

# A8新媒体集团

## A8 NEW MEDIA GROUP

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 00800



掌文股份  
CHINA READINGHOLD

28  
LIVE

FINGER FUN



黑岩  
heiyan.com

若夏  
Ruoxia.com

尖叫现场  
Live @ LIVE

少年dream



映客直播

青松基金  
Qingsong.com

国家音乐产业基地  
NATIONAL MUSIC INDUSTRY PARK



青松基金  
QINGSONG FUND

多米音乐  
duomi.com

# 2016 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## About this Report

### REPORT OBJECTIVE

This report is the first Environmental, Social and Governance report (“this Report” or “ESG Report”) published by A8 New Media Group Limited (“the Company”) and its subsidiaries (together “A8 New Media Group”, “the Group” or “We”). It reflects the Group’s commitment to transparency and obligation commitment, and further elaborates the sustainable development plan and performance of the Group.

### SCOPE OF THE REPORT

This Report sets out the performance in respective areas on environment, society and governance for the 2016 financial year (“the Year”), covering core businesses of the Group – digital entertainment services and property investment business. Property investment segment invests property for rental and management in the People’s Republic of China (“the PRC”). As property management had been outsourced to a professional management company, this report does not cover the relevant property management business. However, the Group required that the property management company shall establish and implement relevant environmental and social policies when engaging its service.

For details of the Group’s other aspects including corporate governance, regulatory matters, and director’s information, please refer to the 2016 annual report of the Company.

### PRINCIPLE OF REPORT PREPARATION AND IMPLEMENTATION

This Report is prepared in accordance with the revised Environmental, Social and Governance Reporting Guide published by The Stock Exchange of Hong Kong Limited in December 2015. The content of this Report is determined by a set of systematic procedures. The relevant procedures include: assessing the materiality and relevance of identified environmental and social aspects, preparing and verifying the information reported, and reviewing and responding to the comments from the stakeholders towards this Report.

The Company formed an ESG report working group to optimize and implement the relevant initiatives, and to collect, formulate statistics, and analyze the environmental and social impact in the course of operation of the Group.

## Statement from the Chairman of the Board

The Group has long been committed to creating values in economic, social and environmental areas for all stakeholders, including its shareholders, employees, and customers and etc. Not only does the Group focus on business development, but also concerns social responsibilities. The Group has been in strict compliance to the corporate governance code, while emphasizing environmental protection, trying its best to reduce pollution to the environment during daily business operation. The Group has hired and trained different talents. The Group treats all its employees with fair and respectful manner, and offers a working environment for them to realise their potentials. During the course of business operation, the Group is committed to complying moral standards and encouraging suppliers and contractors to comply with the level of corporate responsibility standard that is comparable to or higher than that of the Group. The Group deeply understands that community is the soil for enterprises' growth. To realise the mutual flourishing of local community and the Group, we devoted to public affairs, utilising our influence, continuously involve in social welfare activities to benefit the society.

## Introduction of A8 New Media Group

A8 New Media Group Limited was founded in May 2000 and listed on the main board of The Stock Exchange of Hong Kong Limited in June 2008 (Stock code: 00800.HK). The principle business of the Company covers digital entertainment services and property investment business. Among others, digital entertainment services segment covers online and offline based music entertainment services and games publishing, the property investment segment invests property for rental and management in the PRC.

In the Year, we continued to deeply cultivate the industries of music and games, and stepped into the industry of online literature as well. In 2016, the focus of the Group's music business was live music performance and building link between online and offline. As for the games publishing business, we devoted in publishing prime games. In the meanwhile, as for the property investment business, the operation of A8 Music Building owned by the Group exceeded our expectation. A8 Music Building has been named as Guangdong National Music Industry Park by the State Administration of Press, Publication, Radio Film and Television of the PRC in 2011. With its advantageous geographical position in South of Nanshan Hi-tech Park in Shenzhen, business incubation and property business of A8 Music Building contribute a consistent and stable cash flow for the Group.

