恺英网络

ENVISION THE FUTURE WITH K POWER

KingNet Network 2023

Sustainability & Environmental, Social and Governance (ESG) Report

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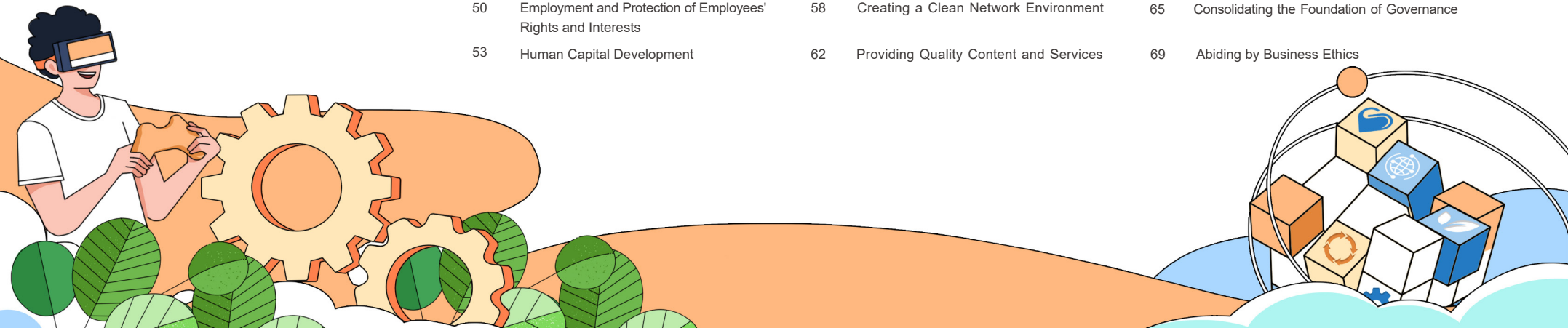


Message from the Chairman

With the continuous advancement of the standardization process and a constant increase in the application scenarios, game companies play a significant role in the iteration and upgrading of digital technologies, the advancement of digital-real integration, and the extension of industry value, and have a profound impact on aspects such as technological innovation, business models, and cultural communication, driving the development of the digital economy. Themed "Protecting Minors Together", the 2023 Public Benefit Ceremony of Game explored the multiple values of games to promote the healthy, orderly, and sustainable development of the Internet industry.

KingNet Network, a well-known listed online game company in China, adheres to the leadership of Party building, upholds the sustainable development concept of "Play With Buff", and builds its positive force on sustainable business. In 2023, the Company maintained two-way communication with stakeholders, managed material topics with an important impact on its development, improved its sustainability governance structure, developed an implementation plan for its *KingNet Always Cares Action*, and further promoted the implementation of its sustainable development plan through Four K powers, namely K Cohesion, K Strength, K Protection, and K Gravitation.

Improving sustainability governance structure continuously. We continue to improve the top-down sustainability governance structure to provide the organizational guarantee for the conduct and enhancement of ESG work. In 2023, the Company's Board of Directors fully performed its review, decision-making, and supervision duties for ESG matters and followed up on the progress of the Company's sustainable development plan goals. Furthermore, to further promote the effective implementation of ESG work, the Company appointed a Chief Responsibility Officer who is responsible for fully coordinating and advancing the Company's ESG work and boosting its high-quality sustainable development.

Implementing sustainable development plan. With technological innovation as our internal driving force, we have created a "Game+" matrix and built a digital cultural ecosystem. We actively expand the boundaries of games, explore the convergence and communication of games and traditional culture, and contribute to the inheritance and protection of intangible cultural heritage. We actively respond to the challenges presented by climate change and manage the impact thereof on the Company. In 2023, we participated in green electricity consumption by purchasing a total of 825 green electricity certificates to accelerate carbon neutrality in our operations, and we promoted public welfare for environmental protection, drove the formation of a green and low-carbon corporate culture, and aroused social environmental awareness with action.

We advocate a green and healthy office concept, create a comfortable workplace to boost employees' happiness, have in place an employment system that is in line with laws and regulations, protect employees' legitimate rights and interests, comprehensively care for their physical and mental development, and design sufficient and targeted training for them, to support their continuous growth and development. In 2023, we built the "KingNet's Love Public Welfare" brand, improved the volunteer service system, threw ourselves into rural revitalization education, and made efforts to organize community assistance. We responded to earthquake relief in Gansu upon the occurrence of the earthquake by donating materials to help the affected people combat cold weather.

Advancing sustainability practices comprehensively. We adhere to the leadership of Party building and the Party committee, promote the deep integration of the Party's leadership and corporate governance, and implement ESG topics such as compliant operation, intellectual property protection, and human capital development and conduct targeted management. Furthermore, we prevent the transmission of ESG risks and support the sustainable operation of the Company with comprehensive ESG management.

In 2023, with ongoing actions in ESG and sustainability work, the Company was included in the MSCI ESG Ratings for the first time and rated as BBB, showing the value of robust operation and standardized governance and the capital market's affirmation of our sustainability capabilities.

Looking into the future, guided by the practice of core socialist values, we will explore the high-quality development path of China's game industry, actively fulfill social responsibilities, pass on mainstream values, participate in the co-creation of a virtuous circle of responsibility and value, achieve the Company's high-quality sustainable development, and create more value for the times.

Sustainability Highlights in 2023

Economic Performance

Revenue

RMB **4,295** million

Up

15.30 % year on year

Total profit

RMB **1,697** million

Up

22.61 % year on year

Net profit attributable to shareholders of the listed company

RMB **1,462** million

Up

42.57 % year on year

Environmental Performance

Purchase of

825 green electricity certificates

Total GHG emissions (Scope 1 + Scope 2)

828.40 tCO_2e, down **32.99** % year on year

GHG emission intensity (Scope 1 + Scope 2) per unit revenue

0.19 tCO_2e/RMB million

Social Performance

R&D investment

RMB **527** million

Volunteer service hours

1,286 hours

Employee volunteer service participation

more than **700** times

Public welfare projects

24 under implementation

Progress of KingNet Always Cares Action

Pillar	Target from 2023 to 2025	Performance in 2023	Progress
Play: Sustainable business	1 sustainability-related game developed/improved every year	**3** games	✓
With: Sustainable temperature	Carbon neutrality in operation by 2025	Total GHG emissions (Scope 1 + Scope 2): **32.99%** lower than 2022	⧗
		Participate in green electricity consumption and procure a total of **825** green electricity certificates	⧗
Buff: Sustainable Care	A total investment of RMB 20 million in social welfare undertakings from 2023 to 2025	Community welfare investment: RMB **6,516 thousand**	⧗
Comprehensive ESG management	Promoting Board Diversity	Percentage of female directors **12.5%**	⧗
	100% coverage of directors in annual anti-corruption training	**100%**	✓
	100% coverage of directors in annual ESG training	**100%**	✓
	100% coverage of employees in annual compliance training	**100%**	✓
	0 glitch in the anti-addiction system	**0**	✓
	100% coverage of employees in training	**100%**	✓
	12 hours of training time per employee	**18.84** hours	✓

Note: Completed ✓ In progress ⧗

Awards and Recognition

In 2023, KingNet Network was repeatedly recognized by the industry and the capital market for its excellent performance in ESG system construction and practice of the concept of sustainable development.

BBB

MSCI ESG Rating

A+

CCX Green Finance ESG Grade

2023 Green Sustainable Development Contribution Award

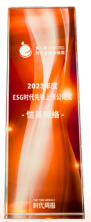
The Second International Green Zero-Carbon Festival

2023 ESG Practice Model Award

The 12th China Finance Summit

2023 Love Contribution Award

Society of Entrepreneurs and Ecology



2023 ESG Times Pioneer Listed Company Award

The Time Weekly

The Most Responsible Brand

China Sustainable Responsibility Award

2023 Best ESG Practice Case of Listed Companies

China Association for Public Companies

2023 Best Practice Case in Rural Revitalization of Listed Companies

China Association for Public Companies

2023 Best Board of Directors of Listed Companies of the China Listed Companies Word-of-Mouth List

National Business Daily

2023 Chief Responsibility Officer (CRO)

National Business Daily

2023 Excellent Practice Case of Best Practice Activities of Boards of Directors of Listed Companies

China Association for Public Companies

China Influential Public Welfare Enterprise of the Year in 2023

China Times

Sustainable Development Innovation Pioneer Enterprise

Southern Metropolis Daily

Four-star Enterprise in Volunteer Service

Charity Promotion Center of Share the Care

Top 10 Influential Public Welfare Programs of the Year in 2023

Social Responsibility Conference (SRC)

About KingNet

Company Profile

KingNet Network Co., Ltd. (stock code: 002517.SZ, hereinafter referred to as "KingNet Network" "the Company"or we) is a well-known listed online game company in China.

The Company persists in focusing on the main business of developing games as its core strategy for corporate development. It follows the principle of creating quality games that meet market demand and operates three business systems including R&D, publishing, and investment + IP. It holds fast to the philosophy of providing higher quality and better service and continuously provides users with quality content and services as well as a fulfilling gaming experience, which drives its high-quality development. Furthermore, the Company is actively developing its overseas business in hopes of creating an international market through its strong R&D capacity and market development capability, thus pushing its performance to the next level.

General Information on KingNet Network

Main products

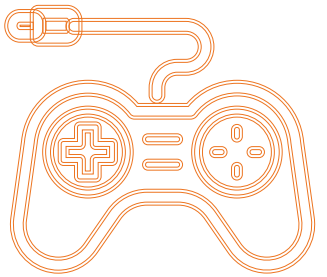
Legend of Blue Moon, Original Legends, War of Angels, Gundam Battle, Sword Art Online: ACE, Mashin-eiyuuden-wataru, Zero Arms, XuanZhong Story, Dragon God Protector-The Westward, Sword and Fairy: The New Beginning, KR Snake（KR灵蛇）, War of Angels (South Korea), StoneAge: Awakening, The New Heaven Sword and Dragon Saber, etc.

Main business

- R&D, operation, and publishing of mobile games and web games
- Operation of web game platforms and mobile application distribution platforms (XY Game Platform and KingNet Cloud Games)

Principal subsidiaries

- Shanghai KingNet Network Technology Co., Ltd. ("Shanghai KingNet")
- Zhejiang Shenghe Network Technology Co., Ltd. ("Shenghe Game")



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KINGNET NETWORK CO., LTD.

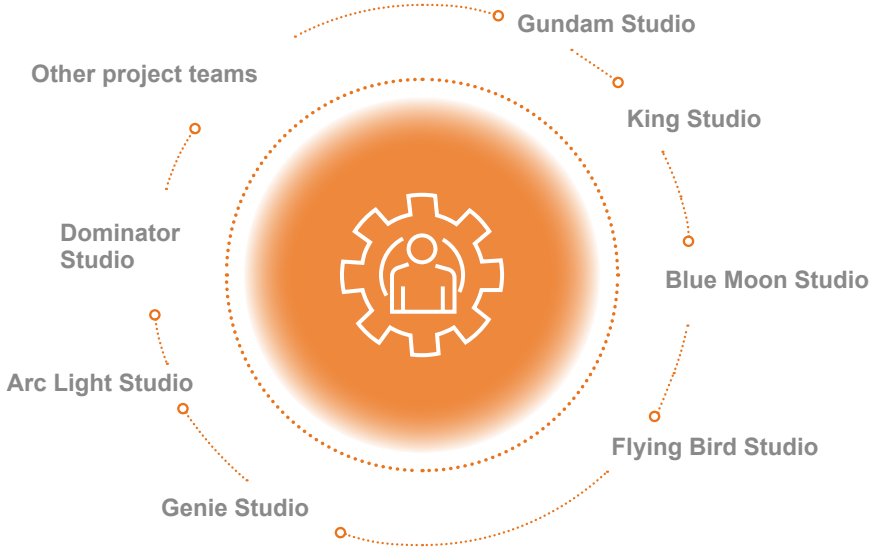
Headquarters

Shanghai

Revenue	Total assets	Total number of employees
RMB 4,295 million	RMB 6,610 million	1,869

Three Business Systems with "Games" at the Core

R&D Strength



Investment Layout

Hangzhou FlowEntertainment Network Technology Co., Ltd.	Shanghai Silver Key Network Technology Co., Ltd.	Hangzhou Xingyue Interactive Cultural Creativity Co., Ltd.	Shanghai Optical Network Technology Co., Ltd.	Hangzhou Yujin Technology Co., Ltd.	Lexiang Technology Co., Ltd. (DPVR)
Dragon Pow	*Rogue Planet* *Code: BH (代号：BH)*	*Steam Fortress* *Nobunaga's Ambition: Tendou*	*Code: Creation of the Gods (代号：封神)*	*Evotinction (演灭)*	PCVR headsets All-in-one VR headsets

IP Layout

2023 Sustainability Events

January

- held the 2023 "TO BE ONE" Annual Event to commend and reward excellent individuals and groups that created value for the Company

March

- conducted publicity to prevent minors from becoming addicted to online games.
- held visit and donation activities in Leibo County, Liangshan Prefecture, Sichuan Province
- donated "KingNet's Love Protective Packages" to schools in Yangyuan County, Zhangjiakou City, Hebei Province
- The Company donated 140 VR devices to seven schools in Yushu Prefecture, Qinghai Province for them to build "VR Classrooms"

April

- Participated in the spring planting of the "One Hundred Million Suosuo" program in Alxa League, Inner Mongolia to plant psammophytes

May

- Launched the World Earth Day public welfare activity themed "Let the Earth Smile and All Things Breathe"
- Launched the "Sports Dream Class (运动梦想课)" offline training for 18 young teachers from seven schools in Yushu Prefecture, Qinghai Province
- Launched the "Parent-Child Wetland Tour" Dongtan Wetland Exploration Activity

June

- In association with UniLove, the Company released the "Seasonal Voice" 24 solar terms public welfare digital artworks to help more teenagers with disabilities with their continued rehabilitation and arts learning
- Launched the *Crafts and Qubits* intangible cultural heritage experience activity
- Participated in the "Games for Public Good" public welfare donation activity organized by the Game Publishing Committee of the China Audio-Video and Digital Publishing Association and donated "KingNet's Love Protective Packages" to Erlang Primary School in Lijiang City, Yunnan Province

July

- The CPC Committee of KingNet Network Co., Ltd. was formally established
- Established the Chief Responsibility Officer (CRO) team to further improve the corporate governance structure
- "Launched the "Classic Intangible Cultural Heritage into Communities" activity in which a tie-dyeing experience course was offered to the summer care class of Hangzhou Qianjiang Century City Local Police Station
- Launched the "Rural School Online Classroom | STEAM Online Course" fourth-anniversary visits

September

- Launched the "September 5 Charity Day" marketplace activity and released its public welfare image character "KingNeter"
- Published the anti-fraud public welfare mini-game, *Cleverly catching scammers*
- Held the Seasonal Voice Cultural Seminar

October

- Made its first donation to the "Bright Future Health Initiative" public welfare fund in Aksu, Xinjiang to help local disabled and sick children with medical surgery and rehabilitation
- Participated in the "I Have a Tree in Aksu" apple forest planting activity

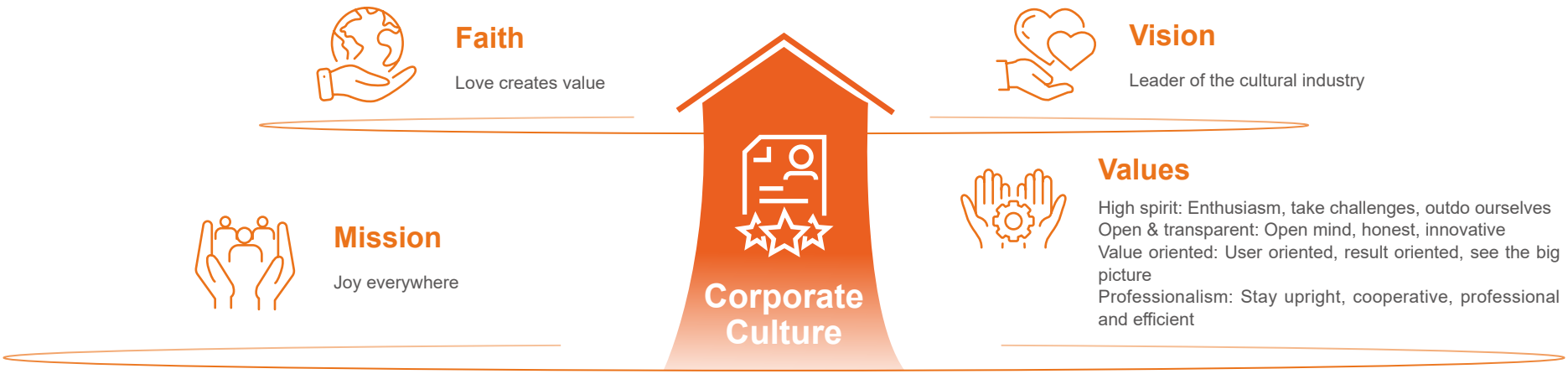
December

- Launched the International Volunteer Day publicity activity themed "Gathering Forces to Volunteer Together
- Donated RMB 500,000 to Shenzhen One Foundation Charity Fund to support the earthquake-affected areas in Gansu
- Self-developed IP *Crafts and Qubits* had crossover cooperation with the national intangible cultural heritage of fan-making techniques (Wangxingji Fans)

Sustainability Management System

Sustainable Development Concept and Plan

Corporate Culture



Sustainable Development Concept

Adhering to the concept of "Play With Buff" and starting with sustainable business, KingNet Network helps protect the green planet, builds its positive force, promotes its sustainable development through comprehensive ESG management, and strives to create long-term and sustainable shared value for stakeholders including shareholders, customers, and employees.

