



Zhou Hei Ya International Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1458

2021

Environmental, Social and Governance Report



Producing Food with Conscience,
and Building a Century-Aged Enterprise

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Message from the Management

The year 2021 saw the global economy under the continuing effects of COVID-19 pandemic. Although it was well controlled in most areas within China, the epidemic fluctuation in the rest of the country made the economic recovery uncertain in the future. In the post-epidemic era, Zhou Hei Ya braves a number of challenges, e.g. shift of consumption scenarios, and change in consumption habits and consumers' demand, proceeds with "direct sale + franchising", and maintains the strong growth momentum. Therefore, full play is given to both online and offline channels, marked results are achieved in innovation of products and optimization of supply chain, and both the business and the organization become healthier and more transparent.

To meet the market change, Zhou Hei Ya implements the six strategies: business model upgrading, omni-channel sale covering consumers, product diversity, integrated brand marketing, optimizing supply chain capabilities and organizational capabilities in order to provide the most popular halogen products in China as a century-old brand.

Product and Service

This Group never stops to "Bring Delicious Food to the World" and we get innovated in line with the market trend and consumers' needs. As a result, we have accumulated great product and brand powers. We continue to optimize the quality management system of food health and safety, control the entire life cycle of products from procurement to sale, increase and optimize the structure of franchise stores, help build franchise capacity, and develop new retail service models. We are ready to meet freewheeling consumers with products at their fingertips in any possible scene, which helps us approach them and improve their experience.



Environment Protection

We adhere to “sustainable development” and fulfill the responsibility for environmental protection and green development. We standardize the environmental management system, establish systematic environmental management objectives and operational plans, and cope with the environmental and climate change risks. Meanwhile, we invest special funds in improving the utilization of energy and resources, strengthen the management of emissions, and explore low-carbon solutions in all aspects. We hope that we can make contributions to the achievement of the goal of peak carbon dioxide emissions and carbon neutrality in China.

Management of Talents

We believe that “Talents come first for scientific development”. We know that high-quality talents are crucial to continuous growth of an enterprise. While cultivating our business, we are always oriented to people by ensuring conforming employment and employees’ rights, caring for their health, and help them to develop their career. We hope to grow up with our employees.

Giving Back to Society

“Rooted Deeper and Growing Upper, Braving Hardships and Benefiting People”. We remain true to our original aspiration. We attach great importance to the empowerment of communities and engagement in public welfare. We participate in education popularization, cultural communication and environmental protection, etc. In the face of the epidemic fluctuation and natural disasters in some areas, we provide supplies to fight with COVID-19 and natural disasters, which demonstrates our care and support for the community.

Since starting venture for the third time, Zhou Hei Ya has reformed and optimized the channels, products and supply chains, and opened up a special road for development. In the future, we’ll continue to strengthen our capacity building, entertain consumers with our broad mind and ambitious aspirations, develop our business in a long term, contribute to the social sustainable development, and bring delicious food to the world.

Chairman

Zhou Fuyu

About this Report

Overview

This report is the sixth Environmental, Social and Governance (“ESG”) Report of Zhou Hei Ya International Holdings Company Limited (hereinafter referred to as “the Company”). It focuses on disclosure economic, social and environmental performance and relevant information of the Company and its subsidiaries for the reporting period from January 1st to December 31st of 2021 (hereinafter referred to as “the reporting period”). Some information is sourced before 2021 or in 2022.

Reporting Reference

This report was prepared with reference to Appendix 27 *Environmental, Social and Governance Reporting Guide* (the “ESG Reporting Guide”) of the *Rules Governing the Listing of Securities* (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (hereinafter referred to as HKEX) in December 2019.

The content of this report was prepared in accordance with a set of systematic procedures, including identifying and prioritizing key stakeholders, conducting materiality analysis of key issues relevant to ESG, deciding the scope of the ESG report, collecting relevant materials and data, writing the report, and reviewing the report, and etc.

Materiality: To further clarify the key areas and information of corporate disclosure on environmental, social and governance practices and to enhance the relevance and responsiveness of the report, this year we once again carried out material issue identification procedures. Based on environmental, social and governance matters which have a material impact on investors and other stakeholders as determined by the Board, we judged the materiality of each issue and finally determined the degree of disclosure and boundary of the issues in accordance with the principle of materiality, which ensured a more accurate and complete disclosure of the Group’s operational management related information.

Quantitative: In accordance with the “key performance indicators” listed in the Appendix 27 *ESG Reporting Guide of the Listing Rules of the Hong Kong Stock Exchange*, we formulated objectives of reducing minor impacts, introduced quantitative indicators with some notes, and disclosed data for some indicators of three consecutive years since 2019 in order to ensure that the effectiveness of environmental, social and governance policies and management systems are assessable and verifiable. Moreover, we offered carefully considered reasons to the unexplained provisions.

Balance: This report strives to achieve objective, fair and truthful reflection of the Group’s ESG effectiveness and practice in 2021. The contents of the report are from the Group’s internal management documents, statistics, public disclosure, as well as media coverage, with no improper modification.

Consistency: The report follows a consistent range of statistics. The scope of coverage is the Company and its subsidiaries with no major adjustments compared to previous years. The reporting period is the whole year of 2021 (from January 1 to December 31, 2021), and some information is sourced before 2021 or in 2022.

Scope and Boundary of the Report

The policies, statements, materials and data in this report cover the Company and its subsidiaries (hereinafter referred to as “the Group”, “we”, or “Zhou Hei Ya”). Unless otherwise stated, all currencies involved in this report are denominated in RMB.

Source of Material and Assurance

All material and cases contained in this report were collected from the statistics reports and relevant documents of the Company. The Company promises that this report does not contain any false and misleading statement, and is responsible for the authenticity, accuracy and completeness of its contents.

Confirmation and Approval

This report was approved by the Board on 30 March 2022 after confirmed by the management.

Access to the Report and Feedback

This report is prepared in Traditional Chinese and English. The electronic copy is available both in Zhou Hei Ya’s “Financial Statements/ESG Information” at the website of HKEX and the website of the Company.

We highly value stakeholders’ opinions. Readers are welcome to contact us in the following ways. Your comments and suggestions will help us continuously improve this report and the environmental, social and governance performance of Zhou Hei Ya.

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Email address: IR@zhouheiya.cn

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Responsible Governance

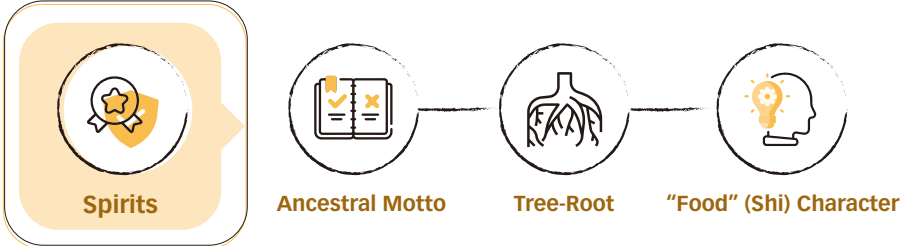
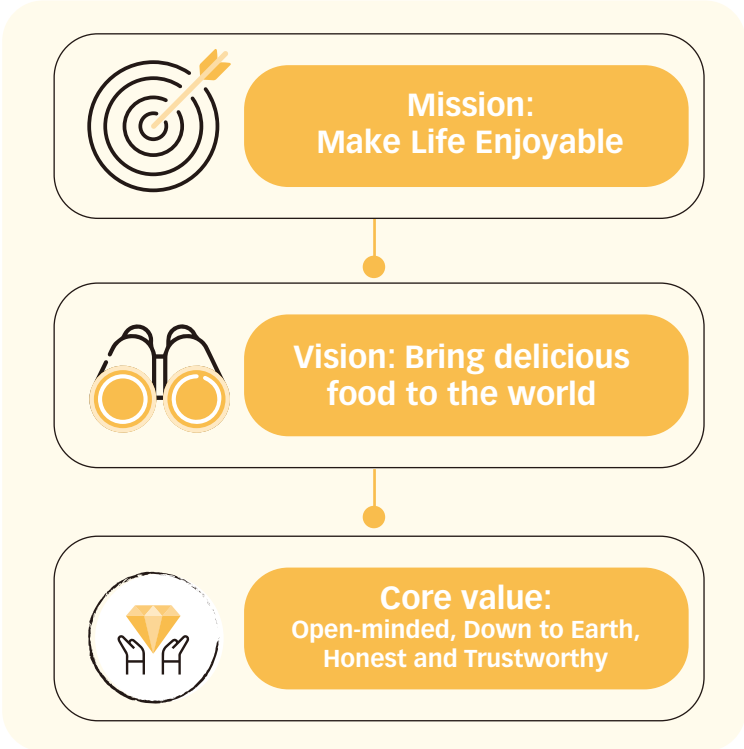
- 1.1 About Us
- 1.2 Economic Performance
- 1.3 Corporate Governance
- 1.4 ESG Governance



With the guiding principle of “Joint Efforts for Excellent Governance”, Zhou Hei Ya makes continuous improvements on corporate governance, achieves rapid development, and creates values for consumers and society. Bearing in mind the Ancestral Motto that “with regard to management, a man who is a model will receive supports from his peers, while a man who indulges himself will lose esteem from others”, we spared no effort to communicate extensively with our stakeholders, and continued to integrate the concept of sustainable development into our development strategy and business activities in 2021, which demonstrated our expectation and responsibility for sustainable development.

1.1 About Us

As a company specializing in the production, marketing and retail of casual braised products. Zhou Hei Ya has been striving to “Make Life Enjoyable” and adhering to the core value: “Open-minded, Down to Earth, Honest and Trustworthy” in the past years. Based on that, Zhou Hei Ya has started venture for the third time in order to bring the Chinese food to the world and strive for greater achievements.



Zhou Hei Ya Corporate Culture

Products bridge the brand and the consumers, and keep business prosperous. Zhou Hei Ya has formulated a new strategy, i.e. "Key products leading the brand". During the reporting period, we launched a number of new products successfully, e.g. fried chicken feet, spicy shrimp balls, etc., which are very popular with and have received favorable comment from young consumers.



Focusing on the target key products, we have furthered brand promotions and renewals by upgrading brand marketing, positioning, packaging and image comprehensively, deepening multi-scene interactions with consumers, and making Zhou Hei Ya, a century-old brand, closer to young consumers without any distraction of unsubstantial ideas or superficial fame.

We focus on online media frequented by young people to enhance promotions and interactions through social media.



Our co-branding with KFC has received favorable comment. It helps our brand to approach consumers better, while further improving the product system and enhancing the core competitiveness of the brand.



We continue to cooperate with celebrities and movies, e.g. Huang Minghao, the brand ambassador of 2020 and the movie *Chinese Doctors* in 2021 and strengthen the image of Zhou Hei Ya as a “youthful” brand among the core consumers.



We upgrade the storefront vision and packaging to give young consumers an experience with Zhou Hei Ya as a snack.



We are devoted to public welfare undertakings by fulfilling our social responsibility and giving back to society, making Zhou Hei Ya a caring brand.



Co-Branding with KFC

Free delivery of boneless duck feet

Through unremitting efforts, Zhou Hei Ya has been awarded as one of China's 500 Most Valuable Brands for two consecutive years. It was the only braised product brand in 2021. The award was granted by World Brand Lab according to the data from financial analysis, consumer behavior analysis and brand strength analysis of Chinese companies. This represents consumers' recognition of Zhou Hei Ya.



Awarded as one of 2021 China 500 Most Valuable Brands

1.2 Economic Performance

It has been a year since we embarked on the journey of venture for the third time. Zhou Hei Ya has gone through the downturn caused by COVID-19 and created new opportunities of growth against the trend. We continue to promote the strategy of “direct sale + franchising”, undertake unified management in six regions all over China, increase franchise stores and optimize their structure, build franchising capacity, and meet all kinds of needs of consumers. Our franchising maintains a strong momentum of growth. Full play is given to both online and offline channels, marked results are achieved in the innovation of products and the optimization of supply chain, and both business and organization become healthier and more transparent.

As of 31 December 2021, the total number of Zhou Hei Ya stores reached 2,781, including 1,246 self-operated stores and 1,535 franchised stores, covering 267 cities in 26 provinces, autonomous regions and municipalities in China. The annual revenues totaled RMB2,869.9 million thanks to increase of stores, operation of new factories, production capacity upgrading and online business.

In terms of production capacity, the Group has five major production centers in China. At present, there are four highly automated production centers of cleanliness class 100,000 in North China, Central China, South China and East China. The East China factory was put into operation in January 2021. With the help of dynamic logistics network management, the distribution radius in East China will be shortened by 500-600 kilometers, so the efficiency of delivery to stores will be improved. The West China factory is expected to be put into operation in 2022. The capacity of all production centers will be allocated flexibly and coordinated efficiently.

1.3 Corporate Governance

Zhou Hei Ya, while actively expanding our business layout, always adheres to the concept of sustainable development, continuously strengthens the Company’s organizational management, and establishes a transparent, traceable, and clearly defined corporate governance system, with the goal to improve both our risk resistance capabilities and corporate image.

Governance Structure

Zhou Hei Ya strictly abides by the *Company Law of the People’s Republic of China*, the *Corporate Governance Code of Appendix 14 of the HKEX Listing Rules* and other laws and regulations, as well as the requirements of relevant regulatory authorities. A scientific and clearly defined governance structure with a clear division of rights and responsibilities has been established and led by the Board of Directors. We are committed to continuously promoting corporate value creation and transparent management to create a sound, transparent and healthy corporate governance environment.

Zhou Hei Ya Board of Directors is responsible for reviewing the compliance with policies and practices required by laws and regulations, the compliance with corporate governance policies and practices, standards and codes, and employee guidelines, and the training and continuous professional development of directors and senior management. Zhou Hei Ya Board of Directors continues to review and monitor the corporate governance of the Company to maintain our high-quality corporate governance environment.

We have four main board committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Strategic Development Committee. The Board is composed of three executive directors, three independent non-executive directors, and one non-executive director. The Audit Committee comprises three independent non-executive directors. Each board committee operates in accordance with its terms of reference. The specific terms of reference of the board committees are available on the websites of the Company and the Stock Exchange of Hong Kong.