The Group is based on the pan-entertainment industry, devoting to developing the most favourite IPs (Intellectual Property, "IP") for the young generations in China. We always take "To achieve results beyond expectation, to make happiness more simple" as our mission, makes "To create interactive entertainment platform" as our goal, and redeem "focus on users, refuse to be ordinary, embrace the change, make achievement though helping each other, to be frank, responsible and happy" as our core values. The Group is committed to building a harmonious ecological chain, and cooperates with industrial partners to explore actively, adheres to innovation, and achieves a win-win situation.

## The Participation of Stakeholders

The Company attaches great importance to the participation of the stakeholders and understands that each stakeholder has its own expectation on our sustainable development. As such, the Company is devoted to maintaining communications and establishing long-term partnership with the stakeholders through different channels, formulating business policies with reference to such strategies, so as to increase the transparency of the Group and confidence of the stakeholders on the Group's implementation of sustainable development.

Stakeholders	Communication Channels	Expectations and Objectives
Shareholders/investors	General meetings, earnings conference, reports and announcements	Financial results and business development of the Company
	ESG report	Investments and contributions made to the community, business sustainable development matters
	Direct communication	Significant company matters, business development
Government and regulatory authorities	Meetings, written reports and information disclosure	Implementation of government policies, compliance with regulations and laws, participation in concerning local construction development, business credibility and corporate social responsibilities
Community	Community charitable and volunteer activities	Activities which are beneficial to the community, such as charitable campaign for pangolin protection
Suppliers	Direct communications with games research & development companies, customer feedbacks	Continuous improvements and optimization on mobile games content
Employees and technical team	Training programs	Business knowledge
	Work-life balance activities	Health training
	Regular performance reviews	Sustainable development strategies
Customers	Daily operation/communication	Product customer satisfaction and customer experience

## Environmental

As the principle business of the Group is digital entertainment services and property investment business, no actual impact was created on the environment under normal circumstances. The Group undertakes environmental protection as part of its corporate social responsibilities and advocates corporate culture of resource-conservation and efficiency. The Group tries its best to reduce waste and enhance efficiency in its daily office operation.

## EMISSIONS

Regarding aspects of air and greenhouse gas emissions, sewage discharge and generation of hazardous and non-hazardous waste, the Group has strictly complied with laws and regulations of the PRC in relation to environments.

Emissions during the daily operations of the Group mainly comprise wastewater discharges, waste disposal and office electricity consumption from the daily operation of the office and daily work and living of the staff, as well as greenhouse gas emission from use of vehicles by the Group. Waste disposal mainly refers to the non-toxic and non-hazardous solid waste generated from daily work.

Whether it is in the office or during the daily operations of the Group, we are always concerned about environmental issues. The management has initiated and mobilized all employees to play their parts in energy saving and emission reduction in every little detail. In the future, the Group plans to implement the following regular measures:

- Implementing waste sorting in office – waste sorting shall be conducted by office cleaners of the Group before waste disposal;
- Avocating the staff to use less disposables – use their own utensils when dining out or ordering takeaways;
- Encouraging paper conservation by printing on both sides of office papers and reusing one-side printed papers;
- Avocating due review on all types of information to be printed out, for which the content and format shall be double-checked for error-free before printing to avoid repeated printing due to errors;
- Encouraging our employees to take urban public transport when having business trips.

## USE OF RESOURCES

The Group has advocated saving electricity and water in its daily office operation in order to build the corporate culture of low-carbon office style, and encourage of the following acts in the offices:

- Controlling indirect use of energy and stipulating that the power of electronic appliances and equipment, such as lightings, air conditioning and computers in office areas must be turned off when our personnel leaves work;
- Office pipe leakage preventive inspections and maintenance shall be conducted by the property management company on a regular basis to avoid unnecessary waste of resources.