Play With Buff
乐聚可持续游戏力

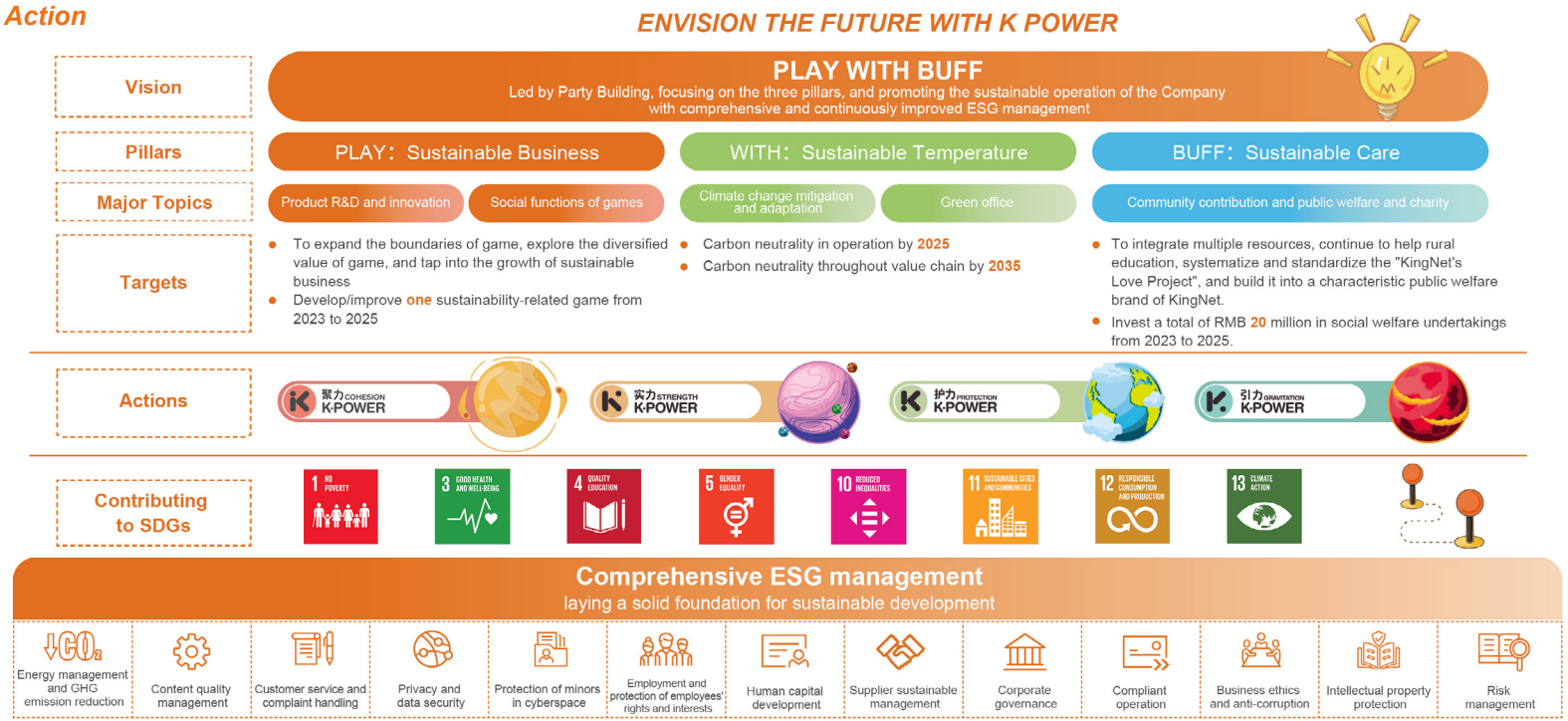
K 行动·KingNet Always Cares
因为在乎，所以行动

Sustainable Development Plan

The Company advances the implementation of its 2023-2025 sustainable development plan , namely KingNet Always Cares Action (K Action). With the continuously improved ESG management as the cornerstone, based on its business advantages, and around products, environment, and culture, it focuses on the three dimensions of **Play: Sustainable Business**, **With: Sustainable Temperature**, and **Buff: Sustainable Care**. Furthermore, the Company implements its sustainable development concept around UN Sustainable Development Goals, with a focus on good health and well-being, quality education, gender equality, climate action, community development, etc.

KingNet Always Cares Action

In 2023, the Company developed an implementation plan for its K Action, including the K-Power of K Cohesion, K Strength, K Protection, and K Gravitation, to further promote the implementation of its sustainable development plan.



Sustainability Management

KingNet Network has built a top-down sustainability governance structure to provide the organizational guarantee for the conduct and enhancement of ESG work and boost its high-quality development. To further promote the effective implementation of ESG work, the Company appointed a Chief Responsibility Officer in 2023 who is responsible for fully coordinating and advancing the Company's ESG.

Sustainability Governance Structure of KingNet Network

Supervision level

- Overall supervise the sustainable development plan and ESG management work and be ultimately responsible for them
- Research, analyze, and assess the Company's sustainable development and ESG-related matters and give corresponding suggestions
- Review the sustainable development plan and goals

Board of Directors

Strategy and Sustainability Committee

Management level

- Develop the Company's overall sustainable development plan and goals and assess ESG-related risks and opportunities
- Regularly report work progress to the Board of Directors and the Strategy and Sustainability Committee

Sustainability Work Leading Group

Chief Responsibility Officer

Execution level

- Be responsible for the specific execution and implementation of sustainability and ESG-related policies and goals
- Coordinate the preparation of the annual Sustainability & Environmental, Social and Governance (ESG) Reports

Sustainability Work Executing Group

In 2023, the Company's Board of Directors fully performed its review, decision-making, and supervision duties for ESG matters and deliberated and approved ESG matters in aspects of corporate governance, information disclosure, and compliant operation.

ESG Matters Deliberated by the Board of Directors of KingNet Network in 2023

Corporate governance

Revision of the *Articles of Association*, etc.

Compliant operation

Deliberation and approval of the *2022 Self-evaluation Report on Internal Control* and other proposals to ensure the Company's legal and compliant operation

ESG information disclosure

Deliberation and approval of the *2022 Sustainability & Environmental, Social and Governance (ESG) Report*, the list of material topics in 2023, etc.

In 2023, the Company held one meeting of the Strategy and Sustainability Committee, deliberated the *2022 Work Report of the Strategy and Sustainability Committee of the Board of Directors*, and followed up on the progress of its sustainable development plan goals.

Communication with Stakeholders and Analysis of Material Topics

Communication with Stakeholders

Communication with stakeholders is an important aspect of KingNet Network's ESG and sustainability management. The Company has identified seven key stakeholders based on its business and operation and maintains two-way communication with stakeholders through diversified communication channels such as the official website, media, conferences, reports, and activities.

Key Stakeholders and Communication Methods

Key stakeholder	Shareholders and investors	Government and regulators	Users	Employees	Suppliers	Industry organizations	Communities
Topic of concern	• Corporate governance • Compliant operation • Risk management • Business ethics and anti-corruption	• Compliant operation • Protection of minors in cyberspace • Intellectual property protection • Social functions of games	• Product R&D and innovation • Customer service and complaint handling • Privacy and data security • Protection of minors in cyberspace	• Employment and protection of employees' rights and interests • Human capital development • Green office	• Supplier sustainability management	• Protection of minors in cyberspace • Social functions of games • Content quality management	• Community contribution and public welfare and charity • Climate change mitigation and adaptation • Energy management and GHG emission reduction
Communication and response	• Information disclosure as a listed company • General meeting of shareholders • Investor exchange meetings • Complaint and reporting mechanism	• Policy implementation • Information disclosure • Communication and research meetings • Copyright applications • Overseas development of games	• User questionnaires • KingNet V Channel • User privacy agreements • Official management channel for player groups • 24-hour customer service hotline • Distribution of brochures on the prevention of minors from becoming addicted to online games	• Labor union and employees' congress • Club activities • Employee training programs • Green mobility and low-carbon commuting • Electricity saving slogans	• Supplier audit and assessment	• Industry association activities • Participation in standard setting	• Employee volunteer services • Community public welfare activities • Energy conservation and emission reduction activities

Analysis of Material Topics

In 2023, the Company identified material topics related to itself based on its own vision, values and sustainable development plan, and industry characteristics, according to the ESG information disclosure requirements of the exchange and domestic macro and industry policies, and by referring to international standards and capital market ESG rating requirements. It maintained communication with stakeholders and internal and external expert teams and conducted key management.

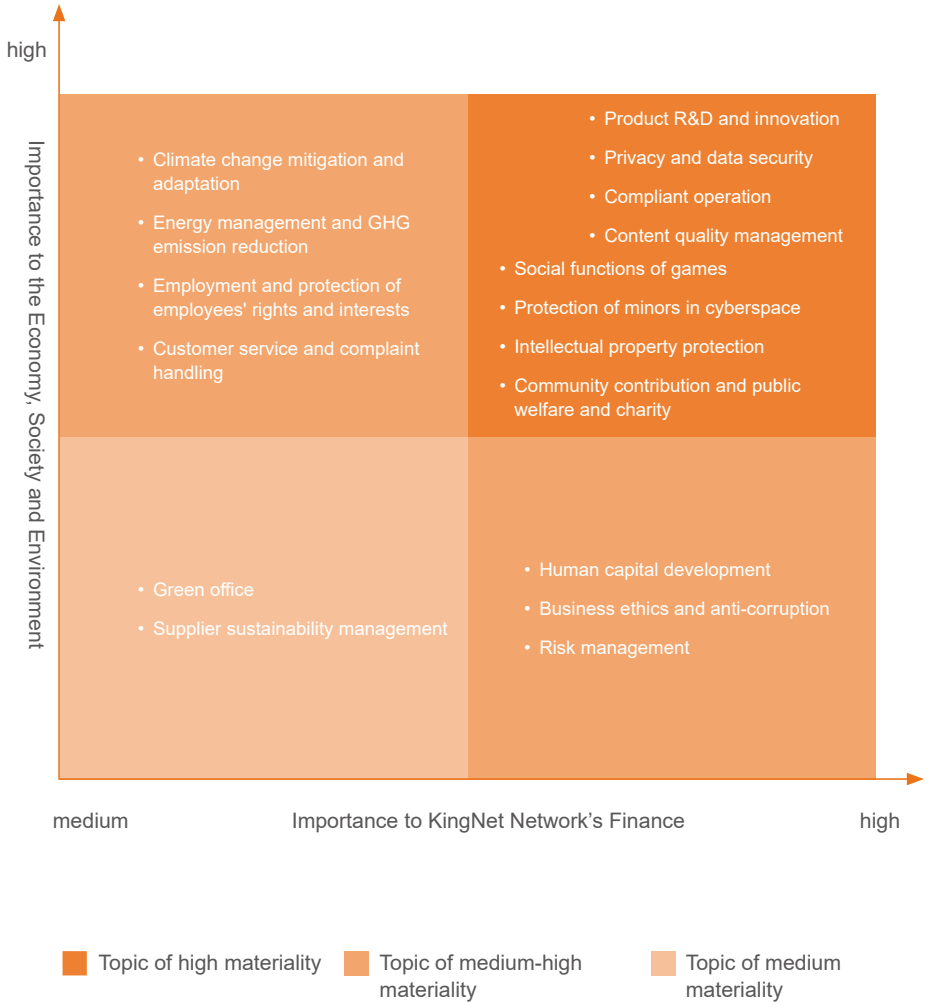
KingNet Network Material Topic Analysis Process

Identification phase	By interpreting macro policies and industry hotspots, the Company clarified the policy guidance and development opportunities for sustainable development practices of KingNet Network. The Company considered the actual operation of the Company and established its topic pool by integrating the requirements of ESG information disclosure from exchanges,international sustainability disclosure standards, and ESG rating requirements in the capital market.
Assessment phase	In 2023, the Company continuously communicated with stakeholders and internal and external experts in daily business activities, assessed and updated topics based on the Company's ESG practices of the sustainable development plan for this year,and carried out targeted management.
Prioritization phase	Through communication with internal and external experts, the Company took into fulll account the concerns of information users and prioritized topics based on their importance to the economy, environment and society, and to the finance of the Company.
Reporting phase	The Company developed a material topic matrix based on the topic prioritization results, which was verified and confirmed by the Board of Directors of the Company, and disclosed topics of high materiality in the Report.

Changes in KingNet Network's Material Topics in 2023

Topic in 2022	Topic in 2023	Change	Reasons for change
——	Energy management and GHG emission reduction	New topic	The topic was added to respond to the focus of ESG ratings.
Product R&D and innovation	Product R&D and innovation	Materiality increase	The importance of the topic increases based on the business reality and ESG management practices of the Company, the sustainability background of domestic new quality productive force development, and the concerns of stakeholders.
Corporate governance	Corporate governance		
Social functions of games	Social functions of games		
Intellectual property protection	Intellectual property protection		
Data security and privacy protection	Privacy and data security	Adjustments of expressions	The expressions were optimized according to the Company's actual situation and ESG rating expressions, to make the topic names more in line with the latest common expressions.
Human capital development	Human capital development (change in the Chinese wording)		
Supplier management	Supplier sustainability management		

Materiality Matrix of KingNet Network in 2023



List of Material Topics in 2023

No.	Material topic[1]	Section
1	**Product R&D and innovation**	Contributing to the Development of the Digital Economy by Exploring Frontier Technologies
2	**Privacy and data security**	Creating a Clean Network Environment
3	**Corporate governance**	Consolidating the Foundation of Governance
4	**Compliant operation**	Consolidating the Foundation of Governance
5	**Protection of minors in cyberspace**	Creating a Clean Network Environment
6	**Social functions of games**	Exploring Cultural Depth to Create a "Game+" Matrix
7	**Content quality management**	Providing Quality Content and Services
8	**Intellectual property protection**	Abiding by Business Ethics
9	**Community contribution and public welfare and charity**	Engaging in Public Welfare to Send KingNet's Love
		Participating in Volunteer Services to Manifest KingNet's Responsibility Taking
10	Business ethics and anti-corruption	Abiding by Business Ethics
11	Human capital development	Human Capital Development
12	Customer service and complaint handling	Providing Quality Content and Services
13	Employment and protection of employees' rights and interests	Employment and Protection of Employees' Rights and Interests
14	Climate change mitigation and adaptation	Responding to the "Carbon Peaking and Carbon Neutrality" Goals and Addressing Climate Change
15	Energy management and GHG emission reduction	Responding to the "Carbon Peaking and Carbon Neutrality" Goals and Addressing Climate Change
		Contributing to Green Development and Implementing the Concept of Environmental Protection
16	Risk management	Consolidating the Foundation of Governance
17	Green office	Contributing to Green Development and Implementing the Concept of Environmental Protection
18	Supplier sustainability management	Consolidating the Foundation of Governance

Note 1: Topics in bold are the Company's topics of high materiality in 2023.

Part I: Sustainability

01 Play: Sustainable Business

02 With: Sustainable Temperature

03 Buff: Sustainable Care

01 Play: Sustainable Business

The Company takes sustainable business as the start of its sustainable development, pays constant attention to innovative R&D, and creates high-quality games. It also focuses on the social value of games, explores new possibilities for games from multiple perspectives, actively promotes traditional Chinese culture, drives the overseas development of culture, and brings into play the positive value of games.

Topics responded: Social functions of games

Product R&D and innovation

Metrics and Targets	Progress in 2023	
Develop/improve one sustainability-related game	Developed/Improved three sustainability-related games, including: ·Developed the anti-fraud public welfare game, *Cleverly catching scammers* ·Launched the first intangible culture heritage-related public welfare project "*KingNet's Love Crafts and Qubits*" which combines with its IP business ·Developed a psychological follow-up dialogue large language model in association with Fudan University	✓

Exploring Cultural Depth to Create a "Game+" Matrix

KingNet Network adheres to the unity of economic and social benefits in its development, actively expands the boundaries of games, and deeply explores the social functions of games to create social value.

Promoting Traditional Culture

Games are not only a traditional way for leisure and recreation but also serve as good platforms for cultural communication. KingNet Network insists on developing content across the industry chain with traditional culture as the theme, actively explores the convergence and communication of games and traditional culture, and realizes the value sublimation of the game industry and the rejuvenation of traditional culture.

In 2023, driven and led by technological innovation, the Company continuously released energy, created a "Game+" matrix, deeply explored cultural connotations around original cross-dimensional IP projects such as *Seasonal Voice* and *Crafts and Qubits*, and launched crossover cooperation, to contribute to the inheritance and protection of intangible cultural heritage, promote traditional culture, and make games more heartwarming.

Highlights of KingNet Network's Promotion of Chinese Culture in 2023

The Company published the anti-fraud mini-game, *Cleverly catching scammers*, during the China Cybersecurity Week, so that more people could learn anti-fraud knowledge and master more anti-fraud techniques while playing the relaxing casual game, thereby contributing to anti-fraud publicity in China.

Anti-fraud Public Welfare Mini-game, *Cleverly catching scammers*

With its self-developed IP, *Crafts and Qubits*, the Company popularized and promoted the knowledge of traditional handicrafts with animation as the carrier and launched its first intangible culture heritage-related public welfare project "KingNet's Love *Crafts and Qubits*" which combines with its IP business.

With its self-developed IP, *Seasonal Voice*, the Company told China's stories by integrating traditional publishing and cross-dimensional new animation.

The Company launched the "Classic Intangible Cultural Heritage into Communities" activity in which a tie-dyeing experience course was offered to the summer care class of Hangzhou Qianjiang Century City Local Police Station.

The Company participated in the 19th China International Cartoon & Animation Festival, 2023 China Joy, and other activities with a diversified product matrix with Chinese style and two-dimensional elements, to continue to expand its cultural influence.

The Company participated in the "Online Game Visual Art Exhibition" to expand the "Game+" new experience.

Popularizing Intangible Cultural Heritage with *Crafts and Qubits*

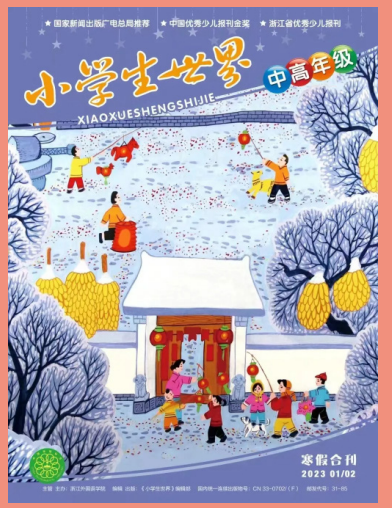
With promoting excellent traditional Chinese culture and protecting intangible cultural heritage as the theme, the Company's self-developed IP, *Crafts and Qubits*, is committed to the innovative communication of Chinese traditional handicraft culture, active exploration of the social and cultural value of animation and game products in addition to entertainment, and promotion of the leap of the cultural value of animations and games.

IP Development Highlights and Achievements of *Crafts and Qubits* in 2023

The original novel of *Crafts and Qubits* was officially launched on the two online literature platforms, Migu Reading and iReader. In the meantime, the first season (24 episodes) of the animation of *Crafts and Qubits* was completed, and the simulated operation mobile game of *Crafts and Qubits* was developed. With this, an IP cultural product matrix composed of a novel, comics, animation, mobile game, and cultural and creative products has been formed for *Crafts and Qubits*.

Crafts and Qubits Novel

The Company opened a new special column for popularizing traditional handicraft culture in the *World of Primary School Students* and launched a horizontal research project with the China Academy of Art to visit and research inheritors of intangible cultural heritage handcrafts, interview them in documentaries, and conduct industry-university-research cooperation with them, to actively advance the public welfare communication of China's intangible cultural heritage.



World of Primary School Students

Popularizing Intangible Cultural Heritage with *Crafts and Qubits*

The Company launched crossover cooperation with the national intangible cultural heritage of fan-making techniques (Wangxingji Fans) by presenting comics in the fans, which created a cultural exchange that broke the dimensional wall and realized two-way empowerment.

Crafts and Qubits X Intangible Cultural Heritage of Fan-making Techniques

The Company launched the public welfare project, "KingNet's Love Crafts and Qubits ICH Top Player", which, with the goal of activating the infinite possibilities of intangible cultural heritage protection through gamification, explored an innovative mechanism of linking the intangible cultural heritage techniques and the game and reached out to teenagers through gamification, to inject the new culture of the era into intangible cultural heritage.

