “Interviewer Advanced Training”, “AIGC Business Sharing”, “Management Training – Leadership Essentials”, “Management Training: Goal Setting, Process Tracking, Results Acquisition”, “Listing Compliance Training”, etc.

In addition, the Group regularly assesses the performance of employees, evaluates their performance on a monthly and quarterly basis, and formulates clear guidelines and regulations to improve the work efficiency of employees and departments. In order to achieve the purpose of effective communication, employees will communicate their relevant performance with the department head. This system provides a reference standard for salary adjustment, bonus distribution and promotion.

During the Year, the training of employees is as follows:



unit: hours



Average training hours for employees in the Year

We encourage our employees to pursue career development opportunities. Employees can fully utilize their potential and ability, and develop vertically or horizontally in the Group’s job system. We have stipulated the promotion management system for employees, and the human resources department regularly conducts assessment and promotion, and promotion is subject to the approval of the leaders according to the assessment results, training, and their skills and qualifications.

Low-carbon and Sustainable Development

Responsible Green Operations

The Group is well aware of its responsibility to protect the environment in its business activities and therefore abides by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and other relevant laws and regulations. We have formulated the Environmental, Social and Governance (ESG) System of ZX Inc. (《中旭未來環境、社會與管治(ESG)制度》) to encourage employees to protect the environment and enhance their environmental awareness. The main operating activity of the Group is online game platform management, and the business operated by the Group has minimal impact on the environment and natural resources. We identify the use of resources during office operation and implement feasible measures to save energy and reduce consumption. During the Year, the Group did not violate any laws related to environmental protection or cause major accidents affecting the environment and natural resources, nor did it receive any notice of penalties or litigation related to environmental issues.

The Group has set environmental-related targets, and will implement corresponding policies and measures and review the progress of the targets on a regular basis.

- Actively implement the Group's measures to save energy, and maintain or gradually reduce energy intensity on the basis of 2023;
- Actively implement the Group's measures to save energy and reduce greenhouse gas emissions, and maintain or gradually reduce greenhouse gas emission intensity on the basis of 2023;
- Actively implement the Group's measures to water conservation, and maintain or gradually reduce water consumption intensity on the basis of 2023;
- Actively implement the Group's measures to save materials and classify waste, and maintain or gradually reduce waste intensity on the basis of 2023.

Low-carbon Operation

Climate change shall not be ignored as one of the global issues. We understand the mutual impact of operations and environmental changes, thus the Group discloses indicators related to environmental aspects through this platform. Greenhouse gas emission audit is conducted in accordance with the "Greenhouse Gas Protocol (《溫室氣體盤查議定書》)" developed by the World Resources Institute and the World Business Council for Sustainable Development and the "ISO14064-1" formulated by the International Organization for Standardization to implement the consistent reporting principle.

During the Year, the Group's greenhouse gas (GHG) emissions are as follows:

| Indicators | | Unit | 2023 |
|-------------------------------------|--------------------|---|----------|
| GHG emissions² | | | |
| Scope 1 | Direct emissions | tonnes of CO ₂ e | 337.65 |
| Scope 2 | Indirect emissions | tonnes of CO ₂ e | 1,401.20 |
| Total GHG emissions | | tonnes of CO ₂ e | 1,738.86 |
| Intensity of GHG emissions | | | |
| Per million revenue (Scope 1 and 2) | | tonnes of CO ₂ e/million revenue | 0.27 |
| Per employee (Scope 1 and 2) | | tonnes of CO ₂ e/employee | 1.33 |

Scope 1: Direct GHG emissions generated from sources owned and controlled by the Group.

Scope 2: GHG emissions indirectly generated from electricity generation, heating and cooling or steam purchased by the Group.

² Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

Low-carbon and Sustainable Development

Green Office Saves Resources

We have implemented the following environmental initiatives in our offices in terms of energy, water, paper and waste. In addition, we also promote environmental protection information through emails, posters, internal networks and other media and attempt to change the habits of employees to increase the effectiveness of implementation.