Board Diversity

Zhou Hei Ya continuously seeks to improve operational efficiency and strives to create value for stakeholders. Therefore, we recognize that diversity at the board level is essential to maintaining competitiveness and sustainable development. In the process of selecting, nominating, and establishing the Board of Directors, we fully consider the candidates' skills, experience, education, gender, ethnicity, age and other factors, as well as the strengths and contributions that they will bring to the Group in the future, and increase the proportion of female members from time to time, striving to have an appropriate proportion of members in the board that have different industry backgrounds (such as legal, financial and investment professionals) and to fully guarantee the rationality and effectiveness of the Board's decisions.

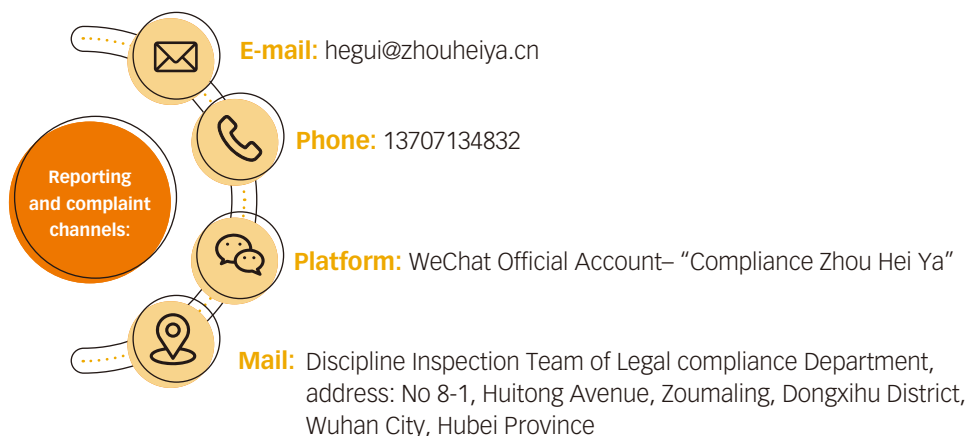
Compliance and Integrity

We strictly abide by the *Criminal Law of the People's Republic of China*, the *Civil Code of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, the *Law of the People's Republic of China against Unfair Competition* and other laws and regulations, and continuously revise and improve the *Anti-Corruption Working System* and the *Articles of Discipline Inspection Committee of Zhou Hei Ya*, so as to constantly strengthen Zhou Hei Ya's compliance and integrity management.

Zhou Hei Ya is committed to improving the legal compliance management of our Company. We have issued the *Measures of Contract Management* to optimize the compliance management of various types of contracts such as franchising and online channels' rapid expansion, changing the focus from remedies to prevention and intervention, thereby laying a solid institutional foundation for the rapid expansion of franchise business and online channels, and enhancing the level of risk control.

Zhou Hei Ya has zero tolerance for any violations of business ethics and corruption. We actively improve related supervisory mechanisms such as the Company's Discipline Inspection Committee, etc. In June 2021, we set up an agency for integrity management of our Company and issued the *Guidelines for Management of Reporting Information and Investigations* and our departmental workflow, which stipulate that two investigators should be required to handle the cases of corruption and fraud. By doing so, we continue to promote the integrity management and eliminate the occurrence of bribery, extortion, fraud, money laundering and other unlawful acts.

During the reporting period, we set up various channels for complaints, supervision and reporting to ensure that issues reported through the channels can be followed up and investigated in a timely manner. We have specified the procedures and measures for reporting corruption in the *Guidelines for Management of Reporting Information and Investigations*, encouraging our employees and partners to supervise our business activities. We support employees to report on violations of integrity and are committed to keeping them confidential, so as to safeguard their legitimate rights and ensure that they will not experience injustice as a result of their reporting.



In addition, we issued the *Notification Letter to Suppliers* to our suppliers, requesting no offering of commercial bribes to any employee of Zhou Hei Ya in any form. We also require all partners to sign the *Anti-corruption Letter to Partners*. Meanwhile, with the rapid development of the franchise model, we added anti-corruption-related clauses to the contracts with franchisees during the reporting period to ensure fairness and transparency in the entire process of their applications and operations, thus safeguarding sound and high-quality growth of the franchise business.

In addition to improving our system construction, we know that the integrity awareness of every employee is the key to the growth and prosperity of Zhou Hei Ya. The Discipline Inspection Committee organized online training in line with our *Top Ten High Voltage Lines of Zhou Hei Ya* to raise employees' awareness of anti-corruption. "Compliance Zhou Hei Ya" WeChat Official Account was also established as a learning platform on integrity culture and published relevant articles regularly. During the reporting period, we stepped up our anti-corruption training efforts and conducted a total of seven "anti-corruption" training sessions for our directors and employees, with a total of 4,476 people participating and a cumulative 6,435 hours spent. During the reporting period, there have been no corruption lawsuits against Zhou Hei Ya.

"Compliance ZhouHeiYa" – WeChat Official Account



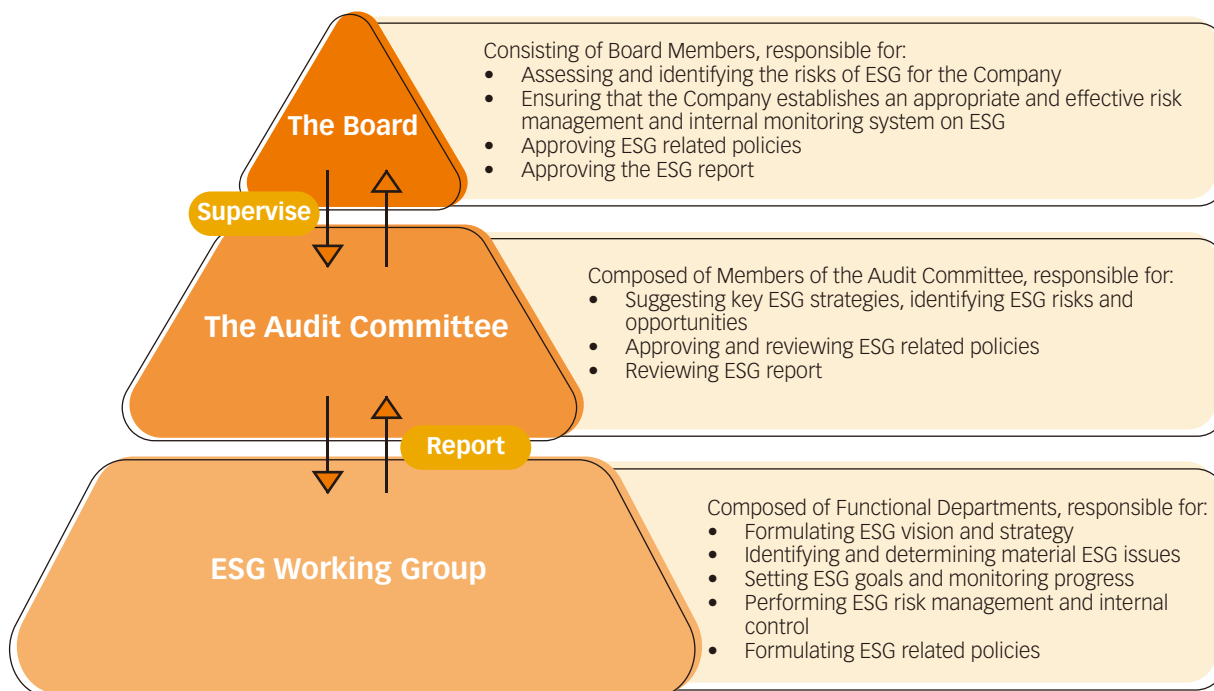
On May 27th, 2021, we launched the "Compliance Zhou Hei Ya" WeChat Official Account, which is an online platform for Zhou Hei Ya employees and partners to report violations of law and discipline, and for our integrity promotion as well. The articles on the account have been published in the series of "Integrity Mini-classroom", in which, various cases of violations of laws and disciplines are used as examples to explain relevant laws & regulations and the Company's rules & regulations to enhance the awareness of all employees of integrity.

1.4 ESG Governance

We always believe that taking responsibility for ESG issues is fundamental for the sustainability of our business and an important part of our mission of “Making Life Enjoyable”.

ESG Governance Structure

In order to optimize ESG risk management and control, we have established a three-tier ESG governance structure with the Board of Directors, Audit Committee and ESG working group as the core. Our Audit Committee and ESG working group regularly report to the Board of Directors to assist in assessing and determining whether the Group’s ESG risk management and internal control systems are appropriate and effective.



Board's ESG Statement

Board Responsibilities

The Board takes the ultimate responsibility for the ESG's management policy and strategy, relevant goal-setting, progress, review and performance of Zhou Hei Ya. Its other responsibilities include assessing and identifying the Company's risks related to sustainable development and ensuring that the Company has a sound and effective ESG management and internal control system in place. The Audit Committee and ESG Working Group under the Board oversee and implement the Company's ESG initiatives.

Day-to-day Implementation

The Audit Committee, whose members are appointed by the Board from among the Non-Executive Directors, is responsible for proposing the Company's ESG strategy, identifying material risks and opportunities, approving and examining relevant policies, and reviewing ESG reports, while the ESG Working Group develops ESG vision and strategy, identifies and determine major ESG issues, sets ESG goals and monitors their progress, implements ESG risk management and internal monitoring, formulates ESG-related policies, and ensures the implementation of ESG work. The Audit Committee regularly reports and makes recommendations to the Board of Directors.

Identifying ESG Risks & Opportunities

The nature of our business and the environment in which we do business expose us to a variety of potential risks that could have an impact on the sustainability of the Company. The Board oversees major ESG issues, including related risks and opportunities. The Audit Committee and ESG Working Group assess environmental and social risks. During the reporting period, they made a systematic review of climate change-related risks and opportunities, and advised the Board of Directors on risks of strategic importance and developed future risk response and mitigation plans. The relevant significant risks are also added to the Company's risk management framework to be monitored together with other business risks. They have been mitigated through our proactive measures.

Stakeholder Engagement

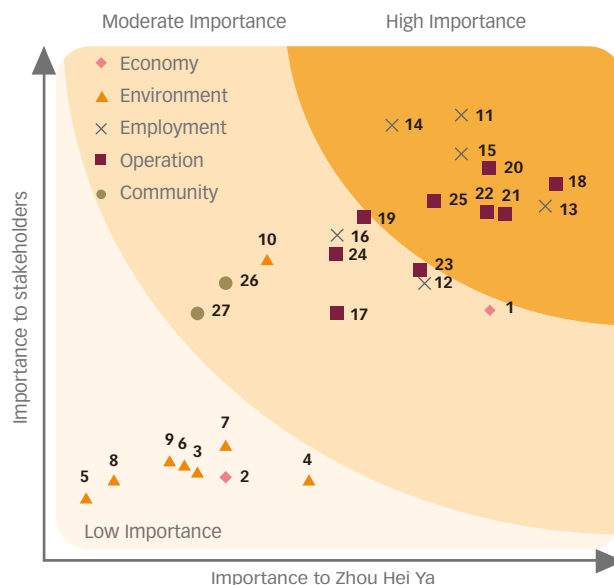
Zhou Hei Ya is committed to establishing a long-term and effective mechanism of communication with all stakeholders. We identify their core needs and timely adjust and improve our work on ESG governance to meet the expectations of all stakeholders on Zhou Hei Ya so that we can achieve sustainable development.

Zhou Hei Ya has identified 6 types of major stakeholders based on such principles as our dependence, authority responsibility relationship with stakeholders, influence from stakeholders, etc. We attach great importance to communication with various stakeholders by actively carrying out regular and effective communication with stakeholders to understand their concerns, in order to respond to their demands in a timely manner, incorporate relevant feedback into our sustainable development strategy, as well as respond to their concerns with this report.

Stakeholders	Major Concerned Issues	Communication Channels/ Feedback Approaches	Frequencies/Times
Shareholders/ Investors	Operating performance Corporate governance Employee Benefits	<ul style="list-style-type: none"> - General meeting of Shareholders - Annual report, interim report, and ESG report - Investors meeting - Performance conference - Press release/ announcement - On site investigation 	<ul style="list-style-type: none"> - Annual general meeting of Shareholders - Annual report, interim report and ESG report released at specified times each year - Annual and interim performance conferences - Non-scheduled other activities
Government Authorities	Food safety Consumer communication Environmental management Compliance operation	<ul style="list-style-type: none"> - On site investigation - Major conference meetings - Performance reporting - Spot check - Business management 	<ul style="list-style-type: none"> - Irregularly held
Suppliers	Supply chain management Food safety Anti-corruption	<ul style="list-style-type: none"> - On site investigation - Supplier assessment - Quality communication meeting - Supplier meeting - Suppliers anti-corruption education - Telephone/written correspondence 	<ul style="list-style-type: none"> - Quarterly quality communication meeting for raw materials, accessories and packaging materials - Non-scheduled other activities
Employees	Compensation and benefits Employee stability Training and development	<ul style="list-style-type: none"> - Training report - Satisfaction questionnaire - Class interview - Telephone interview - Community activities and training - Video meeting 	<ul style="list-style-type: none"> - Monthly training report during the training and development projects - Non-scheduled other activities
Media	Food safety Community investment Green production	<ul style="list-style-type: none"> - Press releases/ announcement - Interview - Conference 	<ul style="list-style-type: none"> - Irregularly held
Consumers	Food safety Food nutrition and health Green production Communication and service	<ul style="list-style-type: none"> - Online promotion and announcement - Offline exhibitions - Offline promotion activities - Customer service call - WeChat/Weibo 	<ul style="list-style-type: none"> - Irregularly held

ESG Materiality Analysis

During the reporting period, based on the materiality analysis derived from the stakeholder questionnaire survey and interviews in the previous year and deep communication with stakeholders, we gained understanding on their opinions and expectations regarding the disclosure of ESG information by Zhou Hei Ya. The results show that with the announcement of the country’s strategic goal of “Carbon Dioxide Peaking and Carbon Neutrality”, the attention of external stakeholders to climate change and related issues has increased significantly. There was no major change in the direction of attention of the management and various stakeholders on the Group comparing to 2020. After full discussion with the Company’s management and upon analysis, we came up with the 2021 Zhou Hei Ya ESG Materiality Matrix:



No.	ESG Issues
1	Business performance and economic results
2	Formulation of environmental and social governance concepts and management approaches
3	Consumption of water resources and energies such as electricity, gas and oil
4	Wastewater treatment and discharge
5	Greenhouse gas emissions
6	Exhaust fume treatment
7	Treatment and disposal of solid waste (production and municipal solid waste)
8	Consumption of packaging materials
9	Use efficiency of raw materials
10	Response to climate change
11	Provision of reasonable remuneration packages and benefits to employees
12	Diversified employee backgrounds (such as gender, age, region, ethnicity, etc.) and equal opportunities

No.	ESG Issues
13	Employee retention
14	Provision of a safe and comfortable working environment
15	Career development and employee trainings
16	Measures to prevent the use of child labor and forced labor
17	Environmental and social impact of suppliers
18	Suppliers’ food safety management
19	Food nutrition
20	Food safety management processes and initiatives
21	Food traceability management
22	Consumer communication
23	Consumer information and privacy
24	Intellectual property rights of own, partners and other relevant parties
25	Anti-corruption, anti-bribery
26	Investment in philanthropy (money, time, etc.)
27	Community contribution (whether to boost local employment, to use local suppliers, etc.)