KingNet's Love Crafts and Qubits ICH Top Player Plan

Seasonal Voice Telling China's Stories

The IP, "Seasonal Voice", independently developed by the Company, with the personification of traditional Chinese festivals and solar terms, focuses on interpreting the origin, customs, legends, and poems related to 17 traditional Chinese festivals and 24 solar terms. Funded by the National Social Science Fund of China as a major project, adhering to the principle of telling China's stories, the IP involves the R&D of picture books, comics, animations, novels, virtual humans, digital artworks, AINPC games, etc.

"Seasonal Voice·24 Solar Terms" Public Welfare Digital Artworks

Seasonal Voice Telling China's Stories

- The Company held the *Seasonal Voice* Cultural Seminar themed "Future of Seasonal Voice Universe", where academia, the industry, and a public welfare organization exchanged views, shared brand crossover cooperation cases, explored the mode of metaverse-IP cooperation, strengthened traditional culture-modern industry integration, and promoted the inheritance, innovative expression, and industrial application of Chinese traditional festivals and solar terms;
- The Company combined the comic and animation R&D directions into one, designed the characters of the 24 solar terms, optimized the character settings of the festivals and completed the setting of the animation worldview, characters, and props;
- The Company created calligraphy works of 24 solar terms in association with well-known calligrapher Zhang Dalu, released digital artworks, held offline painting exhibitions, and devoted itself to the innovative integration of traditional culture and AIGC technology;
- The Company released public welfare solar term illustrations and related digital artworks and developed a 3D model for 24-hour live streaming of virtual humans;
- The Company cooperated with Shanghai Lexicographical Publishing House to publish *Seasonal Voice of Song Dynasty* to lay the foundation and build a complete content structure for future IP derivatives such as animations and games;

The graphic novel, Seasonal Voice of *Song Dynasty*, combines Chinese style and technology, personifies traditional festivals, and tells a cross-dimensional adventure story of traversing ancient paintings, which happens in the past, at present, and in the future.

- *Seasonal Voice* was selected as an excellent original cultural work in the "Kirin Cup Animation IP Overseas Promotion Project" in 2023;
- The Company developed the game, *Flying with Seasonal Voice*, and the demo version of *Seasonal Voice Town*;

Seasonal Voice Town is a new community game that combines AIGC agents and simulated operation and integrates the scenery of the four seasons and the knowledge of seasonal culture for people to learn through play.

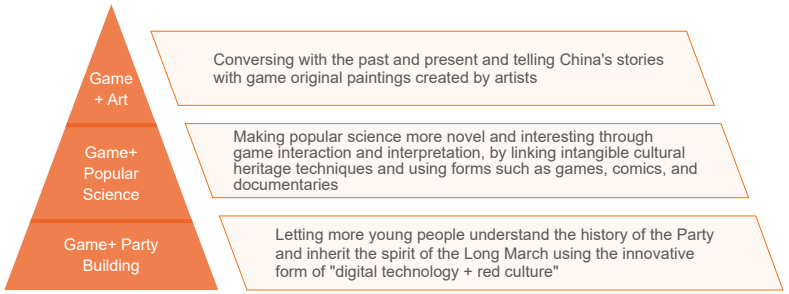
Flying with Seasonal Voice

- The Company held the Spring Festival Virtual Human Online Live Streaming", Mid-Autumn Season", and "Blue Moon Warriors, Sorcerers, and Taoists", with a total of 49 AIGC competitions, and participated in 32 offline activities, such as the China International Cartoon & Animation Festival and the Shanghai Comicup Convention;
- More than 10 companies were authorized by the Company to develop and produce cooperative products, covering categories such as board games, clothing, and trendy toys;
- The Company reached cooperation with UniLove from Jing'an District, Shanghai to conduct creation with 24 solar terms as the theme, integrate the creations of teenagers with autism into it, release solar terms public welfare illustrations and related digital artworks, and provide a diversified display platform for special children.

Participated in the "Online Game Visual Art Exhibition" to expand the "Game+" new experience

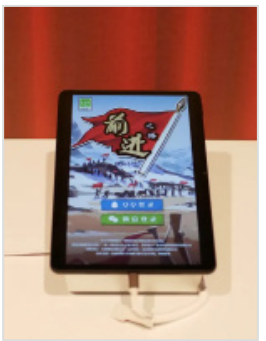
In July 2023, KingNet Network participated in the first temporary exhibition "Imagination Leads to Life - The First Online Game Visual Art Exhibition" of the Museum of China Press and Publication with exquisite original paintings, audio and videos, game props, and related goods, which led visitors to experience various areas of games.

Participating "Game+" Matrix (Excerpt)



"Picture Celebrating the Year of the Rabbit" and "All Living Things Grow" Picture of *Seasonal Voice*

Inheritance of intangible heritage: Dragon City of LEGEND OF BLUEMOON documentary and *Inheritance of intangible heritage: Jian wares of LEGEND OF BLUEMOON* documentary



Theme Game, *The Way Forward*

Classic Intangible Cultural Heritage into Communities

The Company organized a "Classic Intangible Cultural Heritage into Communities" public welfare course activity on July 14, 2023, which provided 35 children of the summer care class of Qianjiang Century City Local Police Station with a wonderful experience of intangible cultural heritage.

During the course, the children carefully watched the popular science animation on plant dyeing created by the Company's Mixinxin Studio and an animation clip of *Crafts and Qubits* to understand the cultural story of the intangible cultural heritage of "plant dyeing", and they tried to make dyed cloth with rich patterns using the ancient technique of "plant dyeing", in which they felt the charm of intangible cultural heritage.

Classic Intangible Cultural Heritage into Communities Public Welfare Course

Overseas Development of Games

The Report to the 20th National Congress of the Communist Party of China states, "We will extend the reach and appeal of Chinese civilization. ... We will deepen exchanges and mutual learning with other civilizations and better present Chinese culture to the world".

KingNet Network regards expanding overseas markets as one of its core strategic themes. KingNet Network thoroughly implements the strategy of building a culturally strong country, continuously engages in the cultural industry, actively develops global publishing, and looks at the global market. The Company has established in-depth cooperative relations with many overseas channels by integrating overseas teams, to continuously export local culture to the world.

Products and Achievements of KingNet Network in Overseas Development in 2023

Shortly after launch, *The New Heaven Sword and Dragon Saber topped* the list of free iOS games in Hong Kong and Taiwan, China.

War of Angels was awarded the "2023 Qingshan Award for Outstanding Overseas Development Game" by the Zhejiang Games Association for its performance in creativity, innovation, and outstanding influence.

The Company won the 2023 Chinese Game Overseas Development Awards - Top Ten Global Game Publishers Award.

Shanghai FingerWar Network Technology Co., Ltd.[1] won the "2023-2024 National Key Cultural Export Enterprise" Award.

Note 1: A 100% indirect holding subsidiary by KingNet Network.

Participating in the Licensing Expo Shanghai (LEC) 2023 to Showcase Traditional Chinese Culture

IP projects, *Seasonal Voice*, *YoKai Master*, and *Legend of Bluemoon*, the digital asset platform, KingNet Chain, of KingNet Network appeared at the LEC. The Company's booth presented the classic content of the IP projects as well as the elements of traditional Chinese culture, to showcase the comprehensive advantages of KingNet Network's IP projects to global makers.

YoKai Master 2 Featuring Chinese Demons in the Style of Chinese Brush Painting

The book, *Legend of Bluemoon, Inspired* by the Ancient Chinese Mythology of the Classic of Mountains and Seas

Exploring "Game+ Healthcare"

KingNet Network actively expands its layout in the healthcare field based on its game development technology, promotes the real empowerment of healthcare by digital and gamification technologies, and advances theoretical exploration, practice, and service product innovation in the healthcare field.

Cooperation with Thoven, a Leading Enterprise in Digital Therapeutics

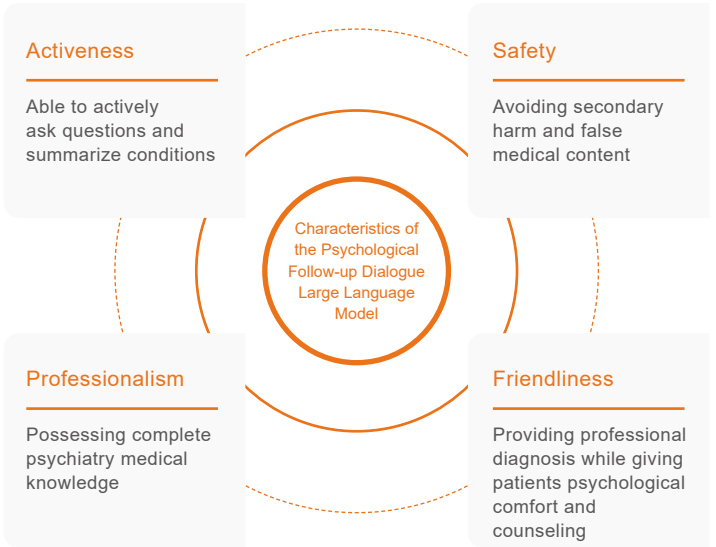
Shaoxing Shengwang, a subsidiary of KingNet Network, reached cooperation with Thoven in the field of digital therapeutics, to actively explore the "Game+ Healthcare" model, contribute to the R&D of a digital therapeutic product, and focus on improving the quality of life of patients with brain diseases. The digital therapeutic product mainly acts on the cranial nerve feedback loop with sounds, images, and physical activities through immersive scenes and AI adaptive algorithms to affect the secretion of neurotransmitters and change the physical connection of neural networks, thereby achieving the effect of treating brain diseases.

In 2023, the Company was rated as a "Sustainable Development Innovation Pioneer Enterprise" for its excellent performance in exploring the "Game+ Healthcare" model and contributing to digital therapeutic product R&D.

Developing a Psychological Follow-up Dialogue Large Language Model in Association with Fudan University

In 2023, the Company cooperated with the Fudan University to develop a psychological follow-up dialogue large language model based on Tsinghua University's chatGLM2 foundation model, in which, they cleaned, enhanced, and optimized training data, conducted fine-tuning based on the RHLF model, improved the dialogue ability of the model, emphasized the characteristics of activeness, safety, professionalism and friendliness, and strove to provide professional diagnosis while giving patients psychological comfort and counseling.

Characteristics of the Psychological Follow-up Dialogue Large Language Model



Contributing to the Development of the Digital Economy by Exploring Frontier Technologies

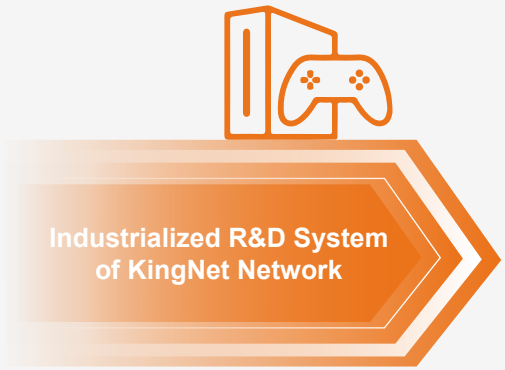
Strengthening R&D Innovation

R&D is one of the core business segments of KingNet Network. Oriented toward user demands, with game R&D and content creation as the core and taking "establishing a sound industrialized R&D system" as its long-term strategy, the Company is committed to creating a multi-dimensional R&D system, strengthening effective communication and cooperation among the links of game R&D, and improving its R&D and operation efficiency.

In 2023, with Zhejiang Shenghe becoming its 100% controlled subsidiary, KingNet Network further connected the R&D systems of Shanghai KingNet and Zhejiang Shenghe, improved the virtual organizational structure related to technology and planning, achieved the overall planning and sharing of technology, materials, and personnel, and improved its integrated research and operation capabilities. In terms of IP R&D, the Company expanded commercial channels around IP, shifted from R&D to operation, and connected multiple industrial nodes such as literature, comics, books, dramas, audiobooks, games, and AIGC at home and abroad. In 2023, the Company continued to improve its industrialized R&D system, made its product R&D layout more reasonable, and continuously expanded to other game categories.

Furthermore, the Company focuses on user communication in the R&D process, reaches out to more users with fine products, polishes game details, and furnishes users with multi-dimensional quality content services and fun game entertainment experiences. In the works for the new generation of players, the Company reduces the pressure and burden on players, the time that players must devote to the games in their daily lives and the commercial elements while increasing the game content and enriching the game play.

The Company increases its R&D investment in the reserve of R&D talents, the upgrading of software required for R&D, and the building of a management platform. It achieves talent reuse and R&D technology accumulation and sharing by employing R&D talents and its mature enterprise management mode.



Pipeline

Disassembling, defining, and forming a fixed R&D process

Standardized

Defining the requirements and delivery standards for each link of the R&D process

Modular

Modularizing different R&D links to further improve R&D efficiency and reduce costs

Automatic

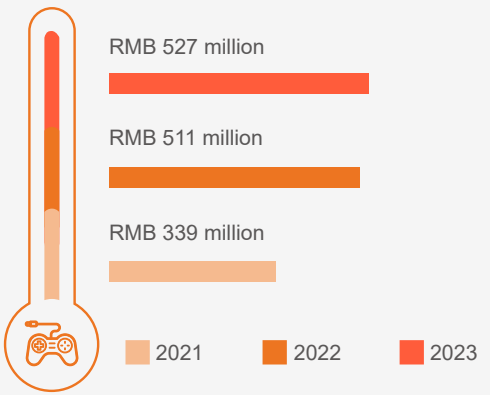
Realizing the automation of the R&D middle office or back office to some extent and matching the best solutions based on R&D accumulation

Short-term products	Rapid iterative customization projects in cooperation with its own publishing system, Tanwan.com, etc.
Medium-term products	Customized development cooperation with its own traffic platforms based on IP products Self-development of top IP licensing products
Long-term products	All-end original IP　　Unreal Engine development

The Company's self-developed products mainly include legend games represented by *Legend of Blue Moon*, *Legend of Kings*, and *Original Legends* and non-legend games such as *Gundam Battle*

In 2023, the Company invested RMB **527** million in R&D, **12.26**% of its operating revenue

R&D Investment of KingNet Network from 2021 to 2023



The Company officially launched the turn-based MMO game, *Stone Age: Awakening*, jointly developed and operated with Tencent, which topped the list of free games and ranked eighth on the bestseller list.

In March 2023, the Company was selected as one of the Top 20 Chinese Game Companies for R&D Competitiveness in 2022.

The Company won two awards in the 15th CGDA Game Developers Award Ceremony.

The Company won two awards of the first China Game "Gold Plaque", which fully proved the Company's professionalism and prestigious qualification in the field of China's game research and development.

Shanghai Doushi was titled Shanghai Service Trade Innovation Enabling Enterprise.

Jimutang (Shanghai) Information Technology Co., Ltd. was honored High-tech Enterprise.

Deepening Digital Intelligence Transformation

New technologies are ushering in a new era of game. The core advantage of automation tools and AI is to break through capacity constraints and generate content at an exponential growth rate. KingNet Network pays high attention to the latest cutting-edge technologies, and fully supports the overall strategy of national digital transformation. With a focus on the business portfolio planning and opportunities in the field of metaverse and AIGC in the long term, the Company is committed to cultivating new driving forces and building digital cultural ecology with digital industrialization.

Measures and Results of the Company's Digital Intelligence Transformation in 2023

AIGC

The Company continuously explores AIGC technology, and carries out targeted segmentation training and application on the basic big model. It expands the application of AI tools to the whole system to expand the usage scenarios and improve efficiency.

The Company is one of the first batches selected in the list of technological innovation center constructors of the Ministry of Culture and Tourism. It builds the technological innovation center of digital generation and application service for calligraphy and painting with Fudan University, Shanghai Art Museum (China Art Museum) and Shanghai Bawu Information Technology Co., Ltd. The Company concentrates efforts on exploring the development of new modes, new industries and new applications of digital generation and tourism industry.

The Company developed the AINPC game *Seasonal Voice Town*, exploring the innovative fusion of traditional culture and AIGC technology.

Metaverse

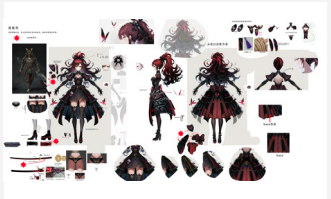
The Company invested in VR hardware maker DPVR and established Chenni Network, a platform for metaverse and virtual reality content production.

The platforms of "KingNet Chain" and "KingNet Alliance Chain (恺英联盟链)" under the holding subsidiary Jimutang have completed the blockchain information service filing of the Cyberspace Administration of China, bolstering the standardized application of blockchain technology and data security protection.

As a director unit of China Cultural Industry Association, it was listed as a member of the Specialized Committee on Cultural Metaverse of China Cultural Industry Association, and participated in the compilation of *Chinese Cultural Metaverse White Paper - Game Metaverse Sub-volume*.

The Company reached a cooperation intention with Qingdao Virtual Reality Industrial Park. Both parties plan to carry out relevant cooperation in terms of metaverse and promote the implementation of the program.

Huanyao Network Technology Co., Ltd. researches its own AIGC tool under the Unreal Engine and trains AI with its internal database to form a set of proprietary models, reducing art costs.



Optical Network's self-developed "Sjoy Wonderful Magic House" system shortens the scenario drawing time from nearly two weeks to one day, improving production efficiency.

Silver Key utilizes Stable Diffusion + Web UI as a tool to build its own AI capabilities by constantly adjusting keywords, feeding self-developed product material, and working with production personnel to meet the various settings of the game style.

In 2023, thanks to the long-term portfolio planning in the field of metaverse and innovative exploration in AIGC, the Company was successfully selected as one of the TOP 200 of Hurun China Metaverse Companies with the Greatest Potential 2023. The Company's R&D case in the field of metaverse was specified in the *China Cultural Metaverse AIGC Development Research Report.*

KingNet Chain won the annual Digital Asset Excellence Award issued by the Shanghai Urban Digital Transformation Leading Group Office, the Shanghai Data Service Provider Association and the National Data Transaction Alliance.

Launch of Digital Asset Platform - KingNet Chain

In 2023, the Company released its digital asset platform, KingNet Chain. Since the release of its 1.0 beta version in January, it has tested and released 82 original IP and brand-linked digital artifacts, and carried out a wealth of online and offline activities. It aims to promote the in-depth integration of the digital economy and the real economy, and realize the rapid development of the digital economy by combining the sale of digital assets and the real economy. In 2023, KingNet Chain was granted the *IT Times'* "Shanghai Top 10 Digital Performers of the Year" award.

KingNet Chain strives to develop based on "Gleaning", "Multivariant", "Extraordinary", and "Equal" concepts. Through blockchain technology and Web3.0, metaverse and artificial intelligence, it brings together multiple creators and game brands, builds a digital artwork marketing system, and establishes a digital brand image. It intends to create a rich and diversified metaverse content ecosystem, and breathe fresh relevance into the development of digital economy.

KingNet Chain Digital Asset Platform

Gleaning
Impress players in multiple tiers with content oriented.