Green office measures

- | | |
|-----------------|---|
| Use of energy | <ul style="list-style-type: none">• Using daylight as far as possible;• Switching off the lights when not in the office;• Prioritizing replace energy saving lightings if needed;• Increasing the frequency of cleaning lights to maintain and improve efficiency;• Setting the minimum temperature of the air conditioning system according to the indoor temperature in summer and winter;• Regularly cleaning the dust filters;• Reminding employees to turn off electronic devices after work and when not using them;• Prioritizing energy-saving and emission-reduction products with energy-saving label certification when purchasing office appliances; |
| Use of paper | <ul style="list-style-type: none">• Saving paper and prioritizing the use of recycled paper;• Previewing first before printing to reduce paper waste;• Setting 2-sided black-&-white printing by default to reduce waste paper production;• Using computers for word processing to reduce print unnecessary documents |
| Water resources | <ul style="list-style-type: none">• Turning off the faucet tightly;• Posting reminders for staff to cherish water in washrooms and pantries;• Conducting regularly inspections and tests, and repairing any dripping and leakage in a timely manner;• Using sanitary ware with water-saving labels |
| Waste resources | <ul style="list-style-type: none">• Garbage sorting according to the requirements of the property management department, including renovation waste, kitchen waste, hazardous waste, domestic waste, etc.• Provision of classified recycling bins to increase recycling rate;• Advocating food conservation and reduce the use of food packaging. |

Air Emissions

Vehicle emissions are one of the national standards for controlling air emissions. By understanding the details of fuel consumption and mileage of the Group's vehicles during the Year, we learned that the emissions of nitrogen oxides, sulphur oxides and particulate matter during the Year were 9.94 kg, 1.76 kg and 0.73 kg, respectively. We regularly service our vehicles to maintain their efficiency and avoid excessive emissions of pollutants due to reduced efficiency.

Low-carbon and Sustainable Development

Efficient use of energy

During the Year, the total electricity consumption of the Group during its operation was 2,456,960.00 kWh, while the total electricity consumption intensity was 377.15 kWh per million revenue and 1,882.73 kWh per employee. In the coming year, we will continue to monitor the electricity consumption of the Group's business operations.

| Energy consumption | | 2023 |
|---|---------------------|--------------|
| Total electricity consumption | kWh | 2,456,960.00 |
| Total electricity consumption intensity (per million revenue) | kWh/million revenue | 377.15 |
| Total electricity consumption intensity (per employee) | kWh/employee | 1,882.73 |

Efficient use of water resources

The water used by the Group is sourced from the municipal water supply. During the Year, the total water consumption was 17,577.00 tonnes and water consumption intensity of the Group during its operation was 13.47 tonnes per employee.

| Water consumption | | 2023 |
|--|--------------------------|-----------|
| Total water consumption | m ³ | 17,577.00 |
| Total water consumption intensity (per employee) | m ³ /employee | 13.47 |

Reduction of waste

The Group strictly complies with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), and properly disposes waste and emissions by the law. During the Year, the total non-hazardous waste generated by the Group was 109.5 kg, while 48 sets waste computers and 60 pieces waste ink cartridges with toner cartridges. In the future, we will continue to monitor the non-hazardous waste and hazardous waste generated by the Group in order to further optimize our waste management measures. The Group's instant food brand "Zha Zha Hui" (渣渣灰) and pop toy brand "Bro Kooli" are produced by third party suppliers and packaging materials are not used in the Group's main game business.

| Waste | | 2023 |
|---|-------------|--------|
| Total non-hazardous waste generated | kg | 109.50 |
| Non-hazardous waste generated by per employee | kg/employee | 0.08 |
| Waste computers | set | 48.00 |
| Waste ink cartridges with toner cartridges | piece | 60.00 |

Early Prevention of Climate Change

As extreme climate events occur frequently with the rise in global temperatures, the Group has reviewed the impact of physical risks and transitional risks caused by climate change on the Group, and the relevant events have not imposed any risks on the Group's operations. In order to reduce the impact of extreme weather on employees' safety, we will release the latest weather information to employees so that our employees and management can prepare for protection at an early stage. The Group's offices in Jiangxi and Guangdong will work together to maintain continuous business operations during extreme weather. We will continue to monitor the latest requirements and policy development of climate change and assess the possible impact on the Group in the future, as well as formulate corresponding measures in a timely manner to cope with climate change.

Contribution to Society, Creating the Future Together

Adhering to the concept of synchronizing corporate development with social services over the years, ZX Inc. has established “TanWan Public Welfare” (貪玩有愛) internally to donate to the community. As a public welfare window established by ZX Inc., “TanWan Public Welfare” (貪玩有愛), with the vision of “caring for the needed with a loving heart”, implements a number of public welfare programs such as “Wings of Life” (生命之翼), “Digital Village” (數字鄉村) and “Bright Guardian” (光明守護), which cover a variety of fields such as disaster relief, rural revitalization, primary education, etc., and promotes public welfare activities in society to give back to society and fulfill the public welfare social responsibilities.