The Group shall record the water consumption and electricity consumption in the office on an on-going basis and adhere to the implementation of energy saving and efficiency measures. It shall put continuous efforts in encouraging its employees to maintain good habits and reduce waste in day-to-day work, in a bid to achieve sufficient and effective use of resources, as well as contributing to reduction of energy consumption.

## THE ENVIRONMENT AND NATURAL RESOURCES

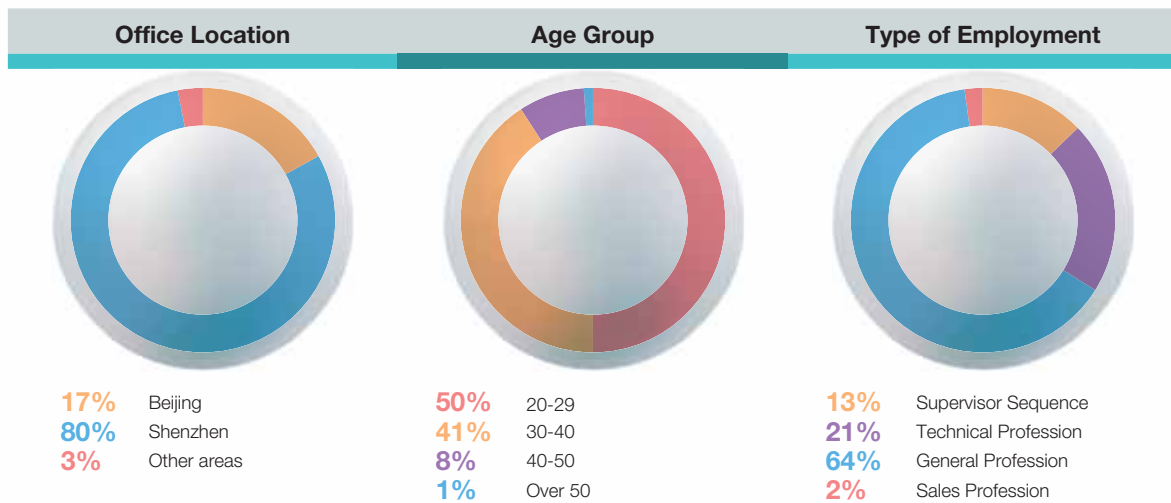
The issues of global warming, energy exhaustion, environmental pollution and climate change, etc. have increasingly hindered the economic development and social improvement. Under such a situation, in order to maintain a sustainable development between the humanity and the nature, companies shall enhance the balance between the economy and environment and social efficiency during operation, and undertake their corporate social responsibility in a proactive manner to create public values, so as to build a better future. The Group will actively adopt measures in promoting resource conservation during its daily operation in the future.

## Social

### EMPLOYMENT

The Group’s success is attributable to a professional, dynamic, responsible and passionate team. The Group emphasizes on a human-oriented policy and attracts, nurtures and retains talents for further business growth. The Group invested plenty of its resources in enhancing the training services and providing more career opportunities for the employees, enabling them to demonstrate their strengths and promote enthusiasm for work in the Year.

As at 31 December 2016, the overall number of employees of the Group is 100. The composition of the Group’s employees is set out as follows:



The Group adopts rigorous recruitment procedures and provides equal employment opportunities. We appoint the best candidates for the jobs on the basis of merit. The Group strictly refers to the position requirements manual and the qualification standards for the positions to access the talents and ensure the recruitment of the best talent. The Group also assesses how far candidates agree with the business and cultural value of the Group so that individual values match with corporate values.

The Group has developed a sound and scientific remuneration system by providing the market competitive compensation for the employees to attract and motivate talents. Options incentive scheme was granted to the core employees to express the Group’s concern on the long-term motivation and earnings of the core employees. In the meanwhile, we have established a sound welfare system which includes various aspects, such as work, lives, education and health of the employees.