Multivariant
Attract a wealth of authors and brands to settle for common prosperity.

Extraordinary
IP + game + N multiple linkage rights for flexibility and innovation.

Equal
Follow the principle of symbiosis and co-construction on the chain to construct a harmony world.

Launch of the Digital Collection "Childlike Dreamer"

On August 28, 2023, KingNet Network officially launched the theme series of "Childlike Dreamer", a trendy digital collection modeled on the Company's mascot "King K".

The Company cooperated with China Post to launch the "Childlike Dreamer" customized limited physical stamp collection, echoing the online digital collection. The proceeds from the physical stamps will be incorporated into the KingNet's Love Public Welfare Fund, which will be channeled to support public welfare programs and help realize the dream.

"Childlike Dreamer" Customized Limited Physical Stamp Collection

Variety of King K Digital Collections

Cooperation with Fudan University to Promote the Application of New Technology Research and Development

On April 23, 2023, Shanghai KingNet Software Technology Co., Ltd., a subsidiary of KingNet Network, signed a *Software Customization and Development Agreement* with Fudan University. Both parties intend to jointly work on the combination of AIGC and AINPC, and to promote the research, development and application of new technologies in the fields of artificial intelligence, virtual reality and augmented reality.

The Company explores the application of AIGC technology to the AINPC research and development of game products. It endeavors to create a more accurate and realistic artificial intelligence for Internet game products, thereby improving the game product experience and allowing players a realistic game environment. In 2023, the Company created the first Soul Land IP mobile game with AIGC and AINPC technology through this cooperation.

Strategic Cooperation with Unilever Digital Rights Trading Platform

In April 2023, the Company's KingNet Chain digital asset platform signed a strategic cooperation agreement with the Unilever Digital Rights Trading Platform (hereinafter referred to as "UDRTP") and accessed UDRTP. KingNet Chain's relevant digital assets were streamed in its special section. Both parties devote to passing on the excellent traditional Chinese culture through the innovation of digital works.

In this cooperation, both parties will give full play to the resource advantages in their respective fields. They start from the IP of works, technology, user interaction, activity rights and other businesses, and launch a multi-level and multi-dimension in-depth cooperation. In the future, both parties will continue to innovate and develop a viable path for digital assets, drive the real economy through the combination of online and offline ways. They will make great efforts to allow users a one-stop experience, and create an era of digital art featuring globalization, diversification and liberalization.

Signing Ceremony of KingNet Chain Digital Asset Platform and Unilever Digital Rights Trading Platform

02 With: Sustainable Temperature

The Company values its own green and low-carbon transformation, actively takes actions to respond to climate change, and contributes to the national goal of carbon peaking and carbon neutrality. The Company focuses on green and healthy offices, explores green electricity certificate trading, participates in green electricity consumption, and advocates work-life balance. The purpose is to create comfortable and healthy workplace environments for its employees to enhance their sense of well-being and belonging.

Topics responded: Climate change mitigation and adaptation

Energy management and GHG emission reduction

Green office

Metrics and Targets	Progress in 2023	
Carbon neutrality in operation by 2025	·Total GHG emissions (Scope 1 + Scope 2) 828.40 tCO_2e, 32.99% lower than 2022 ·Participation in green electricity consumption, with a total of 825 green electricity certificates procured	

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Addressing Climate Change and Responding to the Goal of "Carbon Peaking and Carbon Neutrality"

Against the backdrop of increasingly severe global climate change, all sectors are actively taking action to reduce carbon emissions and achieve sustainable development. As an important part of the global digital economy, the game industry, while creating huge economic value, is facing the challenges of energy conservation, consumption reduction and green development.

KingNet Network is fully aware of the importance and urgency of addressing the impacts of climate change, and actively responds to the challenges posed by climate change. The Company identifies the risks and opportunities that climate change poses to the Company's operations based on the framework of the International Sustainability Standards Board's (ISSB) *International Financial Reporting Sustainability Disclosure Standard 2 - Climate-Related Disclosures* (IFRS S2). It adopts countermeasures based on the results of the identification to manage the impacts of climate change on the Company.

Management System for Climate Change

Governance

- The Board of Directors is responsible for overseeing ESG-related matters, including climate change mitigation and adaptation topics
- The Strategy and Sustainability Committee under the Board of Directors is responsible for identifying and assessing ESG-related risks and opportunities, including climate risk, setting carbon neutrality goals and monitoring the results of emission reduction efforts

Strategy

- Analyze and assess the potential impact of climate risks and opportunities on the Company, and reduce risks and seize opportunities through green office and environmental public welfare;
- Specify how to respond to climate change as a key topic in sustainable development planning, set climate-related goals and disclose progress regularly

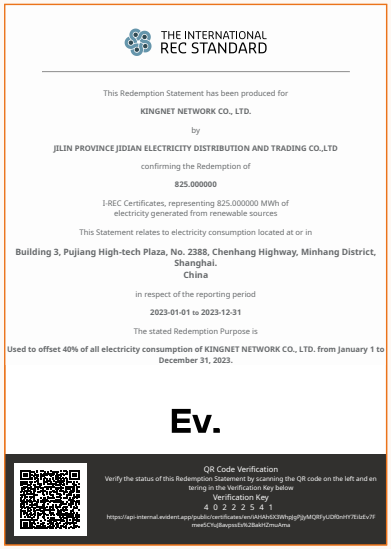
Risk management

- Identify climate change risks and opportunities relevant to the Company based on IFRS S2 guidelines

Metrics and Targets

Climate-related Targets and Progress in 2023

Target	Progress in 2023
To achieve carbon neutrality in operation by 2025	• Participate in green electricity consumption and procure a total of 825 green electricity certificates to accelerate the carbon neutrality process of the Company's operations
To achieve full value chain carbon neutrality by 2035	• Advocate green mobility and low carbon commuting for employees • Promote the construction of green data centers


THE INTERNATIONAL REC STANDARD

This Redemption Statement has been produced for

KINGNET NETWORK CO., LTD.

by

JILIN PROVINCE JIDIAN ELECTRICITY DISTRIBUTION AND TRADING CO.,LTD

confirming the Redemption of

825.000000

I-REC Certificates, representing 825.000000 MWh of electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

Building 3, Pujiang High-tech Plaza, No. 2388, Chenhang Highway, Minhang District, Shanghai.
China

in respect of the reporting period

2023-01-01 to 2023-12-31

The stated Redemption Purpose is

Used to offset 40% of all electricity consumption of KINGNET NETWORK CO., LTD. from January 1 to December 31, 2023.

Ev.

QR Code Verification
Verify the status of this Redemption Statement by scanning the QR code on the left and entering in the Verification Key below
Verification Key
4 0 2 2 2 5 4 1

Green Electricity Trading Certificate

Climate-related Risk Analysis and Countermeasures

Climate-related risk	Risk description	Countermeasure
Acute physical risk	• Dramatic climate changes such as typhoons and floods will bring extreme weather or natural disasters that may affect the normal operation of the Company and the Company's data center, which may even affect the Company's business	• Put emergency management measures in place, implement a 24-hour duty system for security personnel and reporting of incident information, and prepare emergency equipment to effectively minimize the impact of extreme weather on the Company's operations • Pay close attention to the possible adverse impacts on the Company's business during the implementation of the carbon peaking and carbon neutrality policies and take timely countermeasures. • Formulate and publish sustainable development plans, carry out environmental public welfare activities, and enhance social image and brand value. • Actively promote the portfolio planning of the metaverse sector, support the application of new technologies and materials, and lead the transformation of lifestyles to a smarter and greener model with digital economy products and digital content.
Chronic physical risk	• Long-term shifts in natural environment, such as sea level rise and persistent high temperatures, could have an impact on the Company's normal operations	
Policy and regulation risk	• The state is vigorously carrying out the deployment of carbon peaking and carbon neutrality strategy, and raises higher expectations for companies to accelerate low-carbon green transformation and strengthen environmental information disclosure	
Reputation risk	• The public is increasingly concerned about green operations and environmental protection, and if the Company fails to meet stakeholders' expectations, it may pose a reputation risk to the Company's operations	

Climate Change Opportunity Identification and Countermeasure

Climate-related opportunity	Opportunity description	Countermeasure
Market opportunity	Understand the market demand and develop games or other digital products with low-carbon and environmental themes	By creating game content themed on environmental protection and climate change for combination of fun and education, allow players to learn about the importance of climate change and countermeasures in the game, and raise public awareness of environmental protection
Efficiency in resources use	Improve the efficiency of the use of energy, water, raw materials and other resources in the Company's operations, helping reduce the Company's production costs	Promote the construction of green data centers and adopt public cloud services, the elasticity and scalability of which can allow dynamical expansion or shrinkage of computing resources according to demand, minimizing idle resources and unnecessary energy consumption
Energy transition	Use green energy and advance well in energy transition, enhancing the Company's brand image	Actively participate in the green electricity trading market and procure 825 green electricity certificates

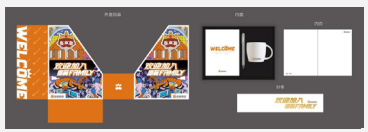
Contributing to Green Development and Implementing the Concept of Environmental Protection

Green and Healthy Office

KingNet Network advocates the concept of green and healthy office, creating a comfortable workplace and enhancing the happiness of employees. In 2023, the Company issued an energy-conservation green office initiative, and took a number of energy-conservation and emission reduction measures to reduce energy consumption and carbon emissions in the Company's operation process. It actively facilitated the trading of green electricity certificates to participate in green electricity consumption, procuring a total of 825 green electricity certificates to accelerate the Company's operation of the carbon neutrality.

Green Office Measures of KingNet Network in 2023

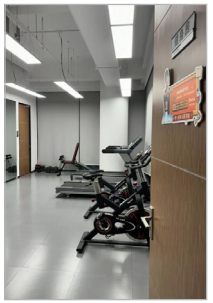
Green office measure	Implementation of a paperless office	Rational use of electricity	Recycling of office supplies	Waste disposal	Green mobility
Action	Utilize the web-based office system to reduce the issuance of paper-based information by transmitting information via the web, while ensuring security	• Replace office lights with LED energy-saving lights • Require that the air conditioning temperature should not be lower than 26°C in summer and not higher than 20°C in winter • Require employees to turn off lights when leaving the office • Advise employees to avoid using the screen saver function of LCD monitors, and preferably set the screen saver function to "Null" or "Black Screen" • Arrange security guards to turn off lights, air-conditioners, water dispensers, purifiers and other power-consuming equipment	• Adopt "reusable packaging" of the induction gift for new employees • Recycle single-sided used paper when printing and copying • Advocate the use of recycled paper, refillable pens, toner cartridges and rechargeable batteries, and other recyclable items • Actively use second-hand office furniture in the office, practicing the concept of environmental protection • Issue tableware sets to employees and prohibit the use of disposable chopsticks	• Set up different types of garbage bins on each floor to realize the separate collection of four types of garbage: Dry garbage, wet garbage, hazardous garbage and recyclable garbage • Hand over non-hazardous waste such as cardboard boxes, waste paper, waste dry batteries and hazardous waste such as waste electronic products to property management company for compliance treatment	• Advocate driving less private cars, taking more public transportation or driving new energy vehicles • Actively practice the "1-3-5" mobility mode: Insist on low-carbon mobility modes of walking within 1 km, cycling within 3 km and taking public transportation within 5 km



Packaging of the Induction Gift for New Employees

Issuance of Tableware Sets

The Company always puts employees in the first place of enterprise management strategy, pays high attention to employees' physical and mental health, emphasizes work-life balance, and provides employees with a variety of recreational facilities, like ping-pong room, billiard room, gymnasium, lounge, etc. The Company makes great efforts to maintain employees' physical and mental health after work. The Company actively organizes rich cultural, sports and recreational activities and holiday care activities, such as Lantern Festival activities, Women's Day activities, Children's Day activities, annual meeting activities, etc. It intends to enhance the sense of happiness and belonging of employees.



Gymnasium

Billiard Room

Dragon Boat Festival Gifts

Women's Day Activities

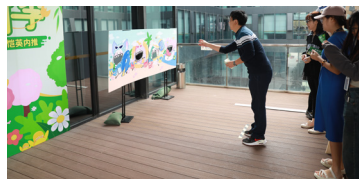
Organizing Club Orientation Events

On October 27, 2023, the Company held club orientation event, including raffle, playing football, pitching, throwing sandbag, lucky draw, etc. The event was attended by 200+ people in total, and 62 employees joined various clubs, which brought new vitality to the team.

Playing Football

Throwing Sandbag

Lucky Draw



Pitching

Organizing the Second Badminton Match in 2023

In the middle of November 2023, to enrich the work and life of the Company's employees, and to create a good atmosphere of cooperation and convey the spirit of striving and enterprising, the Company held the second badminton match of 2023. More than 50 colleagues participated in the match, competing in men's singles, women's singles and mixed doubles respectively.

Through this competition, the staff not only exercised their body, but also adjusted their condition to work hard in the fourth quarter with better spirit.

Group Photo of Participants

Inviting External Organizations to Provide the *First Aid Popularization Training* for Employees

On September 22, 2023 and September 27, 2023, the Company invited teachers from the First Response Agency to bring the *First Aid Popularization Training* to the Company's employees in Guangzhou and Shanghai, respectively. The training was intended to allow employees to understand the concept of first aid, and to master the first aid knowledge, tools, and skills for incidents such as cardiac arrest, sudden trauma, and medical emergencies. Representatives from various departments were invited to attend this training, totaling 62 employees. The Company equipped the office space with AED first aid equipment for emergencies.

First Aid Teaching

Promoting Environmental Public Welfare

The Company actively promotes environmental public welfare activities, builds a quality environmental protection volunteer service platform, and attracts more employees to participate through public welfare publicity and activity. It spares no efforts to form a positive atmosphere of everyone's concern, support and participation in environmental protection, and realize the important change from "employees being required to protect the environment" to "employees spontaneously contributing to environmental protection". It hopes to promote the formation of a green and low-carbon corporate culture, raise social awareness of environmental protection through action, and bolster the healthy and orderly development of the environmental public welfare.

Continuous Enhancement of Environmental Public Welfare Publicity

The Company designed and produced 23 public welfare posters themed on the World Wetlands Day, Arbor Day, World Earth Day, International Day for Biological Diversity and other environmental protection festivals. It strives to actively spread the concept of environmental public welfare, set a new green and low-carbon trend, and guide the staff to implement the concept of environmental protection.

Public Welfare Poster of KingNet Network

Carrying out Public Welfare Activities on the Theme of World Earth Day

In April 2023, KingNet's Love Public Welfare launched the public welfare walking activity themed on "Let the Earth Smile and All Things Breathe" on the World Earth Day. The activity attracted nearly 100 cadres and employees from the Company to participate. Hangzhou Branch, Shenghe Network and Guangzhou Branch carried out related thematic activities in their respective locations. A total of more than 150 people from the three places participated in the activity.

Scene of the Public Welfare Walking Activity

Participating in the Spring Planting Activities "One Hundred Million Suosuo"

The Company organized volunteers to participate in the spring planting activities "One Hundred Million Suosuo" for public welfare 2023 carried out by the Foundation of the Society of Entrepreneurs and Ecology (hereinafter referred to as "SEE Foundation"). These volunteers traveled to Alxa League of the Inner Mongolia Autonomous Region to experience the planting and watering of psammophytes, and to promote the sustainable development of the "KingNet Public Welfare Forest" environmental public welfare program. Volunteers who participated in this spring planting activity, as participants of the "KingNet Public Welfare Forest" activity, worked in concert with environmental protection volunteers from all over China to build sand barriers, dig deep pits, water twice, lift seedlings after planting, and mulch twice in desert marginal areas., etc. They planted psammophytes to help protect the ecological environment of the Yellow River Basin.

Group Photo of Volunteers for the Spring Planting Activities

Launching a Plastic Bottle Recycling Program

The Company has launched a "Plastic Recycling" program, setting up recycling points to collect discarded plastic bottles used by employees. The Company used these bottles as raw materials to make environmentally friendly school uniforms and donate them to rural schools in need.

In 2023, the Company donated

100 sets of environmentally friendly uniforms to rural schools.

Poster for Public Welfare Program of Plastic Recycling

Organizing the Dongtan Wetlands Exploration Activities

In May and November 2023, the Company organized two "Parent-Child Wetland Tour" Dongtan Wetlands exploration activities, which attracted the participation of more than 60 volunteers and children. Wetlands popularization, bird observation, and intangible cultural heritage experience provided participants with opportunities to understand the significance of wetlands to the ecological environment, know the ecological restoration achievements of wetlands, and get enlightenment on environmental protection.

Group Photo of Volunteers and Children

Carrying out Activities on the Theme of "International Wetlands Day"

In February 2023, the Company joined hands with SEE Foundation and Alxa SEE Donghai Program Center to donate RMB 200,000 to SEE Foundation's "Protecting Dongtan for Birds" public welfare program. The fund was channeled to help Shanghai Chongming Dongtan to declare as the World Natural Heritage, to protect the wetland environment, and to protect biodiversity. The Company carried out offline publicity activities with the theme of "Endowing Poetic Wetlands with Pictorial Splendor". It introduced the protection of Dongtan Wetlands and performed bird knowledge quiz to the employees of the Company in combination with the "Protecting Dongtan for Birds" public welfare program, attracting more than 140 employees to participate for learning and interaction.

Dongtan Wetlands Protection Base

Scene of the Company's Wetland Protection Publicity Activities

Participating in the Aksu Apple Forest Planting

In October 2023, KingNet Network visited the apple demonstration garden in Shahe Town, the Fifth Regiment, Xinjiang, to gain a deeper understanding of the XPCC-Xinjiang integrative development and the development of the regional apple industry. The Company formally participated in the "I Have a Tree in Aksu" apple forest planting.

The "I Have a Tree in Aksu" large-scale Xinjiang aid operation was led by the Traffic Radio of Zhejiang Media Group, and co-sponsored by the Xinjiang Aid Command of Zhejiang Province, the Zhejiang Provincial Department of Culture and Tourism, the Forestry Bureau of Zhejiang Province, and the Zhejiang Media Group. The program was guided by the principle of "Practicing the Double-Eight Strategy, Taking up the Mission of Xinjiang Aid, Promoting Rural Revitalization, and Protecting the Ecological Environment". It was intended to actively promote extensive exchanges, and in-depth integration between Zhejiang and Aksu. In July 2023, the public welfare program was launched in the Shahe Town of the Fifth Regiment, aiming to further the XPCC-Xinjiang integrative development, consolidate the revitalization of the countryside, maintain the ecology, and help the farmers. The program was designed to open up the circulation channels of quality agricultural and sideline products, and contribute more to the construction of the magnificent Xinjiang.

Exclusive Use of the Apple Forest Planting Certificate

03 Buff: Sustainable Care

KingNet Network integrates multiple resources, deepens the content of activities, carries out public welfare programs and employee volunteer activities in terms of rural education, emergency relief, intangible cultural heritage, etc. The Company makes continuous efforts to explore new forms of game-based public welfare, to convey warmth and hope, and to boost the development of society.