Food Safety as the Foundation of Product Upgrading

- 2.1 Quality First
- 2.2 Innovation for Health
- 2.3 Responsible Supply
- 2.4 Thoughtful Service



Regarding food safety as the bottom line, Zhou Hei Ya is committed to bringing high-quality product and service experience to users by continuously improving quality management capabilities and product quality. By consolidating the foundation of product quality through innovation and research, we provide strong support for the stable improvement of product quality and the sustainable and healthy development of the brand.

2.1 Quality First

High quality is the cornerstone of the healthy development of an enterprise. Zhou Hei Ya firmly believes that quality makes a brand. The business philosophy of “quality first, reputation first, maintaining features and sustainable development” is deeply rooted in the corporate culture, and has become Zhou Hei Ya’s core competitiveness. Zhou Hei Ya continuously repays the trust of consumers with its ingenuity and quality.

Food Safety System

Zhou Hei Ya continuously strengthens the construction and optimization of its food safety and quality management system, and fully guarantees food safety through complete standards, management processes, quality and safety system certification and quality defense system.

Zhou Hei Ya actively improves the quality management system. On the basis of obtaining the quality management system certification for Hubei Industrial Park, Hebei Industrial Park and Guangdong Industrial Park, we carried out preparations for quality and safety system certification (ISO 9001, HACCP, and FSCC22000) of the Jiangsu factory before it was put into operation in January 2021, and obtained the system certification in May 2021.



Hubei Industrial Park's System Certifications



Hebei Industrial Park's System Certifications



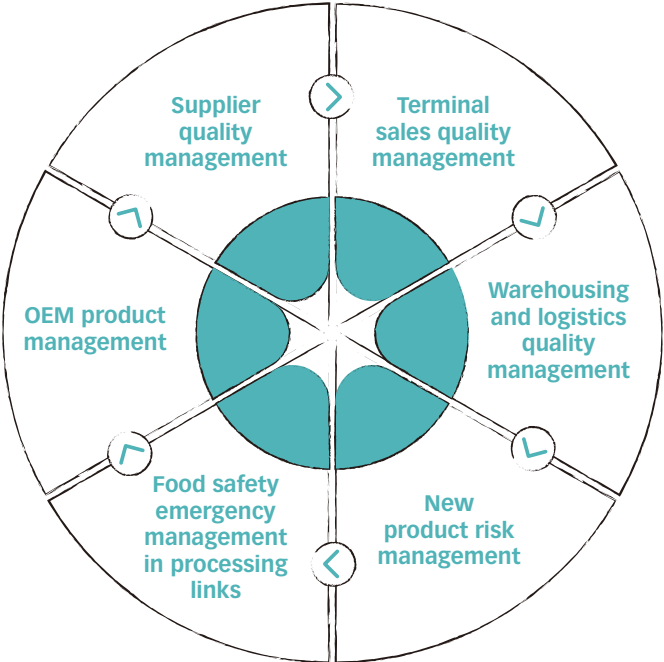
Guangdong Industrial Park's System Certifications



Jiangsu Industrial Park's System Certifications

Zhou Hei Ya has formulated a comprehensive quality management process, covering raw material procurement, product production, product testing, storage management, cold chain logistics, store sales and retrospective recall. We effectively ensure product quality and safety throughout the process by implementing the management system, evaluation management and control system, intelligent warehousing solution, cold chain and store system, and retrospective recall management system.

In 2021, Zhou Hei Ya abides by the laws and regulations including the *Food Safety Law of the People’s Republic of China*, the *Regulations on the Implementation of the Food Safety Law of the People’s Republic of China*, and the *Product Quality Law of the People’s Republic of China*. ZhouHeiYa further updated 23 standards, including OEM product implementation standards, commodity over-packaging standards, pathogen limit standards, logistics cold chain standards, etc. In the meantime, Zhou Hei Ya formulated 92 new quality management documents, revised 32 quality management documents, and improved the quality management system and process in six aspects.



Quality management system/process optimization in 2021

In order to upgrade the quality defense system throughout the product life cycle and further improve product quality, during the reporting period, Zhou Hei Ya’s Quality Assurance Department in conjunction with product management, R&D, procurement, and production management departments optimized more comprehensively the processes and systems for product information flow and business flow to form an all-round defense against quality risks.

Information flow

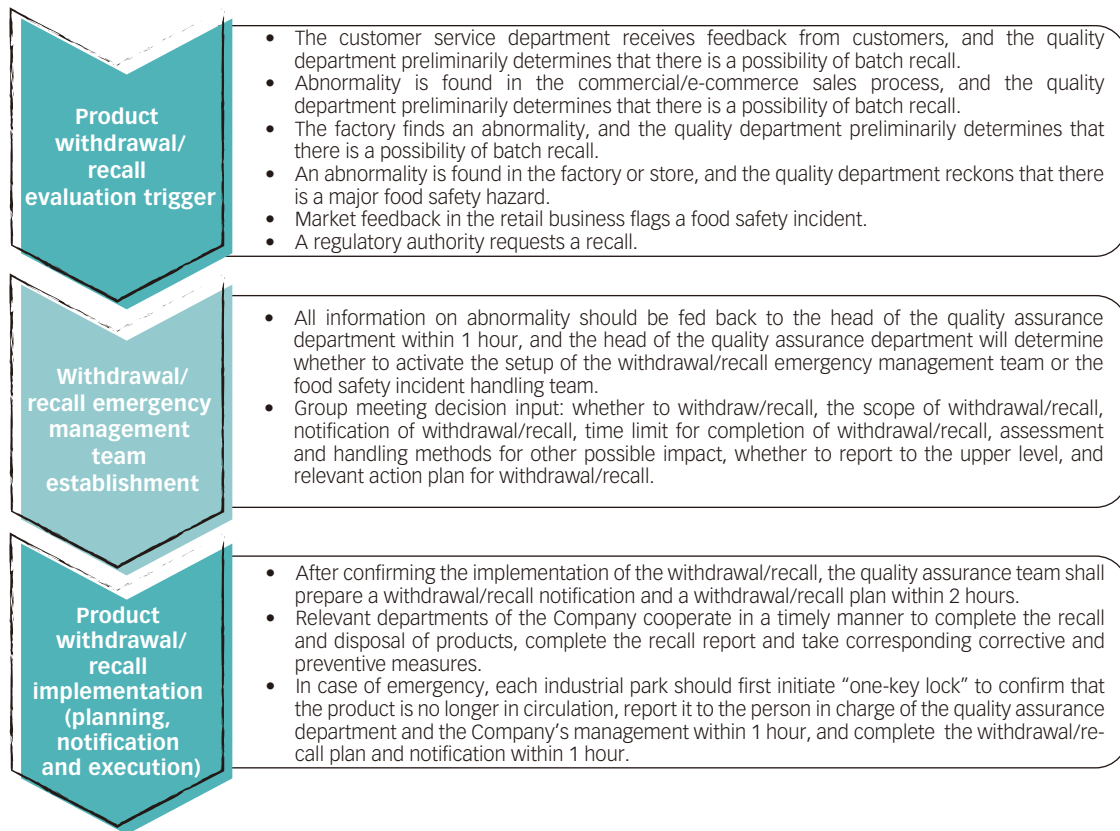
- The communication between the product design department and the production base was improved, and the product production license and standard compliance review front-loaded to ensure the compliance of new product development and effectively shorten the preparation period for new product development;
- All production bases fully participated in the verification of product process and shelf life to improve risk identification and effectiveness of improvement.

Business flow

- New product verification management regulations, product nutrition label production specifications, shelf-life confirmation and monitoring specifications, product material solidification management process, and internal sampling inspection workflow for market products were formulated to implement and strengthen the end-to-end quality defense function of business departments, and enhance quality risk management during the new product development verification and launch phases.

Quality defense system optimization in 2021

In 2021, Zhou Hei Ya further improved the product recall/withdrawal management procedures by clarifying the withdrawal/recall control requirements and procedures for products that are unsafe or do not meet the Company's internal control standards, so as to avoid affecting consumer experience or causing health damage to consumers. Besides, we actively carried out simulated recall drills on the basis of improving the product recall management process. In 2021, the industrial parks of Zhou Hei Ya conducted a total of 8 simulated recall exercises and 1 retrospective exercise evaluation. The effective rate of simulated recall reached 100%.



Product withdrawal/recall management procedures

In order to evaluate the effectiveness and suitability of the quality and safety management systems of various industrial parks, Zhou Hei Ya launched a special quality audit in 2021. We conducted quality audits on Hebei, Hubei, Guangdong, and Jiangsu industrial parks, reviewed and rated the results of quality audits, and put forward improvement proposals for the problems found in the audit and the quality audit activities.

During the reporting period, Zhou Hei Ya did not have any product recall due to safety and health reasons.

Food Safety Action

Based on a sound quality and safety management system and process, Zhou Hei Ya has adopted a multi-pronged approach to strictly control and optimize product quality, taking actions on all fronts to ensure consumer safety, so that consumers can enjoy excellent food.

Supplier management

- Online quality meetings with strategic suppliers were held on a regular basis to communicate and analyze quality issues;
- Feedback on abnormality was moved from offline to online. Data analysis was performed on the types of abnormality monthly, and countermeasures for improvement were discussed.

Quality reward mechanism

- In order to improve the quality awareness and work quality of all employees, the selection of factory quality award and channel quality award was carried out in 2021 by means of goalkeeper reward mechanism, quality audit, and unannounced inspection, etc.

Logistics and transportation management

- The vehicle temperature monitoring devices were unified under one brand to meet the requirements of daily temperature monitoring of vehicles in transit;
- The vehicle temperature monitoring equipment was installed as per the requirements, so that there was no dead band in monitoring and that the temperature in the cabin was within the controllable range;
- In addition to daily cleaning and disinfection of vehicles, the vehicles were disinfected again before loading in accordance with the epidemic prevention requirements;
- The logistics temperature sampling inspection was improved according to different seasons, and the headquarters and the factories cooperated to ensure the temperature monitoring as required.

Store quality management

- The red line system for store quality management was implemented and improved, and all regions signed the quality and food safety commitments to standardize store operations in an all-round way and ensure business compliance;
- A comprehensive daily supervision and inspection management system involving the headquarters' retail business development center and quality assurance department as well as the commercial and trade branches was established, and comprehensive quality supervision and inspection of stores were carried out every month to timely identify problems and potential risks and take corrective and preventive measures.

Quality management optimization measures in 2021

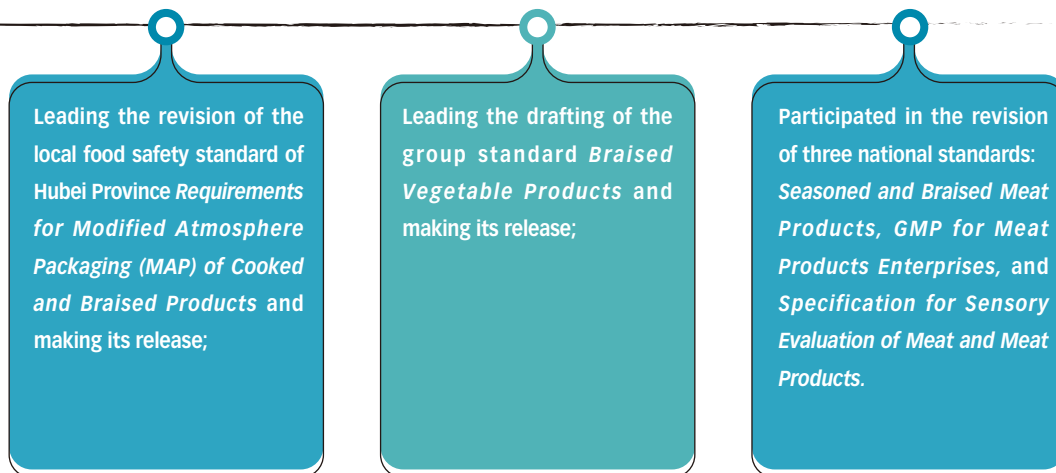
We persist in improving the quality and food safety training system, enhancing the Company's quality awareness, and spreading food safety culture. All-round training on quality and food safety awareness and SOP (standard operation procedures) ability improvement is carried out for all employees via the online platform of the business school.

Training on quality and food safety awareness and SOP ability improvement

In 2021, via the online platform of the business school, Zhou Hei Ya carried out comprehensive training on quality and food safety awareness and SOP ability improvement for commercial (including custodial and urban franchises) store personnel in the three modules of laws and regulations, system standards, and in-store SOP guidance.