The Group emphasizes the career development of its employees and has established a career development system with dual channels, breaking the bottleneck in the career development of the employees. Career development system with dual channels consider the new entrants as the most junior level and higher levels as the experienced staff; the experienced staff can pursue management development path or professional development path after accumulated certain experience. For those pursuing the management development path, the career path will be general management – middle management – senior management. For those pursuing the professional development path, the career path will be backbones – experts/senior experts – authoritative people.

The Group has strictly complied with the applicable laws and regulations of the PRC relating to employees’ turnover, work time and statutory holidays.

## HEALTH AND SAFETY

The principle businesses of the Group are digital entertainment services and property investment business, which are free from danger, high risks and occupational hazards. The Group still attaches great importance to the safety and health of employees and has stipulated its safeguard clause in respect of labor protection for the employees (including occupational health and safety) according to the relevant regulations.

Safety of the employees always comes first to the Group. There is a standardised fire safety management system, control process and regular check program in the office environment. The Group will activate the contingency mechanism and suspend its business when encountering Typhoon (Amber) or Rainstorm (Red) Warning Signals. In addition, the Group purchases additional commercial health insurance for all employees every year, to provide protection in areas such as accidental injury, illness and death, accident medical care, accident hospital allowance, aviation accident, train/ship accident, car accident. In the Year, no employee of the Group passed away due to work-related incident. There was no injury related to accidents at work either.

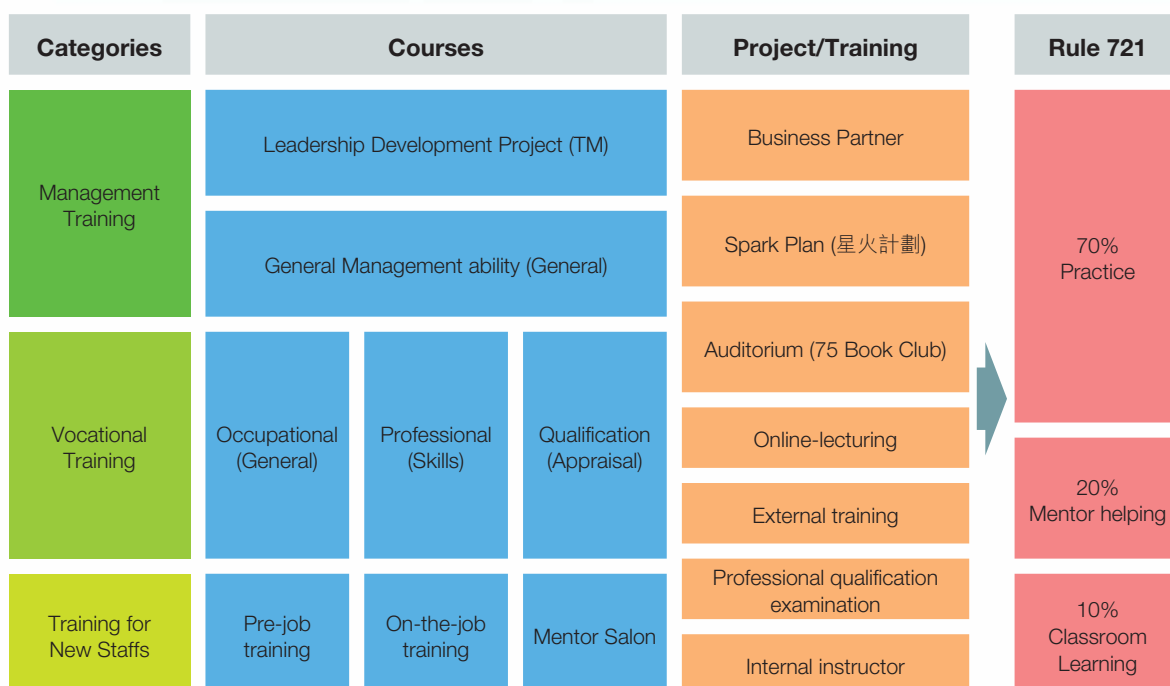
The Group strongly advocates healthy lifestyles and cares about employees' health in various ways:

- Organized physical checkup for all employees every year;
- Held seminars about health such as "Fitness and Diet" and "Frequently Asked Questions about Health" for employees;
- Organized healthy activities such as Fun Sports Day, outdoor hiking for employees.