Topics responded: Community contribution and public welfare and charity

Metric	Target	Progress in 2023	
Amount invested in social public welfare	Total investment of RMB 20 million from 2023 to 2025	RMB 6,516,000	

Engaging in Public Welfare to Send KingNet's Love

KingNet Network continues to pool various resources to build the "KingNet's Love Public Welfare" brand, and continues to expand the Company's positive influence through systematized and standardized operations. The Company endeavors to realize the conformance of the Company's economic value and social value.

Achievements of the "KingNet's Love Public Welfare" Branding

- Areas of focus: Child literacy education, ecological environmental protection and emergency relief in remote ethnic minority areas;
- Coverage: Covering 24 cities and 26 counties in 14 provinces, including Qinghai, Sichuan, Yunnan and Xinjiang, aiming to create a platform for rural children to communicate with the outside world in a multi-channel and diversified way.

Education of children in remote areas	Ecological environmental protection	Emergency relief
"KingNet's Love Rural Cloud Student Aid"	"One Hundred Million Suosuo"	Establish a special fund for emergency relief
"Girls' Escort of KingNet's Love" Girl Protection Action	"Plastic Recycling" program	
"Bright Future Health Initiative" Rehabilitation Assistance for Disabled Children	"Protecting Dongtan for Birds" ,etc.	
"Colored Plateau" Rural Art Education	Aksu Apple Forest Planting in Xinjiang	
"Sports Dream Class (运动梦想课)" and so forth	See the "*Promoting Environmental Public Welfare*" section in the Report.	

Support for Rural Education

The Company has been actively engaged in education for rural revitalization, focusing on literacy education of minors, especially children in remote areas. It intends to provide more educational opportunities for children in underdeveloped areas, to give rural children more opportunities, and to contribute to the high-quality development of rural literacy education.

By virtue of its own technology and industry advantages, the Company provides rural children with multifaceted support covering course resources, VR equipment and teachers in respect of education, facility donations, growth subsidies and living assistance. It aims to stimulate the children's creative thinking and innovation, comprehensively improve their cultural, artistic and physical literacy, and continue to guard the healthy growth of minors.

Public Welfare Programs of KingNet Network in Support of Rural Education in 2023

March

Donated 140 VR glasses and 288 VR courses to seven rural schools in Yushu, Qinghai to establish "VR technology classrooms" and help technological innovation of rural education.

Visited Leibo County, Liangshan Yi Autonomous Prefecture, Sichuan Province, and donated 6,167 sets of public welfare materials to four local rural schools, including Xinhua dictionaries and school supplies.

In cooperation with the 25th batch of youth education support teams from the central and state organs, donated 500 sets of "KingNet's Love Protective Package" to the Xiaoshizhuang Central School in Yangyuan County, Hebei Province.

April

Launched the "Colored Plateau" Rural Art Education Program in association with China Academy of Art, and provided courses with a total of 22 class hours and 880 minutes as of December, distributing picture books and offering calligraphy, art and other courses to 319 children in seven schools.

May

Donated RMB 150,000 to the "Sports Dream Class (运动梦想课)" public welfare program, and organized training for physical education teachers. 18 young physical education teachers from Yushu completed online and offline training to improve their teaching level and methods.

June

Visited Longling County, Baoshan City, Yunnan Province, donating 390 sets of "KingNet's Love Protective Package" and 6 sets of office computers to children in three local schools.

July

Carried out the "Rural School Online Classroom | STEAM Online Course" fourth anniversary visit to Yushu in Qinghai, provided intangible cultural heritage and aesthetic education experience courses, and donated sportswear and materials valued at a total of RMB 5 million to seven schools in cooperation with the Anta Group.

September

In cooperation with "Yunnan Trust - Baichuan Chaohai Charitable Trust for Poverty Relief", donated 51 sets of "KingNet's Love Protective Package" to the children of Yunli Factory Primary School in Pupeng Town, Xiangyun County, Dali Prefecture.

October

Visited the Erlang Primary School in Chenghai Town, Yongsheng County, Lijiang City, Yunnan Province, donating 120 sets of "KingNet's Love Protective Package" to local school children.

Donated RMB 300,000 to the Special Fund of "Bright Future Health Initiative" to assist children in medical surgeries and rehabilitation assistance in Aksu Prefecture of Xinjiang.

RMB 300,000 Donated to the Special Fund of "Bright Future Health Initiative"

In October 2023, KingNet Network donated the initial amount of RMB 300,000 to the Special Fund of "Bright Future Health Initiative" for the Rehabilitation Assistance of Disabled Children in Zhejiang's Aid to Xinjiang. The donation will be used to provide medical surgeries and rehabilitation assistance to eligible children under 18 years old with visual, hearing, or speech disabilities, as well as children with congenital heart disease in Aksu Prefecture and the First Division of the Xinjiang Production and Construction Corps.

Donation to the Special Fund of "Bright Future Health Initiative"

One of the First Partners of "Bright Future Health Initiative"

Tips: The "Bright Future Health Initiative" for the Rehabilitation Assistance of Disabled Children in Zhejiang's Aid to Xinjiang is one of the practical livelihood programs jointly implemented by Xinjiang and Zhejiang. Since its launch in August 2021, five phases of assistance projects have been completed in the "Bright Future Health Initiative", benefiting 348 children with visual or hearing disabilities. In 2023, the partnership program was officially launched for the "Bright Future Health Initiative".

In 2023:

The Company visited and conducted research in 15 cities (counties) in eight provinces, including Yushu Prefecture in Qinghai, Liangshan Prefecture in Sichuan, Xinmi City in Henan, and Baoshan City in Yunnan.

The Company visited **19** rural schools

donated in funds and materials over **6** million

and benefited over **12,000** children

The Company offered for the "Rural School Online Classroom | STEAM Online Course" program **108** classes

teaching time accumulating over **4,300** minutes

surpassing the annual teaching target of 88 classes in 2023 by **122.7**%

Group Photo of Public Welfare Donations to Longling County, Baoshan, Yunnan

"Sports Dream Class (运动梦想课)" Assisting the Development of Young Teachers in Tibetan Regions

In 2023, KingNet Network joined forces with the Shanghai Adream Charitable Foundation to launch the "Sports Dream Class (运动梦想课)" program, which served as a lever for schools to enhance physical education literacy. The program focuses on training frontline physical education teachers, increasing the frequency and quality of physical education classes in schools, helping rural students meet physical fitness standards, and comprehensively improving the level of physical health testing in schools and students' physical literacy.

In May 2023, the Company donated RMB 150,000 to the "Sports Dream Class (运 动 梦 想 课)" Public Welfare Program. Eighteen young physical education teachers from seven schools in Nangqen County, Chindu County, and Qumarleb County in Yushu Prefecture, Qinghai Province, which are the target areas for targeted assistance, participated in the "2023 Anta One-Star Physical Education Teacher Training" at Heyin Primary School in Guide County, Hainan Tibetan Autonomous Prefecture, Qinghai Province. This training aims to enhance the teaching skills and methods of these teachers.

Group Photo of "Sports Dream Class (运动梦想课)" Training

Carried out Public Welfare Activities in Leibo, Sichuan

In March 2023, the Company visited Leibo County, Liangshan Yi Autonomous Prefecture, Sichuan Province, and donated 6,167 sets of public welfare materials to four local rural schools, including Xinhua dictionaries and school supplies.

A group of volunteers from the Company visited the Shanlenggang Township Central Primary School, Lami Township Central Primary School, Qingkou Township Central Primary School, and Zhongtian Primary School in Huanglang Town in Leibo County. Their main focus was to gain a better understanding of the actual needs of each school and its students and provide targeted assistance. They planned to integrate available public welfare resources and bring the "Yushu experience" to Leibo. They aimed to pilot a cloud education support program in the area, delivering warmth and knowledge to rural children.

Group Photo of Public Welfare Donations to Leibo, Sichuan

"Rural School Online Classroom | STEAM Online Course" Fourth-anniversary Visit

In July 2023, the Company joined forces with the School of Social Aesthetic Education at China Academy of Art to visit rural schools in Yushu Prefecture, Qinghai Province. This marked the fourth consecutive year that the Company has visited Qumarleb County, Chindu County, and Nangqen County in Yushu Prefecture, Qinghai Province, to exchange with locally partnered schools.

During the visit, the Company's Mixinxin Studio introduced to the children the use and presentation of the thousand-year-old tie-dyeing craft in the present day. Through the explanation of volunteer teachers and the animated video content of the *Crafts and Qubits*", the children were led to create "plant dyeing" hands-on. Teachers Lin Jie and Chen Jinglei from the School of Social Aesthetic Education at China Academy of Art presented exciting courses on calligraphy and picture books to the children.

Donations to three counties and seven schools in Yushu Prefecture:

sets of learning and living materials over **31,000**

medical kits **3,595**

extracurricular books **4,410**

Sports clothing and supplies worth RMB **5** million

worth RMB **450,000**

sets of VR head-mounted displays **140**

including **7** categories and **288** VR classes

Sports Dream Class (运动梦想课) program worth RMB **150,000**

Plant Dyeing Class in the "Rural School Online Classroom | STEAM Online Course" Fourth-anniversary Visit

Picture Book Class in the "Rural School Online Classroom | STEAM Online Course" Fourth-anniversary Visit

Responding to Emergencies

The Company has established an emergency response and disaster relief fund and a disaster trigger mechanism, allocating a certain amount of funds for public welfare purposes each year specifically for emergency response and disaster relief. This ensures a timely, scientific, and effective response to sudden disasters, reducing decision-making costs and maximizing positive social impact.

In 2023, the Company invested a total of

RMB **500,000**

in emergency response and disaster relief.

Aided Gansu with One Fountain

On December 18, 2023, a 6.2-magnitude earthquake occurred in Jishishan County, Linxia Prefecture, Gansu Province. In response, the Company donated RMB 500,000 to the Shenzhen One Foundation, provided urgently needed supplies and materials to the affected population, and rushed to the earthquake-hit areas of Gansu to overcome the difficult time.

Rushed to the Disaster Relief Site in Gansu

Participating in Volunteer Services to Manifest KingNet's Responsibility Taking

The Company has established the KingNet Network Volunteer Association. Strictly adhering to the *Charity Law of the People's Republic of China and the Regulations of Shanghai Municipality on Volunteer Services,* the Company has also formulated the *Articles of Association of KingNet Network Volunteer Association* and developed the *Volunteer Management System of KingNet Network* in 2023, continuously improving the volunteer service management system.

The Company has established a volunteer service team, encouraging and advocating employees to actively participate in public welfare undertakings. By organizing volunteer activities, the Company aims to fully leverage the strengths of employees and contribute to society through practical actions.

Volunteer Service Performance of KingNet Network in 2023

Registered volunteers

146

Provinces/cities/autonomous regions covered with volunteer services projects

14

Volunteer services

1,286 hours

Volunteer activities

24

Employee volunteer service participation more than

700 person-times

Awarded

the title of

Advanced Volunteer Service Collective in Shanghai

Key Volunteer Service Projects of KingNet Network in 2023

March

Organized and participated in the "3·5" Learn-from-Lei Feng Memorial Day activities;

Produced and distributed anti-addiction protection brochures for minors and promoted the Company's public welfare philosophy to hundreds of community residents.

July

Organized the "Classic Intangible Cultural Heritage into Communities" public welfare course activity, which provided 35 children of the summer care class of Qianjiang Century City Local Police Station with an intangible cultural heritage tie-dyeing class package and a wonderful experience of intangible cultural heritage.

September

Launched a "9•5 Charity Day" public welfare market activity, featuring the second phase of the Wish Tree Program (with 355 projects released), a plastic bottle recycling program, a Tibetan children's art exhibition, and an agricultural assistance market. The charity sale activity generated a total of RMB 10,371.60 in funds to support agricultural development.

December

Launched the International Volunteer Day publicity activity themed "Gathering Forces to Volunteer Together", distributing volunteer activity-related items to 135 registered volunteers.

Supporting Sustainable Development Goals

As a leading Internet-based listed company in China, the Company comprehensively examines the relevance between the United Nations Sustainable Development Goals (SDGs) and its sustainability practices, integrating the SDGs into its long-term development strategies and business operations. The Company ensures that its business decisions, product development, and services all have a positive impact on the realization of these goals. It continuously discloses the progress of its actions, demonstrating its active contribution to global SDGs.

Specific Actions of KingNet Network for Supporting SDGs in 2023

SDGs Supported	Actions in 2023
	Donated materials to rural schools
	Encouraged to obtain work-life balance and carried out diverse cultural and sports activities Set up a gym, billiards room, and table tennis room
	Carried out the "KingNet's Love Rural School Online Classroom | STEAM Online Course" Program Continuously promoted the "Colored Plateau" Rural Art Education Program Donated to "Sports Dream Class (运动梦想课)" Public Welfare Program and the Special Fund of "Bright Future Health Initiative"
	Participated in the "3·5" Lei Feng Memorial Day series activities Organized the "Classic Intangible Cultural Heritage into Communities" public welfare course activity

SDGs Supported	Actions in 2023
	Established diverse interest clubs; carried out holiday activities; and supported department team building Provided targeted training programs for employees from newcomers to management advancement, including "Newcomer Village Challenge", "X Plan", "New Manager Training Camp", and "M Plan", and designed various learning activities such as "Learning Month"
	Developed the anti-fraud public welfare game, *Cleverly catching scammers* Launched the intangible culture heritage-related public welfare project "KingNet's Love Crafts and Qubits"
	Participated in green electricity consumption, with a total of 825 green electricity certificates procured Carried out environmental public welfare activities Advocate green mobility and low carbon commuting for employees

Part II: ESG Management and Performance

04 Joining Forces to Help Employees Grow

05 Protecting Security to Optimize User Experience

06 Strengthening Governance to Ensure Robust Operation

04 Joining Forces to Help Employees Grow

Topics responded: Employment and protection of employees' rights and interests
Human capital development

Metric	Target	Progress in 2023	
Employee training coverage	100%	100%	✓
Training time per employee	12 hours	18.84 hours	✓

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

Employment and Protection of Employees' Rights and Interests

Talent Attraction and Retention

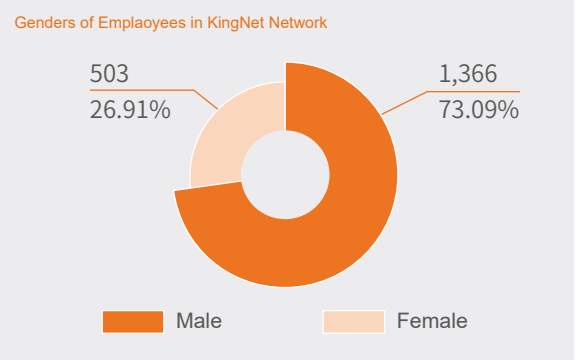
Employee Recruitment and Employment

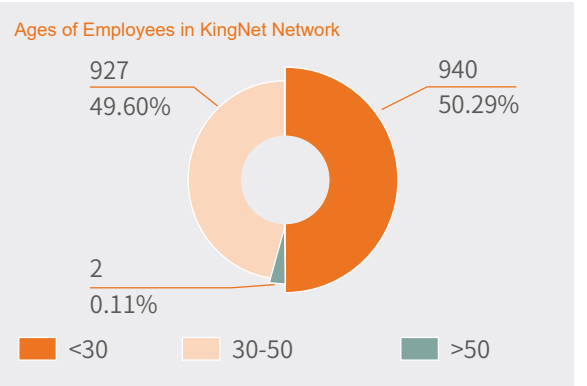
Abiding by applicable laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, the Company has established rules and regulations including the *Remuneration Management Measures* and the *Outsourced Personnel Management Measures*. Adhering to the talent philosophy of "people-centered", the Company emphasizes employee quality, regarding ethical integrity and professional capability as crucial criteria for selecting and hiring employees. It stipulates that no discriminatory conditions based on race, religion, ethnicity, gender, household registration, or other factors should be set for any recruitment activities.

Employee Recruitment of KingNet Network in 2023

Formulated a talent demand plan	The Company formulated the annual demand plan of human resources and standardized the work process according to the overall planning of human resources in combination with the actual demand of production and operation, and organized the recruitment of human resources according to the plan, system, and procedures In 2023, the Company had a planned recruitment demand of 755 positions and successfully issued 730 offer letters, achieving a recruitment plan delivery rate of 96.69%.
Enriched recruitment paths	Campus recruitment: The Company held campus promotions, published campus recruitment posters on the WeChat official account (KingNet Recruitment), and published campus recruitment positions on the official website Social recruitment: The Company published social recruitment positions on the official website and social recruitment posters on the WeChat official account (KingNet Recruitment) Internal recommendation: The Company instituted an internal recommendation and reward mechanism, established bonuses to incentivize referrals, and implemented various internal recommendation initiatives aimed at identifying and attracting "new" talent

Employee Diversity Performance of KingNet Network in 2023





The Company has never employed a minor. In 2023, the Company did not experience any incidents of employee discrimination or the employment of child labor. Furthermore, there were no violations of employment or labor standards, nor were there any legal proceedings related to these matters.

Improving Employee Remuneration and Benefit System

The Company duly and fully contributes to employees' social insurance and housing provident fund. In addition to providing statutory welfare benefits to all employees, it also offers a diverse range of flexible benefits, including meal allowances, transportation allowances, annual health check-ups, supplementary commercial insurance, and festive gifts.

Remuneration and Benefit System of KingNet Network

Remuneration	Guaranteed benefits	Health benefits	Routine benefits	Caring benefits
Basic salary, project bonus, performance bonus and other cash incentives and subsidies	Social insurance and housing provident fund paid in full	Supplementary commercial insurance (including insurance for including serious diseases, accidental injuries, and outpatient and emergency hospitalization), annual health check-ups, and cultural and sports activities	Anniversary gifts for employees Meal and transportation allowances Department team building and annual development-oriented tourism Interest clubs	Birthday gifts, festive gifts, paid annual leave exceeding that stipulated by the state, annual ceremony benefits, and New Year's red envelopes

In 2023, the Company revised its *Department Team Building Management Measures* and adjusted the utilization period of team building funds to guarantee the availability of employee benefits. The Company values the work-life balance for our employees, provides various recreational facilities to employees, and establishes clubs organized spontaneously by employees with funds from the Company. The Company regularly organizes diverse cultural and recreational activities to enrich employees' leisure time.

Regarding talent retention, the Company pays closer attention to high-performance employees, follows changes in their work and life, enhances communication, and listens to their voices on needs. It provides timely intervention and coaching assistance to minimize the loss of high-performance employees.

Democratic Communication among Employees

The Company follows the principle of "transparency and openness" and values democratic management. Apart from the official system announcement, open solicitation of employees' opinions, and open acceptance of employees' appeals, the Company has established an open and transparent internal online democratic communication platform named "KingNet Moments". The Company has smoothed Internal communication channels through methods such as the employees' congress to learn about employees' needs and protect employees' rights and interests.