The training on quality and food safety awareness and SOP ability improvement included the essential key quality knowledge for new employees, food safety knowledge for reserve managers, store supervision and sampling management, store abnormality case sharing, red line of store operation quality, store management of near-expiration products, store freezer management, service skills for customer complaints, etc.

By giving full play to the exemplary role of the industry leader, Zhou Hei Ya actively promotes industry standardization and the sustainable development of the braised product industry. In order to promote the integration and standardization of food quality and safety in the industry and make up for the lack of new food standards, we participated in the revision of relevant industry and national standards during the reporting period.



Zhou Hei Ya's contribution to the drafting and revision of relevant industry and national standards in 2021

During the reporting period, Zhou Hei Ya invested RMB2.2985 million in ensuring food safety. Zhou Hei Ya’s actions and performance in food health and safety were recognized by the China Food Health Seven-Star Convention Alliance, winning the Rookie Award in the 10th Seven-Star Awards for Outstanding Contribution to Food Safety & Public Health.



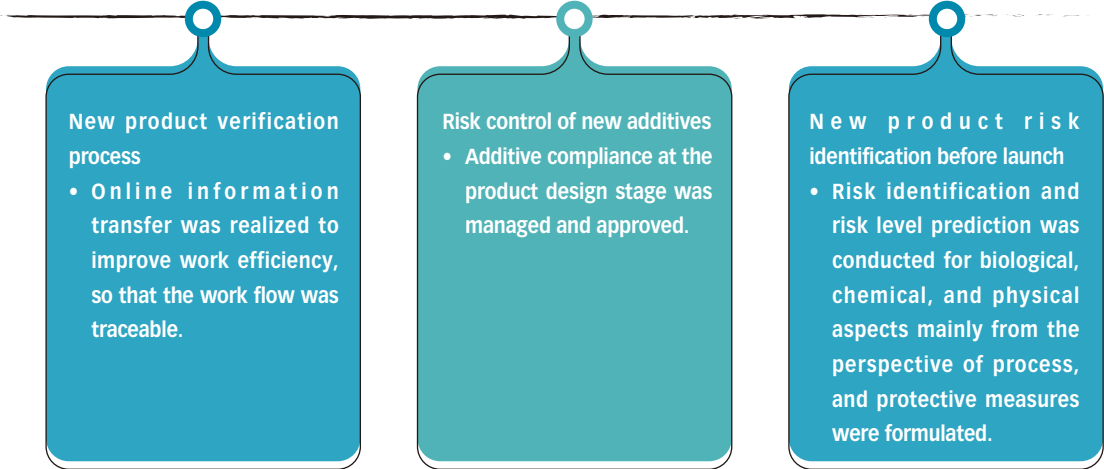
Zhou Hei Ya won the Rookie Award in the 10th Seven-Star Awards for Outstanding Contribution to Food Safety & Public Health

2.2 Innovation for Health

Zhou Hei Ya has always based itself on food safety and put technological innovation first. In 2021, we constantly improved internal innovation and R&D strength to bring healthy and innovative products with new tastes, new categories and new processes to consumers. Through intellectual property policy optimization and intellectual property maintenance, we prevented consumers from health and safety issues caused by eating counterfeit products by mistake, ensuring the health and safety of consumers.

R&D and Innovation

Zhou Hei Ya’s R&D and innovation process strictly follows the industry standards such as the *General Rules for Prepackaged Food Labeling*, *General Rules for Prepackaged Food Nutrition Labeling*, and *Standards for the Use of Food Additives*. We continuously optimize an internal management system for R&D and innovation, covering the *New Product Verification Management Regulations*, the *Management System of New Product Development*, among other documents. Moreover, the product development process was further optimized and standardized from the three aspects of new product verification, risk management and control of new additives, and risk identification of new products before launch.



New product development process optimization in 2021

In order to meet the needs of different consumers, Zhou Hei Ya set a new product R&D target in 2021, which was to develop different styles of product according to the preferences of different consumer groups on the basis of continuously expanding the core flavor lineup.

Expansion of existing flavor categories

- Extension of the existing sweet and spicy flavor category, such as deboned duck feet, duck intestines, duck esophagus, duck wing roots, and tiger-skin chicken feet.

Development of new flavors

- Development and launch of mountain pepper series, salt-baked chicken feet, multi-spiced duck neck, and garlic chili oil series. Among them, the mountain pepper series and salt-baked chicken feet were derived from favorite flavors in characteristic regions, and the multi-spiced series was developed for the non-spicy flavor category.

Innovation for new category and new process

- The R&D and launch of spicy shrimp balls enriched the Company's aquatic product categories, which thanks to the innovation in the braising process was built into a hit product in 2021, with an average monthly sale of RMB10 million.



2021 New Product from Innovation and R&D – Spicy Shrimp Balls

In order to continuously deepen the R&D technology, on the basis of its own innovation and R&D, Zhou Hei Ya established project cooperation with major universities to accelerate the development of the braised product industry.

**Cooperation with
Huazhong University
of Science and
Technology**

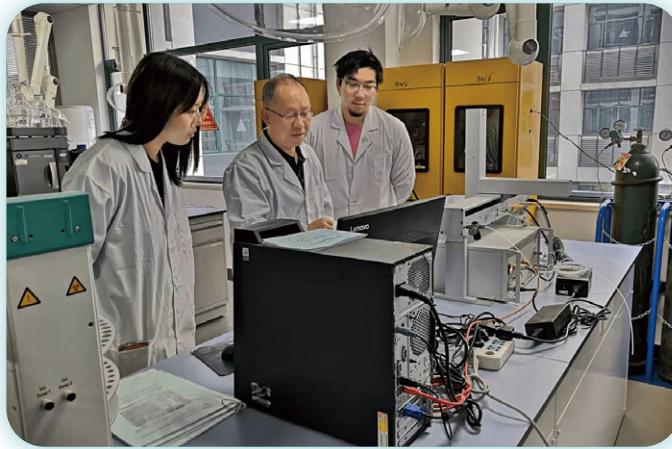
- Verified the stability of the staged results for many times on the cooperation project – *Microbial Risk Prevention and Control of Cooked and Braised Products*;
- Jointly applied for the bulletined project under Hubei Provincial Department of Science and Technology – *Research and Demonstration of Quality Improvement and Digital Manufacturing for Traditional Braised and Seasoned Products – Digital Processing Research on Seasoned and Braised Products Processed Spicy*.

**Cooperation with
Hubei Academy of
Agricultural Sciences,
Zhejiang Academy of
Agricultural Sciences, and
Ningbo University**

- Participated in the annual meeting of National Processing Research Laboratory for Waterfowl Industry Technology System;
- Won the first prize of China National Light Industry Council Science and Technology Award.

**Cooperation with
Wuhan Polytechnic
University in
Hubei Province**

- Carried out R&D cooperation on *Key Extraction Technology for Spices*.



Joint R&D projects in 2021

Product preservation project

Zhou Hei Ya in conjunction with domestic well-known enterprises carried out microbial analysis of products to study the dominant spoilage bacteria in seasoned and braised duck by-products, in which the fresh-keeping and anti-corrosion scheme was explored according to the Company's product process characteristics. In the process of innovation and R&D, Zhou Hei Ya put the health and safety of consumers first. Through joint microbial analysis with well-known domestic enterprises, in-depth research on product preservation technology was carried out in order to bring consumers the freshest and high-quality products.



Product preservation R&D project

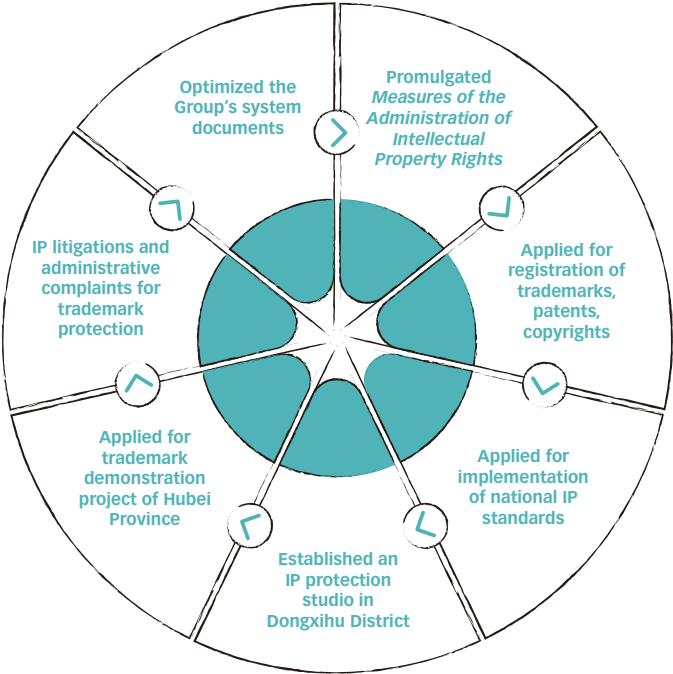
During the reporting period, Zhou Hei Ya's total investment in innovation and R&D was approximately RMB34.14 million.

Intellectual Property Rights

Zhou Hei Ya attaches great importance to the protection of intellectual property rights. In order to maintain the brand image of Zhou Hei Ya and prevent consumers from health hazards due to eating counterfeit products, we continuously enhance the protection of intellectual property rights through institutional optimization, application and maintenance of intellectual property rights. In 2021, we formulated and promulgated the *Measures of the Administration of Intellectual Property Rights*, registered 25 domestic trademarks, applied for 8 foreign trademarks, filed 161 trademark licensing contracts, applied for 25 appearance, utility model and invention patents, and obtained 48 patents, and applied for 145 copyrights. As of 2021, we had obtained 132 patents, 243 copyrights, and 713 valid registered trademarks.

On the basis of obtaining trademarks, patents and copyrights, we further carried out intellectual property (IP) protection activities, including the application for the implementation of national IP standards, the setup of an IP protection studio in Dongxihu District, and the application for the trademark demonstration project in Hubei Province.

In addition, we actively protected IP rights. In 2021, we had 653 litigation cases for trademark rights protection and 40 administrative complaint cases for trademark rights protection closed, with the compensation related to IP infringement amounting to about RMB8.708 million.



IP protection practice in 2021

2.3 Responsible Supply

Zhou Hei Ya attaches great importance to responsible supply by constantly improving supply chain management and committing itself to establishing and maintaining long-term and close partnerships with upstream and downstream suppliers. At the same time, we give priority to local suppliers, continuously support strategic suppliers, and work with upstream and downstream partners to build a high-quality food supply chain based on responsible supply.

During the reporting period, Zhou Hei Ya established cooperation with 218 suppliers of raw materials, auxiliary materials and packaging materials, including 150 non-local suppliers and 68 local (Hubei, Hebei, Guangdong and Jiangsu Province) suppliers representing 31.2%.

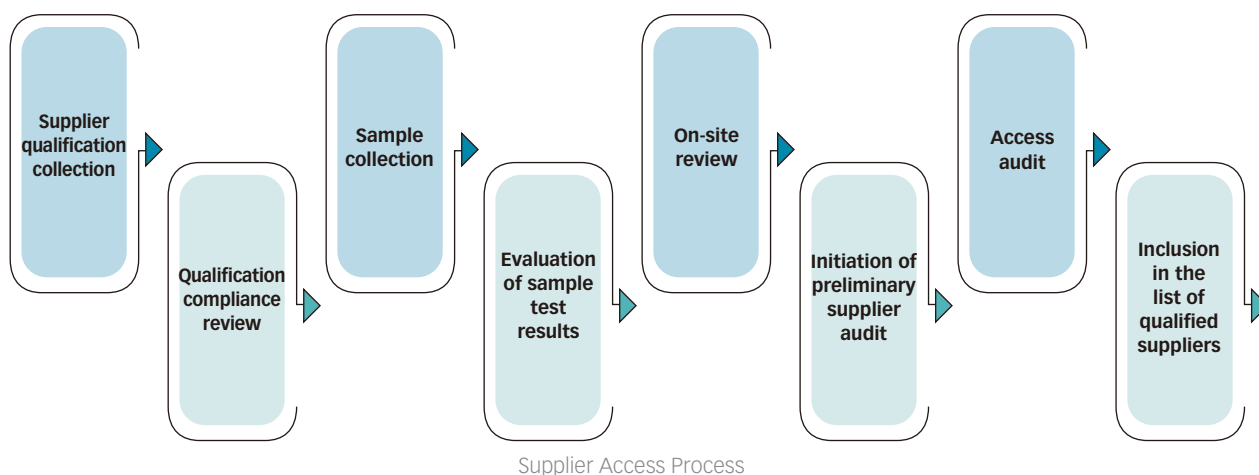
Zhou Hei Ya's supplier relationship management system covers suppliers of raw materials, auxiliary materials, packaging materials, chemicals, etc. involving planning, procurement, logistics, warehousing and quality departments. It helps to improve the efficiency of supplier information release, coordinate supplier purchase order progress, dispatch and delivery in real time, improve the efficiency of internal communication, shorten business response time, and monitor the validity of supplier qualification certificates.

Supplier Access

Zhou Hei Ya has formulated strict access and screening requirements for suppliers, such as the *Supplier Access Qualification Requirements List*, to standardize supplier qualification audit requirements and refine the requirements for manufacturers and distributors according to different categories of supplies. The supplier access qualification mainly covers the three-in-one supplier business license, the third-party official test report, and the food business license. Producers of primary agricultural products and meat products are required to have the animal quarantine and epidemic prevention qualification certificates; chemical suppliers are further required to have dangerous chemical business license; and hygiene license and health safety evaluation are required of disinfection product enterprises.

In order to comprehensively ensure the qualifications and capabilities of suppliers, Zhou Hei Ya conducts on-site inspections of suppliers in all dimensions with the *Preliminary Review Form for Supplier Investigation*, and evaluates supplier qualification based on sample test results, supplier evaluation results and on-site inspection results.