During the Year, our donations amounted to RMB12.9 million with a total of RMB1.7 million invested in charity and public welfare activities. We organized a charity auction and donated 5.5 million RMB and 1.3 million RMB to the Zhuozhou flood disaster area. In total, more than 70 employees of the Group participated in more than 40 public welfare activities.

Striving for Goodness, Caring for Children

ZX Inc. has gradually established the public welfare vision of “caring for the needed with a loving heart” in the long-term practice and exploration, devoted itself to developing the “Hope · Future” (希望·未來) public welfare project and set up the “ZX Inc. Scholarship”, aiming to improve the educational environment and living standards of minors in remote areas of the country, care for the healthy growth of minors, and promote the balanced distribution of rural primary education resources.

During the Year, the Group granted scholarships of RMB400,000 to Dafang Tianhe Experimental School (大方天河實驗學校) and Yuanbao Tongxin Experimental School (元寶同心實驗學校) in Guizhou Province. Study Subsidy Program of ZX Inc., an educational public welfare project selected as the “Internet Public Welfare Influence Project” (網絡公益影響力項目) by the “I Public Welfare · I Guangzhou” (I公益 · I廣州) online public welfare, will recruit 80 students from those schools, guiding students to be positive in study, life and ideology and morality, and motivating students to develop with an all-round moral, intellectual, physical, aesthetic and labor education.



Donate stationary supplier to rural primary school in Yunnan Province



Charitable donation to “Love Closet”



The awarding ceremony of the first batch of scholarships



Donate to football charity

Contribution to Society, Creating the Future Together

Engaging with the Community, Caring for the Public

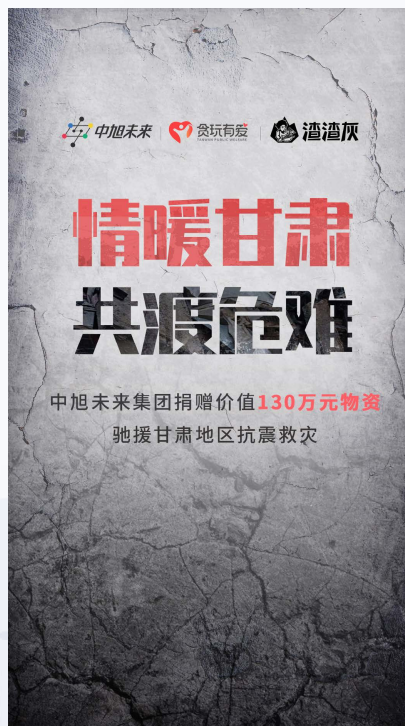
ZX Inc. continues to care for and get more involved into the community to share the achievements of corporate development with the community. During the Year, ZX Inc. joined hands with a number of partners such as the First Affiliated Hospital of Guangzhou Medical University (廣州醫科大學附屬第一醫院) and the Caring Social Work Service Centre of Yuexiu District, Guangzhou (廣州越秀區關心社會工作服務中心) to visit communities and hospitals during Mid-Autumn Festival and Spring Festival, bringing holiday blessings and gifts to doctors, patients, the elderly and veterans.



Distributed gifts to the community

Serving the World, Delivering Support for All

ZX Inc. actively fulfilled its corporate social responsibility by donating supplies to the Red Cross Foundation of Shangrao city, Jiangxi province (江西省上饒市紅十字基金會), supporting the “Charity for Thousands of Families” (博愛送萬家) activity. After the earthquake in Linxia, Gansu Province, the Group immediately donated supplies to the disaster areas, showing concerns with actions and connecting society with love.



ZX Inc. donated materials to Shangrao Red Cross Foundation and disaster areas in Gansu Province

Contribution to Society, Creating the Future Together

Working Together in Flood Control and Disaster Relief

During the Year, the Beijing-Tianjin-Hebei region was severely affected by heavy rainstorms and floods, we took immediate measures and donated supplies to the disaster areas for disaster relief and post-disaster reconstruction. We will continue to pay attention to the development and disaster relief work in the disaster areas and carry out disaster relief work in a timely manner.