## DEVELOPMENT AND TRAINING

The Group adopts a set of training programs for talent training and development, as illustrated in the diagram below. The Group has a comprehensive training and development system for the development of employees in different positions and has a corresponding training program for all levels of talents. The Group implements a “mentoring system”, which assigns professional mentors to rookie and new talents to build up their skills for daily work. The Group also has a mechanism for deploying talents for external training for enhancement, so as to foster their all-rounded improvement. The Group has set up a book purchase fund, namely 75 Book Club (75書吧), to purchase and share books after gathering updated information about staff knowledge, skills, management and other aspects on irregular basis. Below is the Staff Training and Development Course System of the Group:



The table below sets out the information in respect of training received by the employees in the Year by the categories of employees:

Category of Employee	Number of Existing Employees	Number of Employees Receiving Training	Percentage of Employees Receiving Training	Average Training Hours of Employees (hours/year)
Top Management Level	6	6	100%	36
Middle Management Level	20	20	100%	48
Top Professional Level	15	15	100%	48
Middle Professional Level	33	33	100%	72
Primary Professional Level	26	26	100%	96



## LABOR STANDARDS

The Group strictly complies with the relevant laws and requirements in relation to the “Provision on the Prohibition of Hiring Child Labor” (《禁止使用童工規定》) promulgated by the State Council of the PRC. To date, the Group has never hired any child labor or forced labor. The Group has the “Administration Measures on Recruitment” (《招聘管理辦法》) in place, which strictly regulates the process of the Group’s recruitment and administration of new staffs.

The Group will verify candidate’s information when interviewing them including the identification, past employment supporting documents, etc. For key positions, the background information will be investigated and verified by the Group itself or a third-party credit agency.

In the Year, no material non-compliance incidents in relation to labour rights occurred in the Group.

## SUPPLY CHAIN MANAGEMENT

As for the digital entertainment services business, the Group has definite procedures and authority to carry out an adequate investigation and research and assessment on the products during the preliminary stage on the products supplied. The Group strictly controls on matters such as the legitimacy of the products (copyright, and trademark, etc.), legality of the contents (according to the requirement of the Ministry of Culture of the PRC, and the strict self-censorship system for contents). As for the games publishing business, if there is any game content which violate relevant regulations, the Group will promptly notify enterprises responsible for the research and development to determine a revised solution for remedy. The Group may suspend a single function module after considering the importance of the problem. For serious problem, the service will be suspended.

In respect of the security in relation to online payment, the technology department of the Group has a comprehensive protection system, which mainly ensures the safety on both hardware and software aspects. For the hardware, the Group has set up firewall at the payment point to filter the unsecure data pack. For the software, a user has to set a separate payment password, which shall match the password for payment. The transmission in respect of payment data by a user will be verified by an irreversible encryption. Upon successful final payment by a user, the user will verify the order value and the actual payment value, and check with the bank whether the deduction is successful.

The property management of A8 Music Building has been outsourced to a professional management company “第一太平戴維斯物業顧問(廣州)” (hereinafter referred to as “Savills”) to provide comprehensive property management services. Property management is one of the core businesses of Savills. After years of development, Savills has accumulated extensive management experience, and has become a leading international property consultancy group. Savills has also obtained ISO9001 Quality Management System accreditation and ISO14001 Environment Management System accreditation.

## PRODUCT LIABILITY

Delivering quality products and services is a significant theme of the sustainable development of an enterprise. Each of the Group's business segments complies with the applicable PRC laws and regulations, strictly complies with applicable standards of products and services, fulfills product responsibilities, with a view to creating value for its customers.