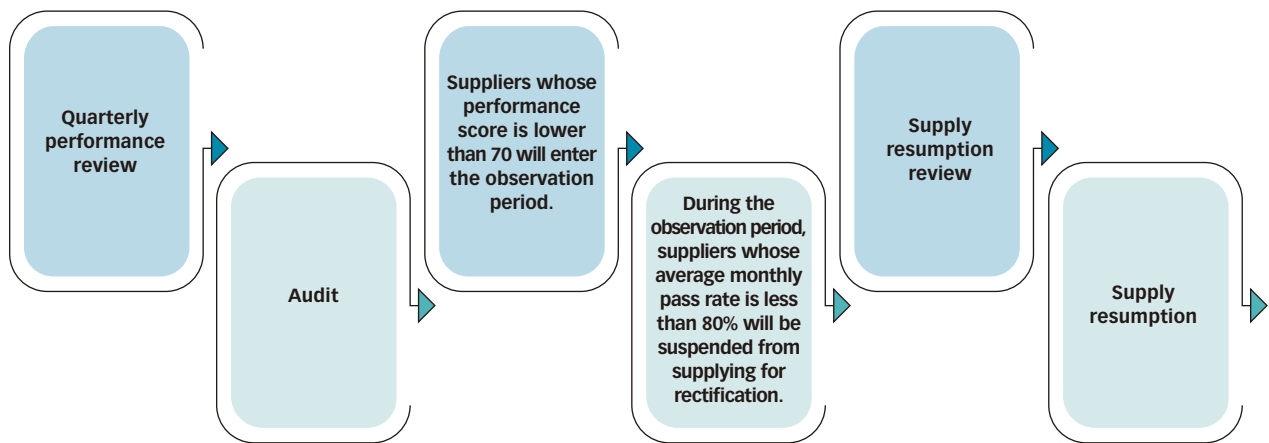
On the basis of qualification confirmation and on-site inspection, in 2021, Zhou Hei Ya added new links for the inspection of related-party transactions of competitors and for the legal approval, so as to strengthen the pre-entry credit investigation of suppliers and fully grasp the background information of suppliers.



During the access stage, we sign the *Partner Safety Agreement*, the *Partner Commitment to Confidentiality*, the *Commitment to Quality, Safety and Environmental Protection*, the *Environmental Protection Agreement*, among other documents, with the cooperative suppliers, requiring them to comply with applicable laws and regulations.

Supplier Evaluation

In order to ensure the ability of suppliers in all aspects, Zhou Hei Ya continuously optimizes management systems such as the *Management System of Suppliers*, the *Standards for Suppliers Performance Evaluation in 2021*, and the *Procurement Business Settlement Process*. In 2021, Zhou Hei Ya improved the supplier's performance appraisal system, and conducted monthly, quarterly and annual performance appraisals of raw, auxiliary and packaging material suppliers included in the list of qualified suppliers in terms of quality, service, delivery, among other dimensions. On the basis of routine quarterly evaluations on quality, delivery and service, we regularly conduct unannounced inspections to review and evaluate suppliers. Besides, we conduct hierarchical management of suppliers according to the performance appraisal results, and take measures such as "entering the observation period for observation, suspending supply for rectification, and removing from the list of qualified suppliers" for those who fail the assessment.



Quarterly Supplier Assessment Process

Supplier Risk Control

In order to ensure the risk response ability of suppliers, Zhou Hei Ya divides high, medium and low risk levels according to different procurement scenarios, defining the necessary treatment measures under different risk levels. The *Emergency Procurement Handling System* has been established for emergency procurement to ensure that emergency procurement business complies with food safety related requirements. In order to ensure the stability of supply and avoid abnormal supply, Zhou Hei Ya maintains more than 2 partners for most of the raw, auxiliary, and packaging material suppliers, and ensures the supply of main raw materials from multiple regions by multiple suppliers. In addition, Zhou Hei Ya has connected the supply pipelines for the four major factories in Hubei, Jiangsu, Guangdong and Hebei, so that the origin of supply is adjusted to support the factory in case of a local epidemic outbreak.

Supplier Communication

Zhou Hei Ya keeps active communication with suppliers. In order to strengthen the quality of strategic suppliers, the frequency of quality meetings was increased in 2021. During the reporting period, Zhou Hei Ya provided on-site guidance to suppliers of packaging materials and raw and auxiliary materials, conducted pre-acceptance for the main spices including Chinese prickly ash and star anise, and monitored the control of foreign matter during processing to reduce the introduction of foreign matter in spices.

Supplier Quality Conference

In 2021, Zhou Hei Ya held 13 quality meetings with the core suppliers of raw materials and packaging materials. Besides, we standardized the acceptance of raw materials and auxiliary materials and the handling methods for abnormality in the use, so as to speed up the processing of quality problems.



Supplier Quality Conference

On-site guidance for suppliers

In December 2021, the employees of the Purchasing Department and the Quality Assurance Department of the Integrated Supply Chain Center communicated at the workshop of Dezhou Liuhe Zhikang Food Co., Ltd., a subsidiary of New Hope Liuhe Group, on the skin and feather problem at the Achilles tendon of duck feet, providing suppliers with on-site guidance.



On-site guidance for suppliers

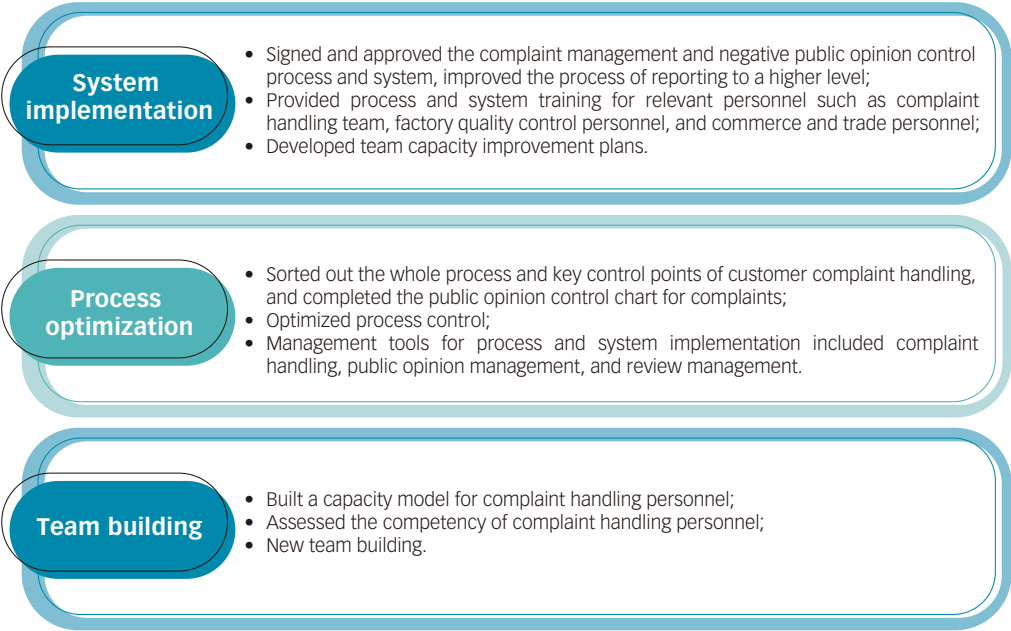
2.4 Thoughtful Service

Zhou Hei Ya has always adhered to the concept of service creating value to serve consumers, advocating the corporate culture of “customer first”. Through continuously innovative models, we make in-depth exchanges with consumers, protect consumers’ rights and needs in all aspects, and provide consumers with the best possible quality service in earnest.

Customer Complaint and Feedback

Following the brand value of “customer first”, Zhou Hei Ya is committed to bringing the best service to customers and addressing customer feedback in a timely manner. In order to ensure customer satisfaction and improve customer shopping experience, in 2021, Zhou Hei Ya formulated the *Specifications for Customer Complaint and Negative Public Opinion Prevention and Control* to clarify the responsibilities of each department and business. Online and offline complaint prevention and control flowcharts were laid out to reduce and control crises of public opinion caused by complaints, so as to create a good operating environment for the Company, thereby maintaining the brand image of Zhou Hei Ya.

In 2021, we constantly upgraded the prevention and control of customer complaints and negative public opinion from the three dimensions of system implementation, process optimization, and team building.

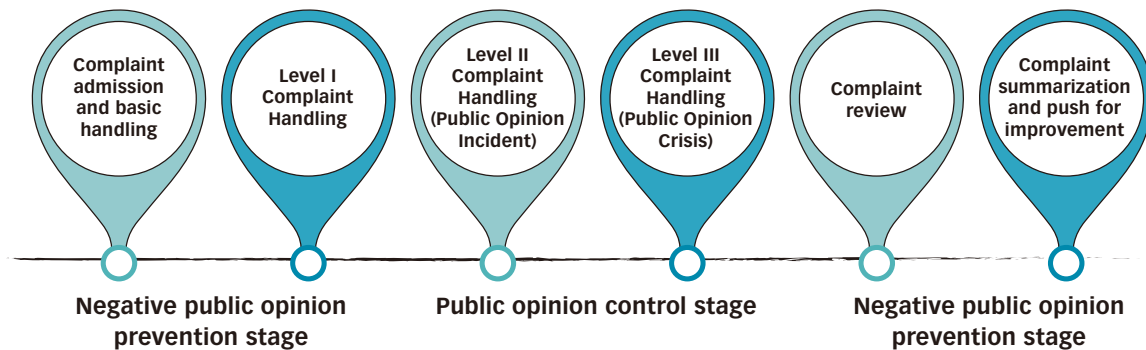


Activities for upgrading the prevention and control of customer complaint and public criticism in 2021

We conduct hierarchical management for different situations of customer complaints, and clarify the complaint channels, the complaint handling procedures at all levels, and the responsibilities and authorities of various departments involved in complaints to ensure that customer complaints and resulting public opinion emergencies are properly handled. After a complaint is properly handled, we carry out review, summarization, and push for improvement to minimize the negative impact caused by it or potential negative public opinion. During the reporting period, the 400 customer service hotline of Zhou Hei Ya received a total of 617 complaints about products and services, with a 100% timely handling rate.

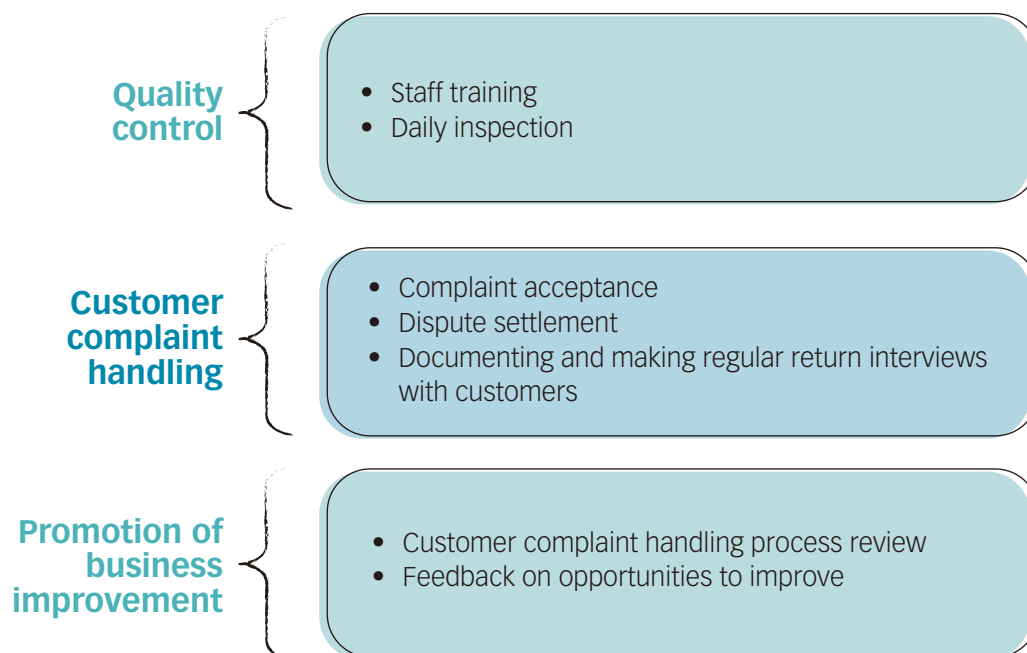


Consumer communication channels

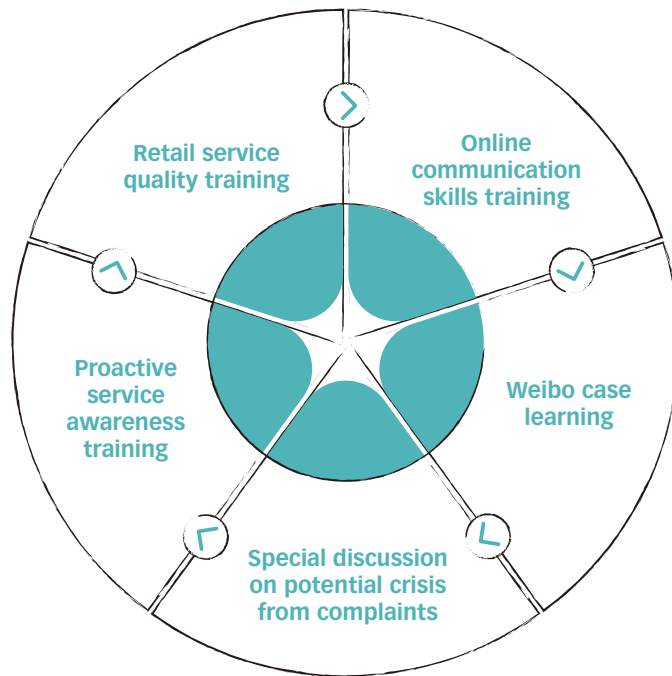


Customer complaint and negative public opinion prevention and control process

For complaint handling personnel, we conduct capability assessments by developing a competency model, clarify their tasks, key activities, and competencies, and provide complaint handling training based on the required knowledge and operational skills, so as to achieve better results in problem solving and customer complaint handling.



Complaint handler competency model



Compliant handling related trainings in 2021

Service Quality Assurance

While efficiently resolving complaints, we further improve and ensure service quality. In order to improve customer satisfaction, we have established a 24-hour feedback mechanism, conducted customer satisfaction surveys, and enhanced retail service quality training to strictly control the standardization of services. In 2021, Zhou Hei Ya's customer satisfaction rate exceeded 90%.