Joining hands to fight floods showing love

Empowering Rural Area Through Digitalization

Zha Zha Hui, private instant food brand originated from a popular game IP, to reciprocate to the rural economic development of Jiangxi, we have launched instant food agricultural product such as Nanchang mixed rice noodle. Using our digital marketing technology to aid sales, helping Jiangxi's rural industry better to the market.

Instant food brand "Zha Zha Hui" as a successful case of the Digital Village programme to help farmers, it has effectively driven the development of the local economy of Jiangxi, successfully driving more than 10,000 people out of poverty and increasing their incomes.



Appendix I: Sustainability Data Summary

| Environmental aspect | Unit | 2023 |
|---|---|--------------|
| Emissions | | |
| Nitrogen oxides (NO _x) | kg | 9.94 |
| Sulphur oxides (SO _x) | kg | 1.76 |
| Particulate matter (PM) | kg | 0.73 |
| GHG emissions² | | |
| Direct greenhouse gas emissions (Scope 1) | tonnes of CO ₂ e | 337.65 |
| Indirect greenhouse gas emissions (Scope 2) | tonnes of CO ₂ e | 1,401.20 |
| Total greenhouse gas emissions (Scope 1 and 2) | tonnes of CO ₂ e | 1,738.86 |
| Intensity of greenhouse gas emissions | | |
| Per million revenue (Scope 1 and 2) | tonnes of CO ₂ e/million revenue | 0.27 |
| Per employee (Scope 1 and 2) | tonnes of CO ₂ e/employee | 1.33 |
| Hazardous waste | | |
| Waste computers | set | 48.00 |
| Waste ink cartridges and waste toner cartridges | piece | 60.00 |
| Non-hazardous waste | | |
| Total non-hazardous waste | tonnes | 109.50 |
| Intensity of non-hazardous waste (per employee) | tonnes/employee | 0.08 |
| Paper consumption | | |
| Paper consumption | kg | 2,760.00 |
| Intensity of paper consumption (per employee) | kg/employee | 2.11 |
| Energy consumption | | |
| Total electricity consumption | kWh | 2,456,960.00 |
| Total electricity consumption intensity (per million revenue) | kWh/million revenue | 377.15 |
| Total electricity consumption intensity (per employee) | kWh/employee | 1,882.73 |
| Water consumption | | |
| Total water consumption | tonnes | 17,577.00 |
| Total water consumption intensity (per employee) | tonnes/employee | 13.47 |

Appendix I: Sustainability Data Summary

| Social aspect | Unit | 2023 |
|---|---------------|-------|
| Employment | | |
| Total number of employees | no. of people | 1,305 |
| Total number of employees (by gender) | | |
| Male employees | no. of people | 824 |
| Female employees | no. of people | 481 |
| Total number of employees (by employee category) | | |
| Short-term contracted/part-time employees | no. of people | 60 |
| Full-time junior employees | no. of people | 1,085 |
| Full-time middle management employees | no. of people | 107 |
| Full-time senior management employees | no. of people | 50 |
| Top management | no. of people | 3 |
| Total number of employees (by age group) | | |
| Under 30 | no. of people | 961 |
| 30–50 | no. of people | 331 |
| Above 50 | no. of people | 13 |
| Total number of employees (by geographical region) | | |
| Total number of employees in North China | no. of people | 117 |
| Total number of employees in the South China | no. of people | 1,188 |

Appendix I: Sustainability Data Summary

| Development and training | Unit | 2023 |
|--|-------|-------|
| Percentage of employees trained by gender³ | | |
| Male employees | % | 60.74 |
| Female employees | % | 39.26 |
| Percentage of employees trained by employee category | | |
| Short-term contracted/part-time employees | % | 0.15 |
| Full-time junior employees | % | 83.00 |
| Full-time middle management employees | % | 12.98 |
| Full-time senior management employees and top management | % | 3.86 |
| Average training hours completed per employee by gender⁴ | | |
| Male employees | hours | 2.00 |
| Female employees | hours | 2.00 |
| Average training hours completed per employee by employee category | | |
| Short-term contracted/part-time employees | hours | 1.50 |
| Full-time junior employees | hours | 2.00 |
| Full-time middle management employees | hours | 2.00 |
| Full-time senior management employees and top management | hours | 2.00 |

³ Calculation method of percentage of employees trained in different categories: Number of employees trained in the category ÷ Total number of employees trained x 100%