Screenshot of "KingNet Moments"

In March 2023

the Company conducted the reelection of employee representatives and selected

105 representatives

including frontline employees

87

managers at and above the middle level

18

female employees

42

In 2023, the Company's headquarters convened an employees' congress to elect the employee representative supervisors of the fifth Board of Supervisors.

Human Capital Development

Employee Training

The Company's training efforts are focused on meeting the learning needs of employees at different career development stages. To achieve this, the Company has established an internal online learning platform called "Sky City", and developed a multi-level curriculum system with targeted training programs. Based on the Company's business strategic direction, annual key training projects such as new employee training and leadership training are being promoted.

KingNet Network's Multi-level Employee Training System

Management promotion	**M Plan**
On-job training	**Lecturer management** Knowledge Inheritance Officer, Teacher's Day activities, Lecturer Training Camp, and external Training
	Hot games seminar
Newcomer training	**Training for newcomers from social recruitment and X Plan for newcomers from campus recruitment**
Online training	**Sky City Learning Platform** New course efforts, information security exam development, and data organization
Basic work	**Training operation** Training assistance, lecturer operation, course development, learning analysis, etc.
Cultural division	**Anniversary ceremony activities**
	Club operation Events, competitions, funding support, problem settlement, etc.

Phase II of Leadership Enhancement Project - M Plan

In 2023, the Company carried out Phase II of the Leadership Enhancement Project - M Plan and launched the Phase 1 course of *A + Manager*. This training focuses on role recognition, management of others, and management collaboration. 26 middle management employees of the Company participated in this training.

Scene of Lecturer's Teaching

Photo with Trainees

Employee Training Programs in Association with an External Organization

On March 16 and 17, 2023, the Company invited professional lecturers from an external organization to share the course *Discerning Talents - Becoming an Excellent Interviewer* with the management. The aim was to help managers understand efficient interview processes, master interview techniques, and facilitate job recruitment. A total of 53 managers participated in the two-day training, which amounted to 212 hours of cumulative training time.

The Company supports employees in enhancing the professional skills required for their positions and obtaining relevant vocational qualifications such as *Computer Programmer*. The Company reimburses employees who take the relevant examinations for their examination or registration fees and provides additional subsidies. In 2023, the Company provided subsidies totaling RMB 8,000 to eight employees who passed the *Computer Programmer* certification.

Employee Assessment and Incentives

The Company manages performance based on the principles of openness, fairness, impartiality, objectivity, and healthy competition. In 2023, the Company revised the *Performance Management Measures* and included the assessment of work attitude and daily behavior.

In 2023, the Company conducted quarterly assessments based on job responsibilities and key work tasks. The results of performance assessments were applied to performance communication and improvement, performance bonus calculation, performance assistance, salary adjustment, promotion, and equity incentives.

Performance Assessment Process of KingNet Network

Performance plan development → Performance plan review → Performance self-assessment → Performance assessment → Performance approval → Performance communication → Performance appeal

The Company has established a performance assessment appeal mechanism with a clear appeal process. If any employee has any objection to the assessment results, he/she may submit a written appeal via email within the specified time frame. The relevant department will investigate and handle the appeal within one week of receiving it. After the investigation and handling, the department shall generate an appeal report and submit the same to the corresponding senior leadership and the head of the Human Resources Center for approval. Upon approval, the feedback will be provided to the employee and his/her direct supervisor.

The Company stipulates that appeal investigators must keep the details of the appeal and the personnel involved confidential. Employees who violate confidentiality requirements will be subject to disciplinary action, and it is strictly prohibited to conduct any retaliation or discrimination against appealing employees.

Performance Appeal Process of KingNet Network

01 Proposing an objection by an employee

02 Communicating with the superior

03 Submitting a written appeal

04 Investigating the appeal

05 Giving feedback on appeal handling opinions

In 2022, the Company launched a stock option incentive plan and granted 19.71 million shares to 21 individuals, including professional managers and core team members. In 2023, the exercise conditions of shares in the first phase of the plan became mature and the corresponding shares were exercised accordingly.

Employee Promotion

Valuing the personal development of its employees, the Company adheres to the principle of "openly and transparently gradual promotion". It has established systems such as the *Promotion Management Measures* to provide employees with fair and equitable promotion opportunities and diverse career development paths. Employees can choose to vertically advance and become experts in their professional fields, or horizontally develop and become team managers, based on their aspirations and characteristics.

The Company has established a sound career development system and formulated promotion program plans based on management decisions. Through mechanisms such as merit-based nominations, review and inspection, and promotion decisions, it provides employees with fair and equitable promotion opportunities and vast career development prospects.

Promotion Mechanism of KingNet Network

Merit-based Nomination

Department heads check team members and select employees who meet the promotion nomination criteria and are suitable for the corresponding job level.

The Human Resources Center reviews and approves the nomination suggestions from each department based on unified standards and determines the promotion candidates.

Review and Inspection

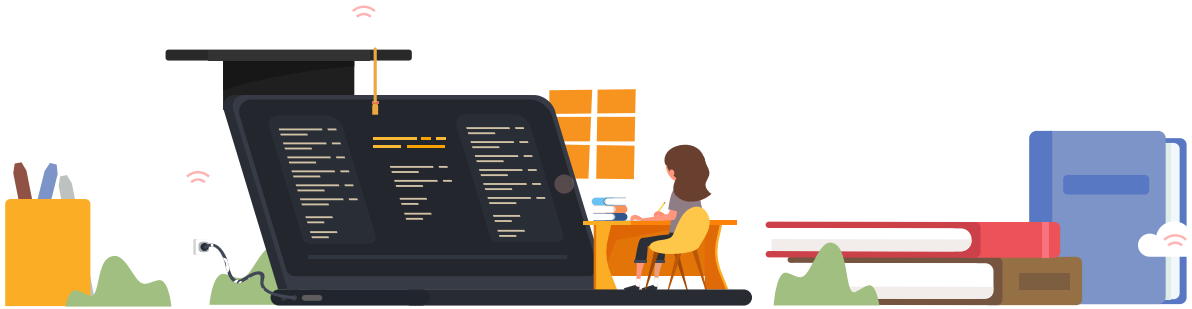
The Human Resources Center leads department heads and internal experts in various professional fields to establish a promotion review team.

The promotion review team uniformly reviews and inspects the promotion candidates based on the *Job Qualification Standards*, and the review opinions serve as an important reference for promotion decisions.

Each promotion candidate presents his/her achievements over the past year through a work report, demonstrates his/her professional abilities and professional competence, and responds to questions from the judges during the defense session.

Promotion Decision

The Human Resources Center summarizes the review and assessment opinions and submits them to the management for decision-making.



05 Protecting Security to Optimize User Experience

Topics responded: Privacy and data security
Protection of minors in cyberspace
Content quality management
Customer service and complaint handling

Metrics	Targets	Progress in 2023	
Number of glitches in the anti-addiction system	0	0	✓

Note: The statistical scope for the number of glitches in the anti-addiction system involves the glitches that can be inquired in the *Real-name Verification System for Anti-addiction in Internet Game Playing*.

11 SUSTAINABLE CITIES AND COMMUNITIES

Creating a Clean Network Environment

Privacy and Data Security

According to applicable laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*, KingNet Network has formulated the *Basic System for Data Management* and the *Management System for Information Security Incidents and Emergency Response* to confirm the legality and compliance of data collection and storage.

The Company has established a data security management framework with clear responsibilities and comprehensive functions to ensure the efficient execution of data security management work. In 2023, the Company did not experience any data security or leakage incidents, achieving the goal of "zero data security incidents" and effectively protecting data security and user privacy.

Privacy and Data Security Management Framework of KingNet Network

Supervision level	The CEO of the Company makes important decisions related to privacy and data security incidents. The Vice President of Public Security is mainly responsible for the overall privacy and data security strategy, ensuring that the Company complies with relevant laws, regulations, and mandatory standards.
Management level	The Senior Director of the Operation & Maintenance Security Center formulates privacy policies and related procedures, ensuring the effective operation of data security and network security mechanisms.
Execution level	The Information Security Department ensures that the Company's data processing mechanisms are compliant and promptly identifies and blocks any possible privacy and data security issues.

To ensure data security in product development, the Company follows the principles of secure development, assesses privacy design, and enhances data security throughout the product development process.

Data Security Protection Measures in the Product Development Process of KingNet Network

Secure Development Practices

The development team adheres to best practices in secure development, conducts regular code reviews, and utilizes the latest security tools for vulnerability detection. It continuously learns about the latest security standards and threats in the industry, while timely updating and improving security measures.

Privacy Design Assessment

The Company assesses privacy design in the early stages of product design, assesses potential privacy risks in the data processing process, and implements corresponding measures to mitigate these risks.

The Company employs encryption, de-identification, and other techniques to implement strict access controls and protection measures for user data during storage, transmission, analysis, and processing stages, guarding against the risk of user privacy/sensitive data leaks. The Company informs users of its measures to handle and protect personal data through user education and publication of its *Privacy Policy*. Users have the right to access, correct, and delete their related personal data and can seek assistance from the Company through customer service, email, phone, and postal mail if required.

Measures for User Data Management of KingNet Network

Data Collection	Unless explicitly required by laws and regulations, the Company will not collect personal data from third parties without the consent of the users, or unless we have obtained explicit consent from the users. Clearly defining the purpose of data collection, the Company meets the minimum requirements of national regulations to support service operations.
Data Transmission and Storage	The Company employs https encryption to prevent user data from being stolen during transmission and storage.
Data Use and Retention	Employing the de-identification technique, the Company removes individual identity information during data analysis and processing to ensure that data cannot be restored to specific individuals during use. The Company implements access control policies, with only authorized personnel having access to sensitive data, and regularly reviews and updates employee access permissions to maintain the principle of minimum authorization. The Company commits to retaining personal data only for the specified use period and will promptly delete unnecessary personal data once the purpose of data use is achieved, ensuring that the retention period does not exceed a reasonable duration.

Note: https refers to the hypertext transfer protocol secure, which helps establish a secure link between clients and servers to ensure information security.

The Company has established an information security incident and emergency response system, encompassing incident discovery and reporting, incident disposal, evidence preservation, incident summary, audit, reward, and punishment mechanisms, to minimize and mitigate potential losses arising from incidents and reduce the impact of data security risks.

In terms of internal capacity building, the Company conducted a survey on information security awareness among all employees in 2023, covering topics such as personal information protection, social engineering, and laws and regulations, to enhance employees' awareness of data security and privacy data protection. The survey covered 100% of employees.

In 2023, the Company conducted four external audits, including classified protection evaluations, telecommunications protection evaluations, data security risk evaluations, and annual audits for listed companies. The Company conducted said evaluations for the Company's main businesses, with the certification scope covering all data of the Company.

In 2023, the Company's "KingNet Chain" and "KingNet Alliance Chain (恺英联盟链)" platforms completed the blockchain information service filing of the Cyberspace Administration of China, bolstering the standardized application of blockchain technology and data security protection.

Protection of Minors in Cyberspace

KingNet Network has consistently adhered to offering healthy and green network cultural products as well as information content services. The Company has continually reinforced its protection system for minors, enhancing and refining its anti-addiction system. It has actively participated in the development of relevant standards and industry collaborations, creating a clean network environment for minors and safeguarding their healthy development. The Company's game products mainly target adult users and the Company closed the registration function for minors in September 2021.

KingNet Network's Anti-addiction Action for Minors

All games of the Company have been included in the *Real-name Verification System for Anti-addiction in Internet Game Playing*. The "Age Prompt" label for game works is placed in conspicuous positions such as game icons, official websites, and main interfaces of games.

The Company sets up "Online Harmful Information Reporting Area" and "Shanghai Internet Illegal Information Reporting Center" on the XY Game Platform and the home page of its official website.

In 2023, the Company conducted 12 spot checks on the implementation of anti-addiction measures for self-operated products and provided feedback on the implementation to regulators.

XY Game Platform Reporting Center

Game Player Age Prompt

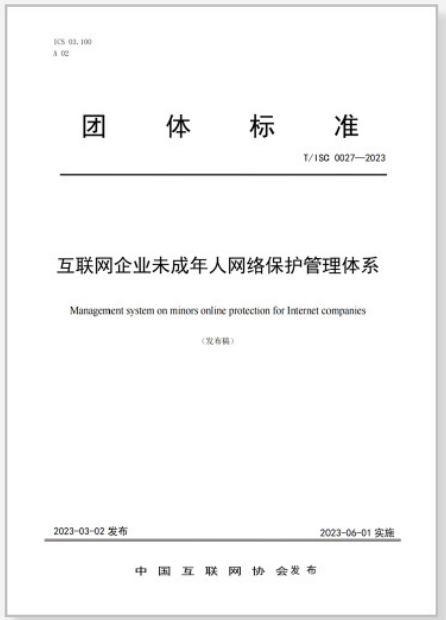
XY Game Platform "Parental Guardianship Program for Minors in Online Games"

The "Parental Guardianship Program for Minors in Online Games" is initiated by the XY Game Platform according to relevant national regulations, guided by the Ministry of Culture and Tourism of the People's Republic of China. It aims to strengthen parental guardianship of minors in online games and guide them to participate in healthy and green online games as a social public welfare action.

The Parental Guardianship Program features a full consideration of the practical needs of parents. When parents discover that their children are overly addicted to playing games, they can provide legal guardianship qualification certificates, game names, and accounts, as well as their wishes regarding the intensity of restrictions. Based on this information, the Company can take restrictive measures against the accounts of children who are addicted to games, addressing the unhealthy phenomenon of minors' excessive engagement in online games. These measures may include limiting the period and duration of daily gameplay, restricting play to weekends only, or imposing a complete ban.

Participation in the formulation of group standards for the online protection of minors in Internet enterprises

The Company participated in the discussion of the group standard, *Management System on Minors Online Protection for Internet Companies.* The Internet Society of China officially released this standard on March 2, 2023, and it became effective on June 1.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T/ISC 0027—2023

互联网企业未成年人网络保护管理体系

Management system on minors online protection for Internet companies

（发布稿）

2023-03-02 发布　　2023-06-01 实施

中 国 互 联 网 协 会 发 布

Conducting publicity on anti-addiction protection for minors

As part of the "Pujiang Town 3·5" Learn-from-Lei Feng Day activities, the Company distributed and publicized brochures on the prevention of minors from becoming addicted to online games to community residents.

Excerpt from *Brochures on the Prevention of Minors from Becoming Addicted to Online Games*

Providing Quality Content and Services

Content Quality Management

Strengthening content management and output, the Company considers product content from five aspects: "concept orientation", "original design", "production quality", "cultural connotation", and "development level", and takes multiple measures to improve content quality.

Considerations of Product Contents of KingNet Network

Concept Orientation

The Company conducts a survey before introducing IPs, excludes IPs with obvious negative values such as bloody violence and pornography, and does not introduce them

During game development, the Company appropriately modifies the IP contents, game themes, characters, and gameplay to ensure that the game contents conform to socialist values.

Original Design

The Company considers whether there is reasonable innovation in gameplay, art, artistic style, and game world.

Production Quality

The Company ensures that the production of game scenes, character settings, and storylines is meticulously crafted and of high quality.

Cultural Connotation

The Company considers whether the games can disseminate and promote the essence of Chinese culture as well as accurate scientific and cultural knowledge.

Development Level

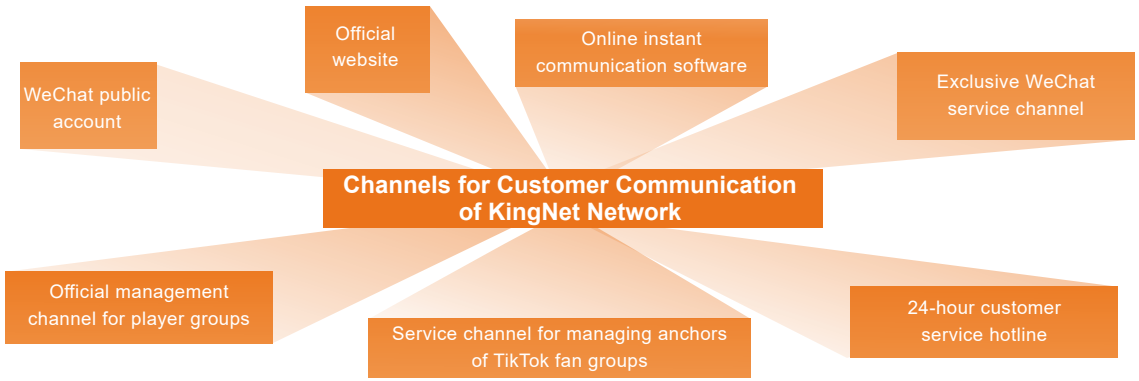
The development level is crucial in determining whether a game is complete and the Company takes into account factors such as the comprehensiveness of character settings, storyline, and gameplay, as well as the soundness of the game's operation.

In 2023, the Company conducted weekly content supervision and reviews of all game products and issued monthly supervision reports to promptly communicate and modify any issues discovered with the business departments. It organized monthly training for content quality reviewers to keep them updated on the latest review requirements and encouraged employees to actively participate in content quality management training organized by authorities and industry associations.

Customer Service and Complaint Handling

KingNet Network always adheres to the concept of "providing higher quality and better service", with user value as the core, continuously creating a customer-centered high-quality experience. By formulating the *Management Measures for Complaints from Game Users*, the Company clarifies complaint channels and the complaint handling process, properly resolves user complaints, and maximizes the satisfaction of legitimate and reasonable user demands, reducing the risks of user disputes.

In 2023, the Company conducted questionnaire surveys among its game and platform customers to gain insights into their issues and suggestions regarding the games. It conducted customer satisfaction surveys through channels such as its official public account and website.



The Company has established a customer complaint system encompassing four dimensions: timeliness, empathy, coordination, and proactivity. This ensures that customers receive prompt responses and solutions to their issues, achieving the shortest possible service path. In 2023, the complaint handling rate of the Company was 100%.

Customer Complaint Handling Process of KingNet Network

Timeliness	Upon receiving a customer complaint, the Customer Service Department will investigate the details within two hours.
Empathy	Communicating with the customer over the phone as soon as possible to understand its final demands.
Coordination	Communicating with the Game Operation and Distribution Department and the Legal Department based on the specific condition of the query and the customer's demands to negotiate the handling method.
Proactivity	Proactively communicating and negotiating the final solution with the customer. Feeding back the final handling results to relevant departments.

06 Strengthening Governance to Ensure Robust Operation

Topics responded: Corporate governance Compliant operation Risk management Business ethics and anti-corruption Intellectual property protection Supplier sustainability management

Metrics	Target	Progress in 2023	
Percentage of female directors	To promote Board diversification	12.5%	⧖
Coverage of directors in annual anti-corruption training	100%	100%	✓
Coverage of directors in annual ESG training	100%	100%	✓
Coverage of employees in annual compliance training	100%	100%	✓

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Consolidating the Foundation of Governance

Leadership by Party Building

KingNet Network adheres to the leadership of Party building, incorporating it into its *Articles of Association*. The Company's directors, deputy chairman, and general manager serve as the secretaries of the CPC committees, fully leveraging the leadership role of the CPC committees to strengthen the unity of Party leadership and corporate governance.