24-hour feedback mechanism

In order to enhance the standardization of services, Zhou Hei Ya has established a 24-hour feedback mechanism for franchisees. The franchisees can provide feedback via the WeChat applet "Zhou Hei Ya Assistant for Franchisees" and the official 400 hotline, and customer service personnel will follow up the handling within 24 hours after receiving the feedback and make a return interview the next business day.

Retail service quality training

In 2021, Zhou Hei Ya actively carried out retail service training to improve the quality of retail services. A total of 39 online and offline trainings were held, with 4,759 participants. Among them, more than 3,000 people participated in the offline store sales pitch training.



Retail service quality training

Energetic Interaction

Zhou Hei Ya values interaction and communication with consumers. Through a variety of methods such as consumer research, marketing innovation, and digital management of consumers, we meet the needs of target consumers to a greater extent and further strengthen Zhou Hei Ya's brand concept.

In order to gain an in-depth understanding of consumers' preferences, Zhou Hei Ya conducts in-depth interactions with consumers through qualitative and quantitative research on consumers and new product taste tests. By understanding consumers' true feelings and preferences for the products, we accurately grasp the market prospects of the products and provide ideas for improving and recasting products.

Qualitative research

- Identified key attributes of product taste through in-depth consumer interviews, panel discussions, and expert interviews.

Quantitative research

- Made appointed interviews, fixed-point street interviews, and door-to-door interviews;
- Survey indicators included overall preference, taste evaluation, functional evaluation, and descriptions of likes and dislikes.

New product taste test

- Invited in-store consumers to take new product taste tests on new products such as deboned duck feet, braised squid, and tiger-skin chicken feet to understand consumers' preferences.

2021 Consumer Survey

In order to attract young consumers, we have adopted a series of nascent brand strategies, such as innovation and expansion of marketing channels, crossover cooperation with brands, and store image renewal, to strengthen communication with young people, increase brand value and new product visibility.



Zhou Hei Ya interacted with consumers via live-streaming, an innovation of marketing channels. Taking the opportunity of the Double Eleven Shopping Festival, we connected all links for uni-marketing from 0 to 1 for the first time, expanded the reach via live-streaming at Tiktok and community fresh food e-commerce, and created a WeChat channel to push content across the board.



In order to unify the image renewal of Zhou Hei Ya's new "little yellow store" in 2021, enhance its brand image and reputation, and effectively boost sales, Zhou Hei Ya renovated 283 stores including self-operated stores and franchises in the four modules of façade, super signs, lighting, and facility maintenance.



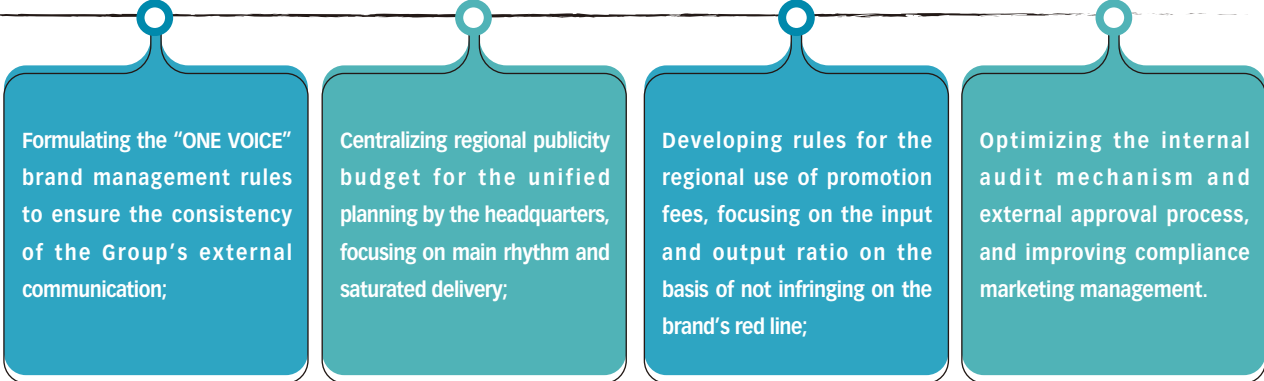
In cooperation with KFC we launched braised spicy duck-flavored chicken burgers. As the exclusive partner in the meat industry for the movie "Chinese Doctors", we were well received among consumers, which boosted the rapid growth of new products.

Marketing innovations in 2021

In order to promote the digitization of major commercial and trade regions, Zhou Hei Ya carried out digital management of consumers in 2021. By building a data center, we integrated omni-channel consumer data including online e-commerce, offline stores, and marketing outlets. Using the data center's capabilities, we quickly built Zhou Hei Ya's consumer operation capabilities, realized accurate reach to consumers globally, and drove digital transformation of the Company with consumers as the center.

Responsible Marketing

In order to fulfill its marketing responsibilities, Zhou Hei Ya formulated a sound responsible marketing policy in brand marketing in 2021 to manage the compliance of its marketing content.



Responsible marketing policy summary in 2021

On the basis of the responsible marketing policy, Zhou Hei Ya promoted a series of compliance measures, such as process sorting, compliance promotion during live-streaming, and education and training, to deliver on the concept of responsible marketing.

Marketing process sorting

- Uni-marketing process sorting and control: For online store homepage design and update on each e-commerce platform at each marketing node, formed a clear process specification to clarify the precedence of planning with overall control, operate leading products and interest points, and define on-job duties for visual and launch online.

Compliance promotion during live-streaming

- Through the OA process, upon legal and financial approval, standardized the contract content and agreed on the responsibility of the live-streaming service provider for breach of contract;
- Strictly controlled the promotional content during live-streaming.

Compliance education

- Regularly carried out education and training to continuously improve the overall quality of employees.

Responsible marketing measures in 2021

Privacy Protection

Zhou Hei Ya fully protects the rights and interests of consumers, attaches great importance to consumer privacy protection, and always strictly protects consumers' personal information as the Company's important information. In 2021, we comprehensively improved cybersecurity through a series of measures such as strengthening internal and external systems, standardizing processes, and confidentiality agreements. During the reporting period, we received zero complaints about privacy protection from customers.

Standardized and encrypted software and backends involving consumer data

- Performed user information desensitization for delivery software, and added verification steps for viewing and downloading;
- To protect the data security of consumers and merchants, all e-commerce platforms took measures to protect consumer privacy.

Launched zero-trust SDP system

- Launched a zero-trust SDP system in 2021, strengthened the security of the store's POS (point of sale) system, and updated the information security incident handling;

Integrated OA system process

- Integrated and optimized the OA system process and manual, so that only after the approval of various departments at all levels can the customer data be created, modified, queried, or deleted.

Confidentiality agreement

- Signed confidentiality agreements with service providers.

Cybersecurity improvement measures in 2021

Low Carbon and Environmental Protection for Green Development

- 3.1 Environmental Management
- 3.2 Environmental Targets
- 3.3 Response to Climate Change
- 3.4 Use of Resources
- 3.5 Emission Control



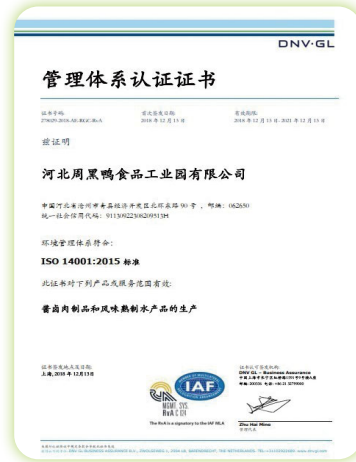
Zhou Hei Ya actively responds to the country's call for sustainable development. We fulfill our social responsibilities in the low-carbon field, integrate energy conservation and emission reduction throughout the entire process of production, operation and logistics, and promote the green development of the braised product industry.

3.1 Environmental Management

Zhou Hei Ya strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Air Pollution Prevention and Control*, the *Law of the People's Republic of China on Water Pollution Prevention and Control*, the *Law of the People's Republic of China on Solid Waste Pollution Prevention and Control*, the *Regulations on the Administration of Pollution Discharge Permits* among other environmental protection laws and regulations. Zhou Hei Ya has established internal environmental management systems such as the *Management System for Company Landscaping and Environmental Management*, *Regulations of Hazardous Waste Management*, and *Emergency Plan for Environmental Crisis* in accordance with external laws and regulations. Moreover, the Group have the ISO 14001 environmental management system certification, improving capability in internal environmental management and reducing the impact of operational activities on the environment. Our four major industrial parks have obtained ISO 14001 environmental management system certification.



Hubei Industrial Park's Environmental Management System Certification



Hebei Industrial Park's Environmental Management System Certification



Guangdong Industrial Park's Environmental Management System Certification







Jiangsu Industrial Park's Environmental Management System Certification

ISO 14001 environmental management system certifications

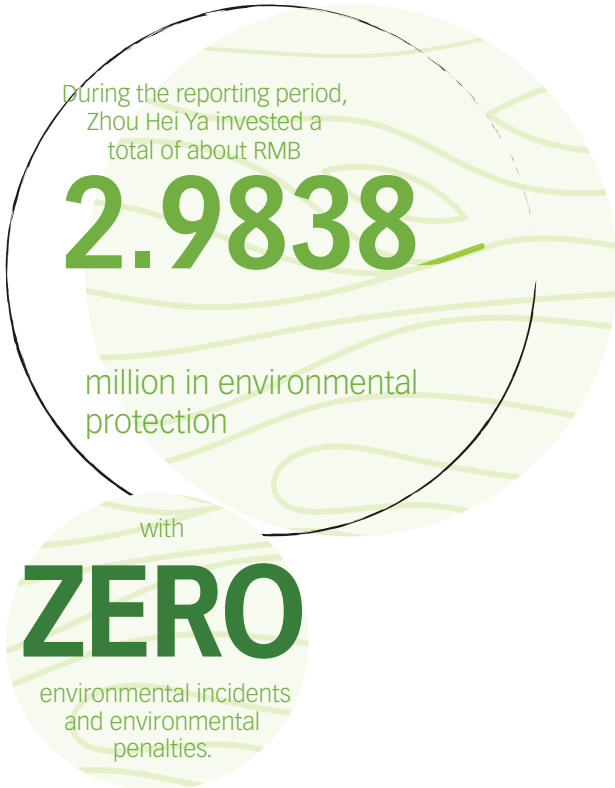
In 2021, according to the newly added *Regulations on the Administration of Pollution Discharge Permits* by the State Council, Zhou Hei Ya took timely measures to respond. The Hubei factory obtained a national-level pollutant discharge permit. Its pollutant discharge was up to the standard and in accordance with the total amount, and its self-testing was strictly implemented according to the requirements on the pollutant discharge permit.

In order to standardize environmental management, on the basis of environmental management policies, Zhou Hei Ya conducts unified management of environmental emissions and resource use through three measures, namely, departmental management target setting, operation plan formulation, and environmental risk identification, so as to comprehensively guarantee low carbon and environmental protection in its production and operation process.

 <p>Updated the list of important environmental factors to identify environmental risk factors;</p>	 <p>Set 2021 equipment department management goals and operation plans for the four major factories, which clarified targets, indicators, assessment basis, calculation methods, compliance targets, inspection departments, inspection frequencies, and responsible persons;</p>
 <p>Controlled and set production targets, and formulated threshold and challenge values for key indicators based on the historical data such as energy consumption and material consumption in the previous year and the actual situation of the current year;</p>	 <p>Performed the environmental-related operations involving solid waste, water, electricity and paperless office in strict accordance with the Company's environmental management system at the rest of the offices;</p>

Environmental management measures in 2021

While continuously optimizing and improving the environmental management system, we invest a lot of special funds for environmental protection, including the upgrading and transformation of environmental protection equipment, etc., in order to improve the production efficiency of equipment and advance the sustainable development of the Company. During the reporting period, Zhou Hei Ya invested a total of about RMB 2.9838 million in environmental protection, with zero environmental incidents and environmental penalties.



3.2 Environmental Targets

Zhou Hei Ya attaches great importance to the impact of production on the environment. We are committed to controlling the Group's energy use and emissions through environmental targets to promote sustainable development. By clarifying sub-targets, quantitative indicators, calculation methods, assessment basis, compliance plans, assessment departments and frequencies, Zhou Hei Ya actively sets short-term environmental targets, including greenhouse gas (GHG) emission target, energy consumption target, water consumption target and waste target. In addition, Zhou Hei Ya gradually decomposes and implements the environmental targets at the four major factories, and manages the implementation through monthly assessments. During the reporting period, the four major factories of Zhou Hei Ya all achieved the environmental sub-targets across the board.



Greenhouse gas emissions target

- Committed to reducing greenhouse gas emissions across all operations and supply chains
- To be carbon neutral by 2060



Energy consumption target

- Monthly average power consumption per tonne of product to be less than 1,850 kWh
- Monthly average gas consumption (including natural gas and steam) per tonne of product to be less than 450 cubic meters



Water consumption target

- The pass rate of sewage discharge sampling inspection to reach more than 99%
- Daily average pass rate of sewage online monitoring to reach 100%
- The monthly average water consumption per tonne of product to be less than 100 tonnes



Waste target

- 100% compliant disposal rate of solid waste
- 100% carton recycling rate

3.3 Response to Climate Change

With the convening of the 26th Conference of the Parties (COP26) of the *United Nations Framework Convention on Climate Change* and a series of medium and long-term goals and plans for addressing global climate change such as China's "carbon dioxide peaking and carbon neutrality", Zhou Hei Ya, as an enterprise that focuses on sustainable development, pays close attention to the country's relevant policies and action plans on climate change, and actively explores new models of low-carbon development, contributing to the global response to climate change.

In 2021, Zhou Hei Ya identified the climate change risks in each operating location, including the possible financial impacts on production and operations from the physical and transition risks. Among them, physical risks included acute risks and chronic risks, and transition risks pertained to policies, laws and regulations, technology risks, market risks, and reputation risks. Moreover, according to the identified climate change risks, Zhou Hei Ya formulated corresponding response measures to reduce the negative impact of climate change risks on its production and operation.