⁴ Calculation method of average training hours for employees in different categories: Training hours for employees in the category ÷ Total number of employees in the category

Appendix II: The ESG Reporting Guide Index of the Stock Exchange

| Content of Indicators | | | Relevant Chapters |
|-----------------------|--------------------|---|---|
| A. Environment Aspect | | | |
| A1: Emissions | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Responsible Green Operation |
| | A1.1 | The types of emissions and respective emissions data. | Appendix I: Sustainability Data Summary |
| | A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Appendix I: Sustainability Data Summary |
| | A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Appendix I: Sustainability Data Summary |
| | A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Appendix I: Sustainability Data Summary |
| | A1.5 | Description of emission target(s) set and steps taken to achieve them. | Responsible Green Operation Green Office Saves Resources |
| | A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | Responsible Green Operation Green Office Saves Resources |
| A2: Use of Resources | General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | Green Office Saves Resources |
| | A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (in thousands of kWh) and intensity (e.g. per unit of production volume, per facility). | Appendix I: Sustainability Data Summary |
| | A2.2 | Total water consumption and intensity (e.g. per unit of production volume, per facility). | Appendix I: Sustainability Data Summary |
| | A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Green Office Saves Resources |
| | A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Green Office Saves Resources |
| | A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | The Group's main game business does not use packaging materials |

Appendix II: The ESG Reporting Guide Index of the Stock Exchange

| Content of Indicators | | | Relevant Chapters |
|---|--------------------|---|---|
| A3: The Environment and Natural Resources | General Disclosure | Policies on minimising the issuer's significant impact on the environment and natural resources. | Responsible Green Operation |
| | A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Responsible Green Operation |
| A4: Climate Change | General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Early Prevention of Climate Change |
| | A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Early Prevention of Climate Change |
| B. Social Aspect | | | |
| B1: Employment | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Caring for Employees to Grow Together |
| | B1.1 | Total workforce by gender, employee category (for example, full- or part-time), age group and geographical region. | Appendix I: Sustainability Data Summary |
| | B1.2 | Employee turnover rate by gender, age group and geographical region. | Caring for Employees to Grow Together |
| B2: Health and Safety | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | Health Protection for Employees |
| | B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Health Protection for Employees |
| | B2.2 | Lost days due to work injury. | Health Protection for Employees |
| | B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Health Protection for Employees |

Appendix II: The ESG Reporting Guide Index of the Stock Exchange

| Content of Indicators | | | Relevant Chapters |
|------------------------------|--------------------|---|---|
| B3: Development and Training | General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | Talent Cultivation Focus on Development |
| | B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Appendix I: Sustainability Data Summary |
| | B3.2 | The average training hours completed per employee by gender and employee category. | Appendix I: Sustainability Data Summary |
| B4: Labor Standards | B4 | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor. | Caring for Employees to Grow Together |
| | B4.1 | Description of measures to review employment practices to avoid child and forced labor. | Caring for Employees to Grow Together |
| | B4.2 | Description of steps taken to eliminate such practices when discovered. | Caring for Employees to Grow Together |
| B5: Supply Chain Management | General Disclosure | Policies on managing environmental and social risks of the supply chain. | Supply Chain Management |
| | B5.1 | Number of suppliers by region. | Supply Chain Management |
| | 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. | Supply Chain Management |
| | B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Supply Chain Management |
| | B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Supply Chain Management |

Appendix II: The ESG Reporting Guide Index of the Stock Exchange

| Content of Indicators | | | Relevant Chapters |
|----------------------------|--------------------|--|---|
| B6: Product Responsibility | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress. | Quality Management Healthy Games Information Security |
| | B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Customer Service |
| | B6.2 | Number of products and service related complaints received and how they are dealt with. | Customer Service |
| | B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Intellectual Property Rights |
| | B6.4 | Description of quality assurance process and recall procedures. | Quality Management |
| | B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Information Security |
| B7: Anti-corruption | General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Anti-corruption and Integrity Promotion |
| | 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. | Anti-corruption and Integrity Promotion |
| | B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | Anti-corruption and Integrity Promotion |
| | B7.3 | Description of anti-corruption training provided to directors and staff. | Anti-corruption and Integrity Promotion |
| B8: Community Investment | General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | Contribution to Society, Creating the Future Together |
| | B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport). | Contribution to Society, Creating the Future Together |
| | B8.2 | Resources contributed to the focus area. | Contribution to Society, Creating the Future Together |