Since its establishment, the Company's Party organization has prioritized promoting the Party's organization coverage and Party work, integrating them into its culture and operations. Rooted in red genes, it strives to create a unique brand of Party building for Internet game companies - an "Orange" Heart towards the Party (be loyal to the Party). In 2023, the General Party Branch was upgraded to a CPC committee, overseeing four Party branches, with 103 Party members. Among them, over 90% hold bachelor's degrees or above, and 90% are post-85s graduates, reflecting high education and youth features.

Official Establishment of the CPC Committee of KingNet Network Co., Ltd.

In July 2023, the General Party Branch Committee of KingNet Network Co., Ltd. was officially upgraded to the CPC Committee of KingNet Network Co., Ltd., becoming the first "two new" Party organization among Internet game companies in Pujiang Town with a CPC committee setup.

The CPC Committee of the Company studies and follows the theme education of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. It has formulated detailed implementation plans with Party branches as the units. It carries out theme education relying on "Three Meetings and One Class" and thematic Party Day activities.

Special Party Building Activities of KingNet Network in 2023

Thematic Training of "Reviving Red Memory and Inheriting the Yan'an Spirit"

Joint Learning and Construction Activity with Party Organizations of Peers

"Military-Civilian Mutual Support" Thematic Party and Youth League Activities

Corporate Governance

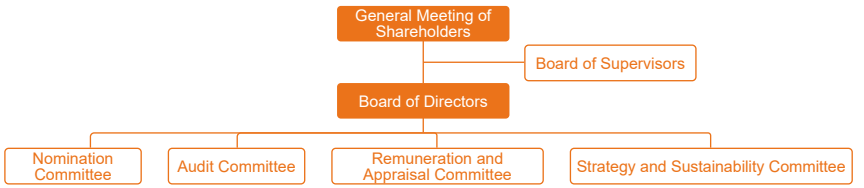
Enhancing Corporate Governance

KingNet Network strictly abides by applicable laws and regulations such as the Company *Law of the People's Republic of China* and the *Code of Governance for Listed Companies*. Combining the latest regulatory requirements with operational practices, the Company revises the *Articles of Association*, the *Rules of Procedure of the Board of Directors*, and the rules of procedure of other special committees, continuously improving its corporate governance system.

The Company continuously optimizes the governance structure of its Board of Directors, considering factors such as gender, industry experience, and professional experience. On July 26, 2023, the Board of Directors completed its term renewal. In 2023, the Board of Directors consisted of eight directors, with independent directors accounting for 50% of the total. All independent directors possessed legal or financial professional experience. One female director served as an independent director, and the non-independent directors all showed extensive industry experience.

The Company has established the Chief Responsibility Officer (CRO) team to further improve the corporate governance structure, establish a sound core management system, and highlight primary responsibilities. This team fully integrates the management "strategy" and multiple dimensions of "ESG", enhancing the Company's operational advantages and management status.

Corporate Governance Structure of KingNet Network



Composition of Board of Directors and Board of Supervisors and Three Meetings of KingNet Network in 2023

8 directors on the Board of Directors

4 independent directors

1 One female director

3 supervisors in the Board of Supervisors

1 female supervisor

1 employee supervisor

4 general meetings of shareholders

22 proposals deliberated

9 meetings of the Board of Directors

50 proposals deliberated

9 meetings of special committees of the Board of Directors

25 proposals deliberated

9 meetings of the Board of Supervisors

23 proposals deliberated

For detailed information on corporate governance, please refer to the chapter "Corporate Governance" in the 2023 Annual Report of KingNet Network Co., Ltd..

Investor Relations Management

The Company complies with applicable laws, regulations, and provisions, including the Company *Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Guidelines for Investor Relations Management of Listed Companies*. It discloses information truthfully, accurately, completely, and timely and effectively protects the legitimate rights and interests of the Company, shareholders, and other stakeholders.

The Company conducts internal audits and supervision of the information disclosure process to reduce errors and improper conduct, thereby enhancing the quality and reliability of information disclosure. In addition to regular financial reports, the Company promptly and comprehensively discloses its development through various channels such as its website, investor relations WeChat public platform, performance briefings, and investor surveys, ensuring the timeliness and transparency of information disclosure. In 2023, the Company issued a total of 159 announcements on the Shenzhen Stock Exchange.

2023 Investor Exchange Event

On November 23, 2023, the Company held the 2023 Investor Exchange Event of KingNet Network was held in Shanghai. Representatives from KingNet Network's Board of Directors, Board of Supervisors, senior management team, CRO team, and strategic investment enterprises attended the event. The exchange event attracted more than a hundred participants from various investment institutions and mainstream financial media, including China Merchants Securities, CITIC Securities, and Haitong Securities.

The Company reviewed its performance in 2023 and the development of its three core business segments including R&D, publishing, investment + IP with the participants. This was not only a comprehensive report for investors, industry partners, and media who care about and support the Company's development, but also a concentrated display of the Company's efforts in communication with investors.

Scene of 2023 Investor Exchange Event of KingNet Network

Participation in the Online Collective Reception Day for Investors of Listed Companies in Fujian

On May 15, 2023, the Company participated in the Online Collective Reception Day for Investors organized by the CSRC Fujian Bureau with the theme of "Concerning Investors, Acting Together - Embracing the Comprehensive Registration-Based IPO Reform and Protecting the Legitimate Rights and Interests of Investors".

The Company conducted online communication with investors on matters encompassing the main reasons for the Company's annual performance growth in 2022, the reserve of products under R&D, IP licensing, innovative development of games, and shareholder returns.

- In 2023, the Company successfully became a constituent stock of renowned indices such as the MSCI China, SZSE Component Index, CSI 1000, Animation and Gaming, CNI 2000, SHS Internet, and CSI Media.
- The Company was awarded the Best Investor Relations Team Award in the 4th Elite Board Secretaries Selection by the CLS.

Compliant Operation

Guided by the management philosophy of "Creating Value from Compliance", the Company has established a comprehensive internal management system following laws and regulations such as the *Company Law of the People's Republic of China* and the *Basic Standard for Enterprise Internal Control*. The system covers various aspects including finance, human resources, asset management, and capital activities. The Company has established a comprehensive compliance team with dedicated compliance officers responsible for managing compliance matters, forming a tight compliance management system.

In 2023, the Company added and revised a total of 17 internal compliance management systems, including the *Working Rules of Budget Committee*, the *System for Managing Legal Dispute Cases of the Company*, and the *IT Asset Management System*. These systems cover corporate governance, labor and employment, operation management, risk control, and financial management. The Company improved its compliance management processes, actively implemented compliance management actions, and ensured the legality and compliance of its operations.

Highlights of Compliance Management of KingNet Network in 2023

The Company compiled and published 12 volumes of the internal publication *Entertainment Laws and Game Principles*, which mainly targets middle and senior management.

Entertainment Laws and Game Principles

The Company invited external lawyers to conduct compliance-themed lectures and training for all employees.

Compliance Training on "Disputes and Solutions in Game Companies"

Compliance Training on "Content Evaluation and Analysis of Revised Draft of Company Law"

Risk Management

The Company complies with relevant laws and regulations such as the *Company Law of the People's Republic of China,* the *Basic Standard for Enterprise Internal Control,* and the *Evaluation Guideline for Enterprise Internal Control.* It has established a comprehensive risk management system, strictly implemented internal control systems for listed companies, accelerated the implementation of internal control standards, and improved its operational management and risk prevention capabilities to promote sustainable business operations.

The Company has established an RCM risk control matrix to continuously improve its major risk prevention and control mechanisms. It identifies risks and sets corresponding control objectives and measures to ensure effective control over the risks related to financial statements.

Abiding by Business Ethics

Business Ethics and Anti-corruption

KingNet Network practices corporate credit, operates with integrity, adheres to the principle of "zero tolerance" towards corruption, and upholds the policy of "punishing and preventing simultaneously". It strictly abides by applicable laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China* and the *Interim Provisions on Prohibiting Commercial Bribery*. The Company has established documents such as the *Employee Behavior Management Measures* and the *Joint Meeting System for Integrity and Self-Discipline* to define "red line" behaviors, clarify internal supervision and reporting channels, and jointly foster a culture of integrity.

The Company has established a Supervision Department to promote the establishment of an integrity system and standardize the relevant control measures and procedures for preventing and identifying corruption risks. The department conducts special supervisory audits and strengthens the Company's anti-corruption risk management and control. In 2023, the Company did not see any corruption lawsuits against the Company or its employees.

The Company is committed to eliminating any form of unfair competition, maintaining a fair and competitive market, and promoting the sound development of the industry. In 2023, the Company was invited to sign the *Self-discipline Convention for Increasing the Transparency of Internet Platform Rules*. It continuously strengthens the development of platform rules, adheres to the principles of openness, fairness, and impartiality, and respects public order and good customs, continuously providing users with quality service experiences.

Signing of *Self-discipline Convention for Increasing the Transparency of Internet Platform Rules*

On May 4, 2023, the Internet Society of China (ISC) issued the *Self-discipline Convention for Increasing the Transparency of Internet Platform Rules* in Beijing. Seventy-one Internet companies, including KingNet Network, attended the issuance conference and signed the convention.

The signing and implementation of the convention will form a joint force for industry self-discipline, further guiding and regulating platform companies to enhance the transparency of their platform rules, maintaining a fair and orderly market, and promoting the sound and sustainable development of China's Internet industry.

The Company has always adhered to the philosophy of operation integrity and strictly observed business ethics, ranking on the list of 2023 "Top 500 Chinese Credit Enterprises".

Whistleblowing Mechanism and Whistleblower Protection

The Company has established whistleblowing channels, including email (jubao@kingnet.com), and postal address, to encourage all employees, business partners, and other stakeholders to report any actual or potential corruption, fraud, and violations involving employees through emails, letters, etc. The Company's Supervision Department takes the lead in comprehensively investigating the reported matters, ensuring the confidentiality of whistleblowers' personal information according to laws, regulations, and the Company's systems, and taking corresponding measures to protect whistleblowers, witnesses, and investigators from retaliation.

Intellectual Property Protection

KingNet Network adheres to the core principles of "creation encouragement, effective utilization, legal protection, and scientific management" to continuously and effectively protect intellectual property. The Company strictly abides by laws and regulations such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Trademark Law of the People's Republic of China*. It has established five internal systems, including the *Intellectual Property Management System and the Trademark Management Measures*, to establish an intellectual property management system. It respects the intellectual property of others while protecting its intellectual property from infringement.

In 2023, the Company issued the *Regulations on the Management of Commissioned Technology Development Business* and the *Regulations on the Management of IP Introduction and Adapted Game Projects*, to clarify the ownership of intellectual property and prevent intellectual property disputes.

New Intellectual Property Systems of KingNet Network in 2023

Name	Key points
Regulations on the Management of Commissioned Technology Development Business	Before a commissioned technology development contract is signed, there should be sufficient communication with the client to determine the owner of the product's intellectual property.
Regulations on the Management of IP Introduction and Adapted Game Projects	The regulations clarify the applicable standards in the process of acquiring IP resources, managing IP projects, introducing IPs, initiating IP projects, managing and supporting IP projects, and require the review of the authorized IP ownership during IP introduction.

In 2023, the Company continuously strengthened intellectual property protection and managed intellectual property from dimensions such as trademark application and renewal, intellectual property protection litigation, and special training on intellectual property protection. In 2023, the Company did not see any incidents of infringing on the intellectual property of others.

Intellectual Property Management Measures and Achievements of KingNet Network in 2023

Trademark and patent application and renewal	The Company completed a total of 94 trademark registration, renewal, and change applications and renewed 19 patents.
Intellectual property litigation	The Company safeguarded its game IPs through litigation, and took measures to guarantee that the Company had not infringed upon the intellectual property of others.
Purchase of genuine software	The Company purchased 270 sets of Adobe genuine software, with an authorization period until December 11, 2026. The Company purchased 15 Founder types, including common font styles, with an authorization period until October 8, 2026.
Special training on intellectual property	The Legal Department of the Company provided training on intellectual property applications for business colleagues responsible for software copyright applications. The Company invited external lawyers to conduct specialized training themed "Privacy Rights, Intellectual Property, and Regulation".
Industrial ecosystem development	The Company signed the Industry *Initiative to Protect Game Copyright*.

Signing of *Industry Initiative to Protect Game Copyright*

Intellectual Property Training by External Lawyer

Supplier Sustainability Management

The types of suppliers for KingNet Network mainly include information technology, engineering construction, comprehensive materials, marketing planning, information products, and service-related suppliers.

A sustainable supplier system is critical for the Company to achieve long-term robust development. KingNet Network has established systems, encompassing the *Supplier Management Rules*, to ensure that suppliers undergo systematic closed-loop management throughout the entire process from introduction, process management, and performance assessment, to exit. This ensures standardized procurement management procedures, a clear and transparent procurement process, and a procurement organization system with clear responsibilities and authorities, guaranteeing the quality, integrity, and transparency of procurement activities.

Supplier Lifecycle Management of KingNet Network

Admission	Before engaging suppliers, the Company conducts background checks on them, including qualification audits and on-site inspections, to ensure that their capabilities meet procurement needs, while also examiningtheir performance in environmental and social responsibilities.
Relation Management	The Company employs differentiated supplier management and takes measures such as interviews, supplier performance assessment, and hierarchical management to incentivize and guide some key suppliers.
Assessment	The Company completed the 2023 supplier assessment and issued rectification notices to two suppliers.
Exit	If a supplier violates business ethics or if the Company suffers significant losses due to the supplier's inability to fulfill its supply obligations, the Company will immediately terminate the cooperation with that supplier.

The Company signs the *Integrity and Honesty Commitment* with suppliers, clarifying to suppliers and business partners its attitude of zero tolerance towards corruption and jointly creating a clean supply chain with suppliers. In 2023, a total of 89 new suppliers signed the *Integrity and Honesty Commitment*.

In terms of supplier data security management, the Company has formulated systems, encompassing the *Project Outsourcing Management Regulations* and signs confidentiality agreements with suppliers. The Company requires the suppliers to possess data security protection capabilities and inspects suppliers' compliance with laws, regulations, and industry standards.

ESG Data Performance Table

Economic Performance Table

Indicator	Unit	2021	2022	2023
Revenue	RMB 0,000	237,530.36	372,553.45	429,539.03
Total profit	RMB 0,000	93,618.52	138,427.44	169,724.34

Environmental Performance Table[1]

Indicator	Unit	2021	2022	2023
Total power consumption	kWh	901,688	2,098,780	2,060,894
Purchase of green electricity certificates[2]	kWh	——	——	825,000
Proportion of green electricity in annual power consumption	%	——	——	40.03
Power consumption density per unit operating revenue	kWh/ RMB 0,000	3.80	5.63	4.80
Gasoline consumption of self-owned vehicles	L	——	17,847.47	42,452.00
Scope 1 GHG emissions[1,3]	tCO_2e	——	39.00	94.03
Scope 2 GHG emissions[3]	tCO_2e	523.88	1,197.22	734.37
Total GHG emissions (Scope 1+ Scope 2)[1]	tCO_2e	523.88	1,236.22	828.40
GHG emission intensity (Scope 1 + Scope 2) per unit revenue	tCO_2e/ RMB million	0.22	0.33	0.19
Total water consumption	m^3	36	8,980	6,377
Water consumption density per unit revenue	m^3/ RMB 0,000	0.00015	0.024	0.015

Note 1: [Statistical scope] The statistical scope for the total consumption and density of relevant types of energy and total water consumption and density in 2021 covers KingNet Network's Headquarters. In 2022 and 2023, the statistical scope for the total consumption and density of electricity, total water consumption and density, and total waste covers KingNet Network and its subsidiaries Shanghai KingNet, Shanghai KingNet Software, Shanghai Doushi, and Zhejiang Shenghe. The property fee of the Headquarters includes water fees that cannot be calculated separately. The water consumption of the Headquarters covers the water for the Company's reception and individual restrooms. Due to changes in statistical scopes of data, there were large changes in 2022 and 2023 compared to 2021. Gasoline consumption of self-owned vehicles covers Zhejiang Shenghe in 2022 and extends to KingNet Network and its subsidiaries Shanghai KingNet, Shanghai KingNet Software, Shanghai Doushi, and Zhejiang Shenghe which contributes to the big increase in data.

Note 2: In 2023, the Company purchased a total of 825 green electricity certificates, each representing 1 MWh of green electricity, and the period when the electricity consumption was offset lasted from January 1, 2023 to December 31, 2023.

Note 3: The total GHG emissions includes the Scope 1 and Scope 2 GHG emissions. Scope 1 GHG emissions are direct GHG emissions generated by gasoline consumption of self-owned vehicles. The calculated GHG types include CO_2, CH_4, and N_2O. The calculation coefficients for GHG emissions generated by gasoline consumption follow the *Accounting Method and Reporting Guide of GHG Emissions from Land Transportation Enterprises (Trial)*(2015) issued by the National Development and Reform Commission and the *China Energy Statistical Yearbook* (2022) published by the National Bureau of Statistics of China. Scope 2 GHG emissions are GHG emissions generated from purchased electricity and the calculated GHG type is CO_2. In 2021-2022, the Company calculated GHG from electricity generation based on location. In 2023, the Company disclosed GHG from electricity generation calculated based on both location and market. The Scope 1 GHG based on location amounted to 1,175.33 tCO_2e. The emission factor for purchased electricity is referenced from the *Guidelines on Enterprise's Greenhouse Gas Emission Accounting and Reporting for Power Generation Facilities (Revised in 2022)* and the *Notice on the Management of Greenhouse Gas Emission Reporting for Power Generation Enterprises for 2023-2025* issued by the Ministry of Ecology and Environment of China. The Scope 2 GHG based on the market amounted to 734.37 tCO_2e. The emission factor for purchased electricity (excluding non-fossil energy electricity traded in the market) is referenced from the *Announcement of the Ministry of Ecology and Environment and the National Bureau of Statistics on the Release of Carbon Dioxide Emission Factors for Electricity in 2021*. The emission factor for non-fossil energy electricity traded in the market is 0 tCO_2 per megawatt-hour.

Community Investment Performance Table

Indicator	Unit	2021	2022	2023
Investment in social public welfare[1]	RMB	1,848,100.00	3,949,670.50	6,516,983.39
Of which:Public welfare donation	RMB	1,848,100.00	3,076,710.00	1,274,715.00

Note 1: In 2022, the Company was concerned about " industry-university-research" cooperation and made two large donations (exceeding RMB 2 million), resulting in an increase in social welfare investment compared to 2021. In 2023, the Company made a large material donation (with materials worth of more than RMB 5 million), resulting in an increase in social welfare investment compared to 2022.