Risk category	Risk sub-category	Risk name	Risk description	Response
Physical risk	Acute risk	Floods (including storms, increased rainfall, and river overflows)	<ol style="list-style-type: none"> 1. Heavy rains and floods damage the operation site, factory and storefront infrastructure and related facilities, cut off the power to equipment and facilities, and make it necessary for personnel to be evacuated, resulting in operational interruption, asset loss and reduction in sales revenue; 2. Heavy rains and floods disrupt logistics and supply chains, and make it impossible to deliver products to stores, resulting in damaged product quality, increased inventory, increased operating costs and reduced sales revenue; 3. Heavy rains and floods destroy raw materials and supply chains, resulting in short supply of raw materials, which will restrict the expansion of the Company's sales scale, increase the procurement cost, and reduce the profitability. 	<ol style="list-style-type: none"> 1. Develop contingency plans for different physical risks; 2. The headquarters is responsible for mid-term early warning and emergency supervision. According to the actual situation of extreme weather, each operation site adopts the following methods: adjusting logistics and distribution time, adjusting store opening and closing time and employee commute time, advance safety warning notice, seasonal special training, etc., so as to reduce accident rate and guarantee the production and operation order; 3. Maintain more than two suppliers for each type of raw, auxiliary and packaging materials, and ensure multi-regional and multi-supplier supply for main raw materials; 4. Committed to mitigating global climate change and setting greenhouse gas emission reduction targets; 5. Take energy saving and emission reduction measures.
	Acute risk	Drought	Droughts may cause water shortages, resulting in higher water bills, or even insufficient water supplies, increasing operating costs.	
	Acute risk	Strong wind/ cyclone/typhoon	<ol style="list-style-type: none"> 1. It is difficult to forecast strong winds, which can damage the operation site, factory and storefront infrastructure and related facilities, resulting in continuous interruption of operations and loss of assets; 2. Employees cannot work outdoors in extreme weather, and commuting of employees may be hindered, resulting in personnel safety and health risks and operational efficiency being affected, increasing operational costs. 	
	Acute risk	Extreme heat	Impact on raw material farming: Extremely hot weather may cause heatstroke in ducks, reduce reproduction, affect product quality, and reduce corporate profitability.	
	Acute risk	Extreme cold	Impact on raw material farming: Extreme cold weather may lead to a reduction in duck farming, resulting in insufficient supply of raw materials and rising costs.	
	Chronic risk	Extreme fluctuations in weather patterns and changes in rainfall patterns	Uncertainty in weather patterns may affect the variety and quantity of raw materials and products, for example, it may reduce the farming output, cause significant fluctuations in selling price, and affect the corporate profitability.	
	Chronic risk	Sea level rise	ZhouHeiYa's stores are currently located in the coastal areas of southeastern China, as well as Guangdong and Jiangsu provinces, which will be threatened by sea level rise, operation and store inundation by the end of the 21st century (2081-2100).	
	Chronic risk	Temperature rise	Within the operating area of Zhou Hei Ya, by the end of the 21st century (2081-2100), the average temperature rise will be 4-6°C, which will affect equipment, labor, and products, etc. Rising average temperatures increase cooling demand for offices and campuses.	

Risk category	Risk sub-category	Risk name	Risk description	Response
Transition risk	Policies, laws and regulations	Requirements and regulations concerning existing products and services	The Notice on Hubei Province's 13th Five-Year Plan for Greenhouse Gas Emission Control Implementation Plan proposes the building of a green manufacturing system focused on green products, green factories and green parks. Relevant national and regional policies will have stricter requirements and regulations on products and factories, and the policies will be further tightened in the future, which may lead to higher operating costs.	<ol style="list-style-type: none"> 1. Comply with relevant national and regional requirements and regulations; 2. Set GHG emissions targets to achieve carbon neutrality by 2060; 3. Continuous disclosure of GHG emissions; 4. Actively develop green and low-carbon products; 5. Take energy-saving and emission-reduction initiatives to reduce greenhouse gas emissions across all operations and supply chains.
	Policies, laws and regulations	Increased GHG emissions pricing	GHG management policies and regulations are being refined as governments strive to meet their commitments under the <i>Paris Agreement</i> and countries become more aware of carbon emissions trading. China has officially launched a national carbon emission trading market. As more and more industries and companies are included in the carbon trading system, the cost of excess carbon emissions is expected to continue to rise.	
	Policies, laws and regulations	Strengthened emission reporting obligations	With the implementation and improvement of management measures concerning carbon emission, carbon trading and so on, countries and regions have put forward higher requirements for Zhou Hei Ya's emission reporting.	
	Technology risk	Front-end cost of transition towards low-carbon emission technology	In order to meet the government's requirements for reduction in greenhouse gas emissions and consumer demand for low-emission products, Zhou Hei Ya needs to actively control the carbon emissions of products, and may need to increase effective process development and new technology use. Zhou Hei Ya needs to update its production equipment to meet the production needs of low-emission products. This process could mean increased operating costs in the short term.	
	Technology risk	Failed investments in new technologies	The 14th Five-Year Plan calls for accelerating the green transformation of development patterns. In order to achieve this goal, the government implements overall control of carbon emissions, which will prompt Zhou Hei Ya to adopt low-emission technologies, invest in energy-saving and emission-reduction technologies, and reduce greenhouse gas emissions as much as possible. However, the timing of technology development and deployment and the uncertainty of the results will affect Zhou Hei Ya's return on technology investment.	
	Market risk	Changes in customer behavior	<ol style="list-style-type: none"> 1. Climate change makes consumers pay more and more attention to and buy green food, especially for the greenhouse gas emissions of livestock and general industries, the manure produced by animal husbandry, land use, occupied arable land and forest degradation etc. These negative effects may affect customers' choices of merchants and food, and even induce more consumers to choose plant protein, thereby damaging Zhou Hei Ya's income; 2. Increased indirect (operating) costs: Increased customer demand for low-carbon services and green products will accelerate the development of strategies to transition to carbon neutrality, increasing R&D costs. 	

Risk category	Risk sub-category	Risk name	Risk description	Response
Transition risk	Market risk	Uncertain market signals	<ol style="list-style-type: none"> 1. Climate change may affect the quality and quantity of raw materials, resulting in inability to ensure product quality and supply capacity, thereby affecting revenue. 2. With the emergence of alternative products under the influence of climate change risks and the uncertainty of the dependence on upstream and downstream partners and consumers, Zhou Hei Ya's business development may be affected. 	<ol style="list-style-type: none"> 1. Comply with relevant national and regional requirements and regulations; 2. Set GHG emissions targets to achieve carbon neutrality by 2060; 3. Continuous disclosure of GHG emissions; 4. Actively develop green and low-carbon products; 5. Take energy-saving and emission-reduction initiatives to reduce greenhouse gas emissions across all operations and supply chains.
	Market risk	Rising raw material costs	<ol style="list-style-type: none"> 1. An increase in the general temperature an animal is exposed to may have severe impacts on the animal. If the average temperature reaches above the highest critical level for the animal, it will suffer heat stress and will require more energy and moisture, thereby affecting its weight gain and reproductive capacity, and thus affecting the cost of raw materials; 2. Extreme climate change disrupts supply chains and logistics, resulting in tighter supplies of raw materials and higher costs, affecting revenue. 	
	Reputation risk	Change of customer preference	<ol style="list-style-type: none"> 1. Consumers may spread their negative views on Zhou Hei Ya, which will damage Zhou Hei Ya's reputation; 2. If we fail to meet customer requirements in terms of sustainable development performance such as energy saving and consumption reduction, and become a low-carbon leader in the industry, the original customers may turn to cooperate with other competitors, resulting in customer churn, which may in turn reduce our revenue. 	
	Reputation risk	Stakeholders' increasing concern about negative feedback	<ol style="list-style-type: none"> 1. If our environmental performance and disclosure are insufficient, investors and customers may choose our competitors, resulting in a reduction in our revenue; 2. Investors put forward requirements on the use of new energy/renewable energy by the Company; 3. Customers and investors are increasingly interested in environmental performance. If regulations are not followed, our contracts and investments may be lost. 	

Climate Change Risk Identification and Response

3.4 Use of Resources

Zhou Hei Ya makes sustainable use of resources by strengthening precise management of water resources, packaging material technology and energy, and taking a series of measures to achieve energy conservation and consumption reduction.

Use of Water Resources

Zhou Hei Ya attaches great importance to the use of water resources. In order to improve the efficiency of water use, we reduce the waste of water resources from the source through precise management of water use, save the consumption of water resources, so as to ensure the sustainability of water use. During the reporting period, we consumed a total of 724,982 tonnes of running water, and the consumption of running water for every RMB10,000 of revenue was 2.53 tonnes.

序号	问题	整改措施	责任人	完成时间
1	1. 气温高时进行生产作业时，化冻原料解冻时的小凉池，造成原料解冻时大量水流失，造成大量水资源的浪费。	增加解冻池的保温措施，减少解冻池的水流失。	钟国军	2021-10-15
2	2. 解冻池的水位过高，造成解冻池的水位过高，造成大量水资源的浪费。	增加解冻池的排水措施，减少解冻池的水位。	钟国军	2021-10-15
3	3. 解冻池的水位过低，造成解冻池的水位过低，造成大量水资源的浪费。	增加解冻池的补水措施，减少解冻池的水位。	钟国军	2021-10-15
4	4. 解冻池的水位波动较大，造成解冻池的水位波动较大，造成大量水资源的浪费。	增加解冻池的排水措施，减少解冻池的水位波动。	钟国军	2021-10-15
5	5. 解冻池的水位波动较大，造成解冻池的水位波动较大，造成大量水资源的浪费。	增加解冻池的排水措施，减少解冻池的水位波动。	钟国军	2021-10-15
6	6. 解冻池的水位波动较大，造成解冻池的水位波动较大，造成大量水资源的浪费。	增加解冻池的排水措施，减少解冻池的水位波动。	钟国军	2021-10-15
7	7. 解冻池的水位波动较大，造成解冻池的水位波动较大，造成大量水资源的浪费。	增加解冻池的排水措施，减少解冻池的水位波动。	钟国军	2021-10-15
8	8. 解冻池的水位波动较大，造成解冻池的水位波动较大，造成大量水资源的浪费。	增加解冻池的排水措施，减少解冻池的水位波动。	钟国军	2021-10-15
9	9. 解冻池的水位波动较大，造成解冻池的水位波动较大，造成大量水资源的浪费。	增加解冻池的排水措施，减少解冻池的水位波动。	钟国军	2021-10-15
10	10. 解冻池的水位波动较大，造成解冻池的水位波动较大，造成大量水资源的浪费。	增加解冻池的排水措施，减少解冻池的水位波动。	钟国军	2021-10-15



The Guangdong factory counts the water use of de-icing, braising, sorting, packaging and flushing in the workshop, matches responsibility with dedicated personnel, and deals with leakage in a timely manner to reduce the waste of water.

The selection operation of foreign objects from raw food was optimized, in which the water pump floating was replaced by air pump floating, saving the consumption of water resources.

The Guangdong factory transformed the water supply to the cooling tank of the quick-boil machine into automatic water supplement to reduce the waste of water.

Cases related to precise water management

Packaging Material Optimization

Adhering to the green concept, Zhou Hei Ya comprehensively optimized packaging materials in 2021. We reduced packaging waste and pollution from the source by improving vacuum packaging materials, reducing the weight of MAP (Modified Atmosphere Packaging) materials, and so on. We also simplified and recycled packaging in the logistics and transportation links, reducing the adverse impact on the environment throughout the process of R&D, production and transportation.



Improved vacuum packaging materials

- In improving vacuum packaging materials, the toughness and wear resistance of the packaging materials were elevated, reducing the packaging process loss of some vacuum packaged products from 2.06% to 1.44%, thereby improving quality, reducing product waste and reducing comprehensive cost.



Reduced the weight of MAP

- The Guangdong factory adjusted the weight of the hard cover film, using MAP materials with a thickness reduction of 60%. The project invested more than RMB960,000 to transform four packaging lines, which reduced the use of plastics by 31.25%. In 2021, the procurement cost of packaging materials was saved by more than RMB2 million. It is expected to save more than RMB9 million each year in the future.



Optimized packaging materials for logistics and transportation

- The packaging method of cartons was changed from “cross-sealed” to “line-sealed”, reducing the amount of tape used by 30%.
- Cartons are recycled to the extent of 95% of total area and up to more than 3 times.
- The bundling materials for transportation on main lines was changed from wrapping film to recyclable bandages, reducing the use of wrapping film by 100%.
- Turnover boxes are used for e-commerce transportation, reducing the use of cartons and saving 150 cartons per day.

Packaging optimization cases

During the reporting period, Zhou Hei Ya used a total of 3,264 tonnes of packaging film and 581 tonnes of vacuum packaging bags. The details are as follows:

Use of Resource		Unit	2019	2020	2021
Main products' packaging Materials ¹	Packaging film	tonne	2,685	2,771	3,264
	Vacuum packaging bag	tonne	914	691	581
	Total packaging material used	tonne	3,599	3,462	3,845
	Packaging materials per ton of products sale	tonne	0.10	0.13	0.11

Energy and Carbon Emissions

While strictly abiding by the *Law of the People's Republic of China on Energy Conservation*, among other laws and regulations, Zhou Hei Ya continuously optimizes its management mechanisms such as *Energy and Resource Management Procedures* and *Energy Assessment Mechanism*. We have established a team to improve energy consumption management, which formulated energy consumption management measures, targets, schemes, and implementation plans in 2021. We make sustainable use of energy from two dimensions of energy-saving production and energy-saving warehousing and logistics to reduce greenhouse gas emissions.

Energy-saving production

Zhou Hei Ya attaches great importance to energy management. On the basis of the energy consumption management team, our energy management is optimized through three initiatives: daily management and operation specifications, regular inspections by special personnel, and energy consumption performance appraisal.