Games publishing is one of the Group's important businesses. We strictly comply with relevant laws, regulations and policy requirements in relation to online games publishing in the PRC. The main relevant laws and regulations includes but not limited to "The Provisions on the Administration of Online Publishing Services" promulgated by the State Administration of Press, Publication, Radio, Film and Television and the Ministry of Industry and Information Technology, "The Regulation on Internet Information Service of the People's Republic of China" promulgated by the State Council, "The Interim Provisions on the Administration of Internet Culture" and "The Interim Measures for the Administration of Online Games" promulgated by the Ministry of Culture.

In terms of the qualifications of operating entities of our online games publishing business, the legality of content of online games, the privacy protection of the personal data of users and etc., the Group has strictly complied with relevant laws. We have obtained the relevant qualifications in operating such business, for example, the Telecommunication Business Operation Permit, the Internet Culture Business Permit.

Meanwhile, the Group has maintained positive interaction with the government authorities in the PRC which regulate the online games publishing mainly including the Ministry of Industry and Information Technology, the State Administration for Industry & Commerce, the Ministry of Culture, the State Administration of Press, Publication, Radio, Film and Television, the Administration of Press, Publication, Radio, Film and Television of Guangdong Province, the Culture Department of Guangdong Province, and relevant corporate organizations such as Games Association. We fully comply with the instruction from relevant national and provincial departments and bureaus to play the role to promote the culture as a model corporate.

Going forward, the Group may issue exclusive virtual currency of Finger Fun in accordance with the Group's plan and business development. The safety measures of such virtual currency are as follows:

- Identity verification shall be required for users to initiate a virtual currency transaction account;
- Independent passwords shall be set up by users to manage their own exiting virtual currency;
- Immediate text alert shall be sent to users' cellphones in the event of changes in their virtual currency;
- Firewall installation and access permission shall be in place for the server storing virtual currency transaction;
- Irreversible encryption for the data of virtual currency transaction in transmission shall be in place.

## ANTI-CORRUPTION

The Group has established the Rules for the Staff's Merits and Demerits (《員工獎懲條例》) for relevant occurrences of anti-corruption. The Group did not violate any laws and regulations in relation to litigation of corruption in the Year.

The Group has developed a system to oversee the violation of laws and regulations and the cultural values, along with the relevant system of "Audit and Risk Management". The staffs in charge of the internal auditing of the Group are responsible for the audit on the execution of corporate operations, financial risks, laws and regulations, standards and systems. In the meantime, an external audit institution will also conduct an audit on the Company every year in accordance with the Listing Rules and the financial standards. The Group has an anti-corruption whistleblowing mailbox: icac@a8.com. In case of corruption among employees, any person may report.

## COMMUNITY INVESTMENT

The Group takes its social responsibilities and proactively takes part in various charity events of the society.

In 2016, the Group joined and helped organize a donation for “Pangolin Protection” of The Nature Conservancy (TNC), which was mainly held to aware the public that pangolins were endangered and advocated the refusal to eat them. 51,000 people participated in this event, raising RMB1,330,000 of donation from the public. The Group internally raised RMB26,771 through the internet. The Group also took part in the organisation of the charity running for pangolin protection held by TNC in 2016. It was held in the Shenzhen Central Park on 15 October 2016 and nearly 1,500 citizens joined the event. This was the first charity running event under the theme of protecting pangolin, a wild animal, in China.



The Group vigorously promotes the development of the original music in China and joins all sorts of charity events that support the original musicians. As the organizer, the Group has hosted two sessions of “Jam Party” and five sessions of “Music Fun Camp” (“樂玩營地”, the English name is for translation purpose only) for the Year. Jam Party is a platform for original musicians to learn from and share with each other. Music Fun Camp is a platform for original musicians to publish, promote and perform their original works.