Employment and Training Performance Table

Indicator		Unit	2021	2022	2023
Total number of employees		Person	1,382	1,702	1,869
By gender	Male	Person	1,001	1,247	1,366
	Female	Person	381	455	503
By type of employment	Labor contract	Person	1,382	1,702	1,869
	Labor dispatch system	Person	0	0	0
	Part-time	Person	0	0	0
By region	Chinese mainland	Person	1,382	1,702	1,869
	Hong Kong, Macau, Taiwan, and overseas	Person	0	0	0
By age	Over 50 years old	Person	0	1	2
	30-50 years old	Person	618	803	927
	Under 30 years old	Person	764	898	940
Percentage of female employees in the management[1]		%	——	——	14.94
Turnover of employees[2]		%	39.94	17.86	18.89
By gender	Male	%	40.36	17.80	19.11
	Female	%	38.85	18.02	18.29
By age	Over 50 years old	%	0	100	0
	30-50 years old	%	34.63	10.21	14.35
	Under 30 years old	%	44.24	24.61	23.4
Return rate of employees on parental leave[3]		%	100	100	100
Retention rate of employees on parental leave[3]		%	100	100	100
Signing rate of labor contracts		%	100	100	100
Percentage of employees accepting regular performance and career development assessment[4]		%	100	100	100
Coverage of employees in training[5]		%	100	100	100
By gender	Male	%	95.01	35.70	32.02
	Female	%	62.03	64.30	67.98

Indicator		Unit	2021	2022	2023
By employee type	Senior management	%	6.67	0.96	0.66
	Middle management	%	50.96	4.65	7.22
	Front-line employee	%	73.56	94.39	92.12
Training time per employee[6]		Hour	8.38	4.38	18.84
Total number of employee discrimination incidents		No.	0	0	0
Percentage of employee deaths due to work-related injuries		%	0	0	0
Working days lost due to work-related injuries		d	0	0	0
Incidence rate of work-related accidents		%	0	0	0

Note 1: The management encompasses senior management and middle management.

Note 2: [Calculation method] Turnover in each category of employees = number of employees who voluntarily resigned within the year/total number in each category of employees at the end of the year * 100.

Note 3: [Calculation method] The statistical scope for 2021 was the actual return rate of female employees after parental or nursing leave. The statistical scope for 2022 and 2023 covers male and female employees, with an addition of parental leave compared to 2021. Calculation formula: return rate of employees on parental leave = actual number of employees returning to work after maternity leave, nursing leave, or parental leave/the number of employees who should return to work after maternity leave, nursing leave, or parental leave * 100. The statistical scope of the retention rate of employees on parental leave covers female employees in the Company. Calculation formula: rate of employees on parental leave = total number of female employees who have been on duty for 12 months after returning from maternity or parental leave / total number of employees who returned to work after maternity leave or parental leave in the previous reporting period (2021) * 100.

Note 4: [Calculation method] Percentage of employees accepting regular performance and career development assessment = employees accepting regular performance and career development assessment during the reporting period / total number of employees at the end of the reporting period * 100.

Note 5: [Calculation method] Coverage of training for each category of employees = number in each category of employees receiving training / total number in each category of employees * 100.

Note 6: [Calculation method] Training time per employee = total number of hours of training received by employees during the year / total number of employees. In 2023, there is an increase in the number of training hours per employee compared to the previous two years due to the expansion of the statistical scope.

Product Responsibility and Customer Service Performance Table

Indicator	Unit	2021	2022	2023
Number of complaints about products and services[1]	No.	70	70	273
Complaint handling rate[1]	%	100	100	100
Total number of customer privacy violations	No.	0	0	0

Note 1: The scope of the number of complaints and complaint handling rate covers the number of complaints received by the XY platform and 12345 Citizen Service Hotline. Complaint handling rate = number of complaints timely handled and resolved by the Company / number of complaints about products and services received by the Company within the year. In 2023, the categories of products launched by the Company, the number of users, and the number of complaints increased compared to 2022.

Supply Chain Management Performance Table

Indicator	Unit	2021	2022	2023
Total number of suppliers	No.	336	401	461
Number of suppliers in Chinese mainland	No.	335	400	460
Number of suppliers in overseas and Hong Kong, Macao and Taiwan (China)	No.	1	1	1

Anti-corruption Performance Indicator Table

Indicator	Unit	2021	2022	2023
Number of completed corruption lawsuits filed against the issuer or its employees during the reporting period	No.	0	0	0

Report Standard Index

Index of *Shenzhen Stock Exchange Guideline No. 1 on Self-Regulation of Listed Companies - Standardized Operation of Companies Listed on the Main Board*

Clause and disclosure		Section
8.1 Overview		Buff: Sustainable Care Joining Forces to Help Employees Grow Protecting Security to Optimize User Experience Strengthening Governance to Ensure Robust Operation
8.2 Business Principles		Strengthening Governance to Ensure Robust Operation
8.3 Strategic Planning and Working Mechanism for Social Responsibility		Sustainability Management System
8.4 Disclosure of Social Responsibility Reports		Requirements met
8.5 Protection of Employee Rights and Interests		Joining Forces to Help Employees Grow
8.6: (I)	Compliance with environmental protection laws and regulations and industry standards	With: Sustainable Temperature
8.6: (II)	Environmental protection program	With: Sustainable Temperature
8.6: (III)	Natural resource use	With: Sustainable Temperature
8.6: (IV)	Pollutant disposal	With: Sustainable Temperature
8.6: (V)	Pollution prevention and control facilities	N/A
8.6: (VI)	Payment of taxes and fees related to environmental protection	N/A
8.6: (VII)	Supply chain environmental security	Abiding by Business Ethics
8.6: (VIII)	Other environmental protection responsibilities	With: Sustainable Temperature
8.7: (I)	Environmental protection policies, objectives and effectiveness	With: Sustainable Temperature
8.7: (II)	Annual total resource consumption	With: Sustainable Temperature
8.7: (III)	Environmental investment and environmental technology development	N/A

Clause and disclosure		Section
8.7: (IV)	Management of pollutant discharges	With: Sustainable Temperature
8.7: (V)	Construction and operation of environmental protection facilities	N/A
8.7: (VI)	Waste treatment, disposal, recycling and comprehensive utilization of waste products	With: Sustainable Temperature
8.7: (VII)	Voluntary agreements with environmental authorities	N/A
8.7: (VIII)	Incentives received from the environmental authorities	N/A
8.7: (IX)	Other voluntary disclosures	With: Sustainable Temperature
8.8 Environmental protection policy implementation and corrective measures		N/A
8.9 Environmental Information Disclosure		N/A
8.10: (I)	Product safety laws and regulations and industry standards	Protecting Security to Optimize User Experience
8.10: (II)	Production environment and production process	N/A
8.10: (III)	Product quality and safety guarantee mechanism and contingency plans	Protecting Security to Optimize User Experience
8.10: (IV)	Other production and product safety responsibilities	N/A
8.11: (I)	Employee management system and measures to deal with violations	Joining Forces to Help Employees Grow
8.11: (II)	Prevention of occupational hazards and supporting safety measures	N/A
8.11: (III)	Employee Training	Joining Forces to Help Employees Grow
8.11: (IV)	Responsibilities for protecting the rights and interests of other employees	Joining Forces to Help Employees Grow
8.12 Ethics of science		Requirements met
8.13 Content of CSR report		Requirements met

Content Index of *GRI Sustainability Reporting Standards*

Statement of use	KingNet Network has reported the information for the period from January 1, 2023 to December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	Company Profile
	2-2 Entities included in the organization's sustainability reporting	About the Report
	2-3 Reporting period, frequency and contact point	About the Report
	2-4 Restatements of information	ESG Data Performance Table
	2-5 External assurance	Appendix: Third-Party Independent Audit Report
	2-6 Activities, value chain and other business relationships	Company Profile
	2-7 Employees	Company Profile ESG Data Performance Table
	2-8 Workers who are not employees	ESG Data Performance Table
	2-9 Governance structure and composition	Consolidating the Foundation of Governance 2023 Annual Report
	2-10 Nomination and selection of the highest governance body	2023 Annual Report
	2-11 Chair of the highest governance body	2023 Annual Report
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Management System
	2-13 Delegation of responsibility for managing impacts	Sustainability Management System
	2-14 Role of the highest governance body in sustainability reporting	Message from the Chairman Sustainability Management System
	2-15 Conflicts of interest	2023 Annual Report
	2-16 Communication of critical concerns	Sustainability Management System
	2-17 Collective knowledge of the highest governance body	Sustainability Management System
	2-22 Statement on sustainable development strategy	Sustainability Management System
	2-25 Processes to remediate negative impacts	Consolidating the Foundation of Governance Employment and Protection of Employees' Rights and Interests
	2-27 Compliance with laws and regulations	Employment and Protection of Employees' Rights and Interests Creating a Clean Network Environment Consolidating the Foundation of Governance Abiding by Business Ethics
	2-29 Approach to stakeholder engagement	Communication with Stakeholders
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Analysis of Material Topics
	3-2 List of material topics	Analysis of Material Topics
	3-3 Management of material topics	Analysis of Material Topics
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2023 Sustainability Highlights ESG Data Performance Table
	201-2 Financial implications and other risks and opportunities due to climate change	With: Sustainable Temperature
	201-3 Defined benefit plan obligations and other retirement plans	Employment and Protection of Employees' Rights and Interests

GRI Standards	Disclosure	Location
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Engaging in Public Welfare to Send KingNet's Love
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Abiding by Business Ethics
	205-3 Confirmed incidents of corruption and actions taken	Abiding by Business Ethics
GRI 302: Energy 2016	302-1 Energy consumption within the organization	ESG Data Performance Table
	302-3 Energy intensity	ESG Data Performance Table
	302-4 Reduction of energy consumption	With: Sustainable Temperature
GRI 303: Water and Effluents 2018	303-5 Water consumption	ESG Data Performance Table
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	ESG Data Performance Table
	305-2 Energy indirect (Scope 2) GHG emissions	ESG Data Performance Table
	305-4 GHG emissions intensity	ESG Data Performance Table
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Contributing to Green Development and Implementing the Concept of Environmental Protection
	306-2 Management of significant waste-related impacts	Contributing to Green Development and Implementing the Concept of Environmental Protection
	306-3 Waste generated	Contributing to Green Development and Implementing the Concept of Environmental Protection

GRI Standards	Disclosure	Location
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Abiding by Business Ethics
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	ESG Data Performance Table
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment and Protection of Employees' Rights and Interests
	401-3 Parental leave	ESG Data Performance Table
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	Employment and Protection of Employees' Rights and Interests
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employment and Protection of Employees' Rights and Interests
	403-5 Worker training on occupational health and safety	Employment and Protection of Employees' Rights and Interests
	403-6 Promotion of worker health	Employment and Protection of Employees' Rights and Interests
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employment and Protection of Employees' Rights and Interests
	403-9 Work-related injuries	ESG Data Performance Table
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	ESG Data Performance Table
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital Development
	404-3 Percentage of employees receiving regular performance and career development reviews	ESG Data Performance Table

GRI Standards	Disclosure	Location
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	ESG Data Performance Table
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Employment and Protection of Employees' Rights and Interests
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Employment and Protection of Employees' Rights and Interests
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employment and Protection of Employees' Rights and Interests
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Buff: Sustainable Care
	413-2 Operations with significant actual and potential negative impacts on local communities	Buff: Sustainable Care
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Abiding by Business Ethics
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Creating a Clean Network Environment Providing Quality Content and Services
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	None in 2023
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Creating a Clean Network Environment Providing Quality Content and Services
	417-2 Incidents of non-compliance concerning product and service information and labeling	Providing Quality Content and Services
	417-3 Incidents of non-compliance concerning marketing communications	Creating a Clean Network Environment
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Data Performance Table

About the Report

This is the second Sustainability Report and the ninth ESG Report released by KingNet Network Co., Ltd. It aims to disclose to all stakeholders the principles, management methods, efforts and achievements of the Company in sustainable development topics during its operation.

Scope of Report

Scope of organization: The Report covers KingNet Network Co., Ltd. and its subsidiaries. Unless otherwise specified, the scope hereof remains consistent with that in the consolidated financial statements of KingNet Network (stock code: 002517.SZ) over the same period. The full and short names of the Company and subsidiaries involved in the Report are as follows:

Full Name	Short Name
KingNet Network Co., Ltd.	KingNet Network, the Company or we
Shanghai Doushi Network Technology Co., Ltd.	Shanghai Doushi
Shanghai KingNet Network Technology Co., Ltd.	Shanghai KingNet
Shanghai KingNet Software Technology Co., Ltd.	Shanghai KingNet Software
Zhejiang Shenghe Network Technology Co., Ltd.	Zhejiang Shenghe
Shaoxing Shengwang Network Technology Co., Ltd.	Shaoxing Shengwang

Time range: The reporting period is from January 1, 2023 to December 31, 2023. Unless otherwise stated, the data in the Report are those within this period.

Release cycle: This is an annual report. The previous report was the 2022 Annual Report.

Date of the first release: April 2016, Social Responsibility Report

Basis of Preparation

The Report is prepared in accordance with the *Shenzhen Stock Exchange Guideline No. 1 on Self-Regulation of Listed Companies - Standardized Operation of Companies Listed on the Main Board* (revised in December 2023) and with reference to the GRI *Sustainability Reporting Standards 2021* of the Global Sustainability Standards Board (GSSB).

Data Description

The data and cases in the Report are derived from official records of the actual operation of the Company. The financial data in the Report are all in RMB. In case of any discrepancy with the Company's annual financial report, the annual financial report shall prevail.

Principles of Preparation

• Materiality

The Company identified the material topics related to the operation that all stakeholders are concerned about as the highlights of the Report. The presentation of material topics in the Report focuses on the industry characteristics involved in the Company's operations and the characteristics of the region where it is located. See the "Communication with Stakeholders and Analysis of Material Topics" in the Report for analysis and results of material topics.

• Accuracy

The Report ensures that the information is as accurate as possible. The data standard, calculation basis, and assumption conditions have been explained in the quantitative information to guarantee that the calculation error range will not mislead the users. Quantitative information and notes are detailed in the Report.

The Board of Directors warrants that there are no false records, misleading statements, or material omissions in the Report.

• Impartiality

The Report reflects objective facts and impartially discloses positive and negative information related to the Company. Against the objects within the scope of the Report, the Company found no negative events that should have been disclosed but were not disclosed during the reporting period.

• Clarity

The Report is published in simplified Chinese and English. In case of any discrepancy between the two versions, the simplified Chinese version shall prevail. The Report contains information such as tables, diagrammatic figures, and a glossary of terms as a supplement to facilitate a better understanding by stakeholders. To facilitate faster access to information for stakeholders, the Report provides a table of contents and a benchmarking index of ESG standards.

• Quantification and Consistency

The Report discloses key quantitative performance indicators and, where possible, historical data. The statistics and disclosure of the same indicator in the Report are consistent from one reporting period to another; any change shall be fully explained in the notes to the Report so that stakeholders can conduct meaningful analyses and assess the trend of the Company's ESG performance level. See details in the *ESG Data Performance Table.*

• Integrity

The scope of the disclosure object shall be in line with that of the Company's consolidated financial statements.

• Timeliness

The Report is an annual report and the Company endeavors to publish the Report as soon as possible after the end of the reporting year to provide stakeholders with timely information for decision-making.

• Verifiability

The cases and data in the Report come from the original records or financial reports of the Company's actual operations. The Company has adopted the HiESG performance management system to administrate its quantitative sustainability performance over the years so that the source of the disclosed data and the calculation process can be traced.

External Audit

SGS-CSTC Standard Technical Services Co., Ltd. (SGS) independently audited The data in the Report, relevant policies, and management systems. See "Appendix: Third-Party Independent Audit Report" for the details of the Audit Report.

Access to the Report

The Report is published in electronic form on the official website of the Company, SZSE, Cninfo.

Contact Us

To continuously improve sustainability and ESG information disclosure, we particularly welcome your opinions and suggestions. Please scan the QR code to leave your feedback on the Report or contact us through the following ways:

Address: 3F, Building 3, Pujiang High-tech Plaza, No. 2388, Chenhang Highway, Minhang District, Shanghai
Email: csr@kingnet.com

Appendix: Third-Party Independent Audit Report

SGS

ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE KINGNET NETWORK CO., LTD. 2023 SUSTAINABILITY & ESG REPORT

NATURE OF THE ASSURANCE/VERIFICATION
SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by Kingnet Network Co.,Ltd.(hereinafter referred to as Kingnet Network) to conduct an independent assurance of the Kingnet Network Co.,Ltd. 2023 Sustainability &ESG Report (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all Kingnet Network Co., Ltd.'s Stakeholders.

RESPONSIBILITIES
The information in the report and its presentation are the responsibility of the management, governing body of Kingnet Network. SGS has not been involved in the preparation of any of the material included in the report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all Kingnet Network Co., Ltd.'s stakeholders, especially the verification of the "ESG Data Performance Table" in the report.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI principles and guidance in AA1000)	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Standards 2021 (Reference)

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, onsite interviews with relevant employees located at Kingnet Network's Headquarters, Building 3#, Pujiang High-Tech Plaza, No.2388 Chenhang Highway, Minhang District, Shanghai City, P. R. China.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.
The carbon emission data are checked by a third party or calculated by themselves without third party verification. In this verification is only sampling.
This verification was limited to the headquarters of Kingnet Network Co.,Ltd. and did not involve to go deep into all other branches.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and verification, operating in multiple countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Kingnet Network Co., Ltd., being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with CCAA registered ISO 9001 \ ISO 14001\ISO 45001 management system auditor,Greenhouse Gas Verifier, CSR report lead assessor.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION
On the basis of the methodology described and the verification work performed, the specified performance information included in the *Kingnet Network Co., Ltd. 2023 Sustainability & ESG Report* is accurate, reliable, and provide a fair and pertinent statement of the sustainable development activities of Kingnet Network Co.,Ltd.for the period from 1 January 2023 to 31 December 2023.

The Assurance team is of the opinion that *the Report has referred GRI Standards.*

REPORT RULES

Accuracy
The data and information collection mechanism are objective and complete, and through accurate qualitative and quantitative descriptions, it was easy to evaluate the impact on the organization.

Balance
Kingnet Network truthfully disclosed sustainable development topics based on stakeholder expectations.

Clarity
The report adopted various expressions such as text description, charts, graphics, photos, and combined case analysis to make it easy for stakeholders to understand.

Quantitative
Kingnet Network conducted the statistics and analysis for KPIs, and reported the disclosures' impacts and purposes. In the Report, some datas were compared with historical years, which is to better assist stakeholders in evaluating and making decisions about the effectiveness of management systems.

Timeliness
The data disclosed by Kingnet Network was within the reporting cycle and enabled stakeholders to timely obtain information and make reasonable decisions.

Verifiability
The data and information in the report could be traced and verified through internal good control and documented records

FINDINGS AND and RECOMMENDATIONS
Good practices and recommendations for sustainability & ESG report and management process were described in the internal management report which has been submitted to the management of Kingnet Network. for continuous improvement.
Signed:

For and on behalf of SGS-CSTC

David Xin Director
Business Assurance
16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China
24 Apr. 2024

WWW.SGS.COM

恺英网络