Daily management and operation specifications

- In conjunction with the humidity management of the workshop, the Guangdong factory implements the air-conditioning shutdown rules after production is finished and the control and management of the air volume of the air cabinet during production;
- The Guangdong factory improves daily management by identifying and tracking leakage and making comparative analysis for improvement;
- According to the operation specification, the de-icing workshop reasonably arranges de-icing of raw materials according to the output, adopting de-icing pool to complete the de-icing of products, which reduces the consumption of energy.

Regular inspection by specially-assigned persons

- Daily inspection and maintenance of water and gas supply equipment and facilities are carried out in the production workshop to prevent leakage;
- The boiler operators of the Guangdong factory conduct regular inspections, strictly control the pressure range required by the process, inspect whether the steam traps are in good condition and work normally, and repair the faulty steam traps in time.

Energy consumption performance appraisal

- The energy consumption target of the production management center formulated in current year is translated into the annual assessment target for each factory and department manager, and the energy consumption status of each factory is analyzed and reported in the monthly departmental report meeting.

Energy management optimization

¹ Product packaging materials mainly refer to packaging materials that come into direct contact with ingredients during the production process, excluding post-consumer carrier bags and boxes.

In the meantime, Zhou Hei Ya takes a series of measures such as reducing natural gas use, saving electricity, improving production efficiency, and using clean energy to further implement energy management and reduce carbon emissions.

Reducing natural gas use

- The Guangdong factory added thermal insulation cotton for boiler sub-cylinder valves and economizers to reduce heat loss, saving 2,000 m³ of natural gas per month.
- The heating method of hot water tanks on the roof of the dormitory building of the Hebei factory was converted from direct heating by steam to heating by plate heat exchanger, saving 40,000 cubic meters of natural gas per year.
- The steam supply to the dormitory building of the Hebei factory was changed from own production to outsourcing, reducing the use of natural gas in boilers and saving about 180,000 cubic meters of natural gas.

Saving electricity

- The IC feed pump and air flotation circulating pump of the sewage station are equipped with frequency converters to save electricity.
- The workshop has specially established a communication group for equipment shutdown. The production staff will communicate the production situation with the equipment staff in real time, and the equipment staff will stop the peripheral large equipment (refrigeration unit, air compressor, nitrogen generator, etc.) immediately according to the workshop's production status, thus to minimize energy consumption.
- The Guangdong factory updates the electricity consumption data in a timely manner every day, tracks key power consumption points, and improves them in time to eliminate the waste of electricity.
- The Guangdong factory controls the number of operating units and the time of operation of IC tower water pumps according to the water volume, saving electricity.

Improving production efficiency

- Application of clavicle cutting machines: The vacuum-packaged clavicle cutting method was switched from manual cutting to equipment cutting, increasing the production efficiency from 23 pieces to 40 pieces per person per minute, an increase of 74%.
- Testing and application of sorting screens: The output with sorting screens per hour is equivalent to that with manual selection by 6 people. The use of sorting screens can actually save 4 personnel, and is estimated to save RMB400,000 in labor cost.

Using clean energy

- The annual photovoltaic (PV) power generation of the Jiangsu factory will be about 1.7 million kWh, saving RMB200,000-300,000 per year. The PV power generation project is expected to be put into use in April 2022.

Sustainable energy utilization measures

Energy-saving warehousing and logistics

Zhou Hei Ya comprehensively improves the sustainable use of energy in the process of warehousing and logistics by optimizing logistics routes, improving logistics efficiency and using new energy, as well as intelligently matching product storage equipment, which further reduces carbon emissions from the process of warehousing and logistics.

Intelligently matching product storage equipment

- Stores in the early stage intelligently match product storage equipment according to store sales.

Optimizing logistics routes

- Optimizing transportation routes, supplying from nearby factories, and reducing carbon emissions from transportation.

Improving logistics efficiency

- Digital TMS (transportation management system) improves logistics efficiency with real-time temperature control and real-time query of logistics in transit;
- WMS (warehouse management system) improves efficiency by providing such capabilities as inventory visualization, unified and efficient inventory management, refined and standardized order execution, thereby improving in-warehouse efficiency and inventory accuracy and timeliness.

Using new energy

- New energy vehicles are adopted to replace fuel vehicles fully for urban distribution in Shanghai.

The following table shows the energy use of the Group during the reporting period:

Energy	Unit	2019	2020	2021
Outsourced electricity	kWh	55,392,504	49,547,083	57,704,019
Natural gas	m ³	7,239,270	5,460,809	5,267,266
Gasoline	liter	292,412	270,118	395,972
Diesel	liter	488,505	465,607	387,238
Direct energy consumption	tonne of standard coal	9,705	7,411	7,902
Indirect energy consumption	tonne of standard coal	6,808	6,089	7,092
Total energy consumption	tonne of standard coal	16,513	13,500	14,994
Energy consumption per RMB10,000 revenue	tonne of standard coal/ RMB10,000	0.05	0.06	0.05

During the reporting period, greenhouse gas emissions show as follow:

Greenhouse Gas Emissions ²	Unit	2019	2020	2021
Scope I ³ greenhouse gas emissions	tonne of CO ₂	17,543	13,559	11,901
Scope II ⁴ greenhouse gas emissions	tonne of CO ₂	33,468	29,644	35,135
Total greenhouse gas emissions	tonne of CO ₂	51,011	43,204	47,035
Greenhouse gas emissions per RMB10,000 revenue (Scope I and II)	tonne of CO ₂	0.16	0.20	0.16

² The calculation of greenhouse gas emissions is based on the *Guidelines for Accounting Methods and Reporting Greenhouse Gas Emissions of Public Building Operation Enterprises (Trial)* issued by the National Development and Reform Commission of the People's Republic of China.

³ Scope I: Covering the greenhouse gas emissions from the combustion of natural gas, unleaded petrol and diesel oil of the Group.

⁴ Scope II: Covering the greenhouse gas emissions indirectly generated by the Group's use of outsourced electricity. The electricity emission factor adopts the *2011 and 2012 Regional Power Grid Average Carbon Dioxide Emission Factor* in China.

3.5 Emission Control

Zhou Hei Ya actively controls the discharge of exhaust gas, wastewater and waste. We follow laws and regulations such as the *Regulations on the Administration of Pollution Discharge Permits* by implementing the management targets for exhaust gas, wastewater and waste, and minimizing the impact of emissions in all fields, in order to practice green development.

Exhaust Gas Emission

Zhou Hei Ya attaches great importance to exhaust gas emission. In strict accordance with the *GB 16297-1996 Integrated Emission Standard of Air Pollutants*, *GB 18483-2001 Catering Industry Oil Fume Emission Standard (Trial)*, *GB 13271-2014 Emission Standard of Air Pollutants for Boiler* and other exhaust gas emission standards, we continuously optimize our *Wastewater, Exhaust Gas and Noise Control Procedures* and other internal management procedures. During the reporting period, the total amount of exhaust gas emitted by Zhou Hei Ya was 30,767,337 cubic meters, all of which met the emission standards.



Reduced ozone concentration

- In 2021, the Guangdong factory added five sets of exhaust gas treatment equipment, so that the dimensionless concentration of odor trended to decrease significantly;
- The Hebei factory carried out equipment modification for the odor of oil fume produced by the braising process in the workshop by installing water spray facilities at the rear end of the oil fume purifier and using chemicals for deodorization treatment, which effectively reduced the concentration of odor at the factory boundary.



Reduced emissions of nitrogen oxides and other harmful gases

- In response to the local government's call the Hebei factory comprehensively restricted the entry of delivery vehicles with exhaust emissions below National V level to reduce the emission of nitrogen oxides and other harmful gases. The Company strictly required guards to register and check the vehicles entering the factory.



Reduced tail gas emissions

- The Jiangsu factory adjusted the frequency of the braising exhaust fan from 50HZ to 35HZ, which reduced the emission intensity and total amount of braising exhaust gas, and the air settled inside the factory, reducing the risk of complaints from surrounding personnel;
- The Jiangsu factory added a braising exhaust emission treatment device with two emission outlets currently being tested, which is expected to be completed around May 2022, with a total investment of around RMB2.6 million;
- We adopted the 80-90°C oil brine in the production of all new products, which compared with the use of soybean oil at high temperature produced less smoke, making it a milder processing method to reduce the adverse impact on the environment.

Emissions management measures in 2021

Wastewater discharge

In the production and operation process, Zhou Hei Ya strictly implements the requirements of *Wastewater, Exhaust Gas and Noise Control Procedures* and *Code of Practice for Operation and Monitoring of Industrial Park Sewage Treatment Station*, such as monitoring and recording sewage discharge. During the reporting period, all sewage of the Group met the discharge standards.

Zhou Hei Ya actively promotes the optimization and improvement of systems and equipment, and effectively manages and utilizes wastewater and sewage through the recycling of water resources.



The steam condensate water recovery system of the quick-boil machine was improved to reduce steam water consumption, thereby reducing water consumption by 450 tonnes per month.



The concentrated water recovery system was installed, so that the concentrated water is used to prepare chemicals in sewage, saving about 3,600 tonnes of tap water a year; the concentrated water is also used for cleaning, saving about 1,100 tonnes of tap water a year.



The condensed water discharged from the plate heat exchanger of hot water tanks on the roof of the dormitory building is recycled for use at the canteen washroom.



The water in the cooling tank of the thawing and cleaning line in the de-icing workshop is filtered and recycled for cleaning.



The condensed water in the workshop is recovered and collected in the boiler water tank for recycling.



The secondary utilization of the reclaimed water generated by the pure water system is used for the floor washing of the workshop, reducing the water consumption by 2,560 tonnes per year.

Wastewater recycling cases

On the basis of wastewater recycling, Zhou Hei Ya takes a series of measures to manage and monitor the sewage from the source to achieve the purpose of reducing the amount of sewage.

Sewage reduction

- The operation with the flushing water of the hydraulic screen was changed from liquid level control to time control and from continuous flushing to intermittent flushing, reducing sewage discharge;
- Sorted out the workshop cleaning operation process and determined the correct cleaning method to reduce the workshop's water consumption and the amount of sewage treatment;
- Added a grease trap at the water discharge outlet of the workshop to collect waste oil centrally, thereby reducing the pressure of sewage treatment and the amount of sewage.

Sewage discharge detection

- Technicians conduct random inspections of drainage indicators, and issue inspection reports every day;
- Conduct inspections on the equipment of the sewage treatment station every two hours, solve the problems found immediately, and strictly prohibit the discharge of excessive sewage;
- Installed online monitoring systems for sewage discharge, including environmental protection network platform and sewage treatment plant network platform;
- Technicians regularly test each process of the sewage treatment station, timely identify problems and rectify them in time.

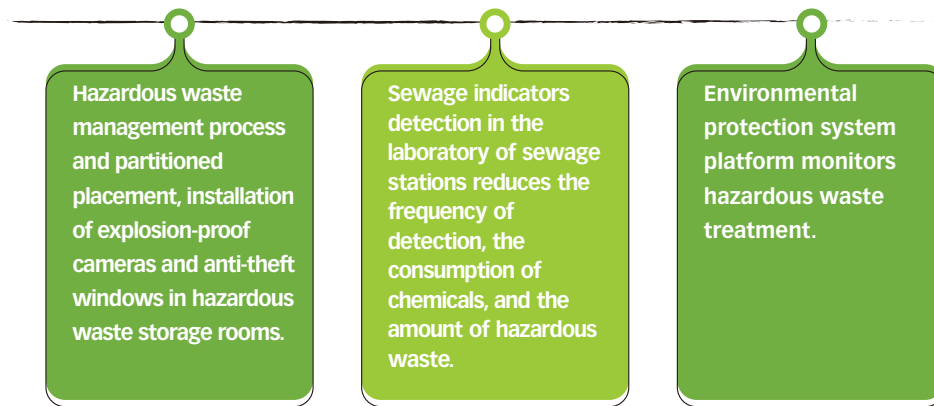
Sewage reduction cases

During the reporting period, wastewater discharge performance was as follows:

Discharge Amount of Wastewater and Pollutant	Unit	2019	2020	2021
Wastewater emissions	tonne	506,883	411,668	479,280
COD emissions	tonne	43.53	76.74	96.02
Ammonia nitrogen emissions	tonne	0.56	1.25	1.30

Waste Management

Zhou Hei Ya actively meets the requirements on waste management of national and local laws and regulations and regulatory authorities. Zhou Hei Ya strictly abides by laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Solid Waste Pollution Prevention and Control*, and the *Wuhan Municipal Management Measures for Restaurant and Kitchen Waste*, and constantly upgrades its *Measures for Solid Waste Management* and *Procedures for Waste Management*. We carry out targeted and detailed management of hazardous waste and non-hazardous waste, and optimize waste management measures to reduce waste generation and emissions.



Hazardous waste management measures

Sludge reduction

- In the physicochemical section, impurities such as Chinese prickly ash and pepper are removed and treated as domestic waste to reduce the amount of sludge.

Grease waste reduction

- A grease trap is installed in the raw food quick-boil machine, which is expected to recycle 70 tonnes of duck oil a year, reducing waste of grease.

Waste recycling

- Formulate a refined brine recycling management process to improve the recycling rate of brine;
- Reuse fried peppers in the sauce workshop, and make graded use of peppers in the workshop.

Non-hazardous waste management measures

The specific amount of solid waste was as follows:

Solid Waste	Unit	2019	2020	2021
Non-recyclable industrial solid waste	tonne	2,111	2,296	1,024
Recyclable industrial solid waste	tonne	2,568	2,790	2,691
Municipal solid waste	tonne	2,410	2,842	1,707
Total amount of non-hazardous waste	tonne	7,089	7,929	8,234
The amount of non-hazardous waste per RMB10,000 revenue	tonne/RMB10,000	0.02	0.04	0.03
Total hazardous waste generated	kg	1,367	1,461	3,298 ⁵
The amount of hazardous waste per RMB10,000 revenue	g/RMB10,000	4.29	6.70	11.49

⁵ The increase in the total amount of hazardous wastes in 2021 was due to the registration and storage of part of hazardous wastes generated in 2020.

Respect for Talents

- 4.1 Employee Overview
- 4.2 Health and Safety
- 4.3 Employee Development
- 4.4 Care for Employees

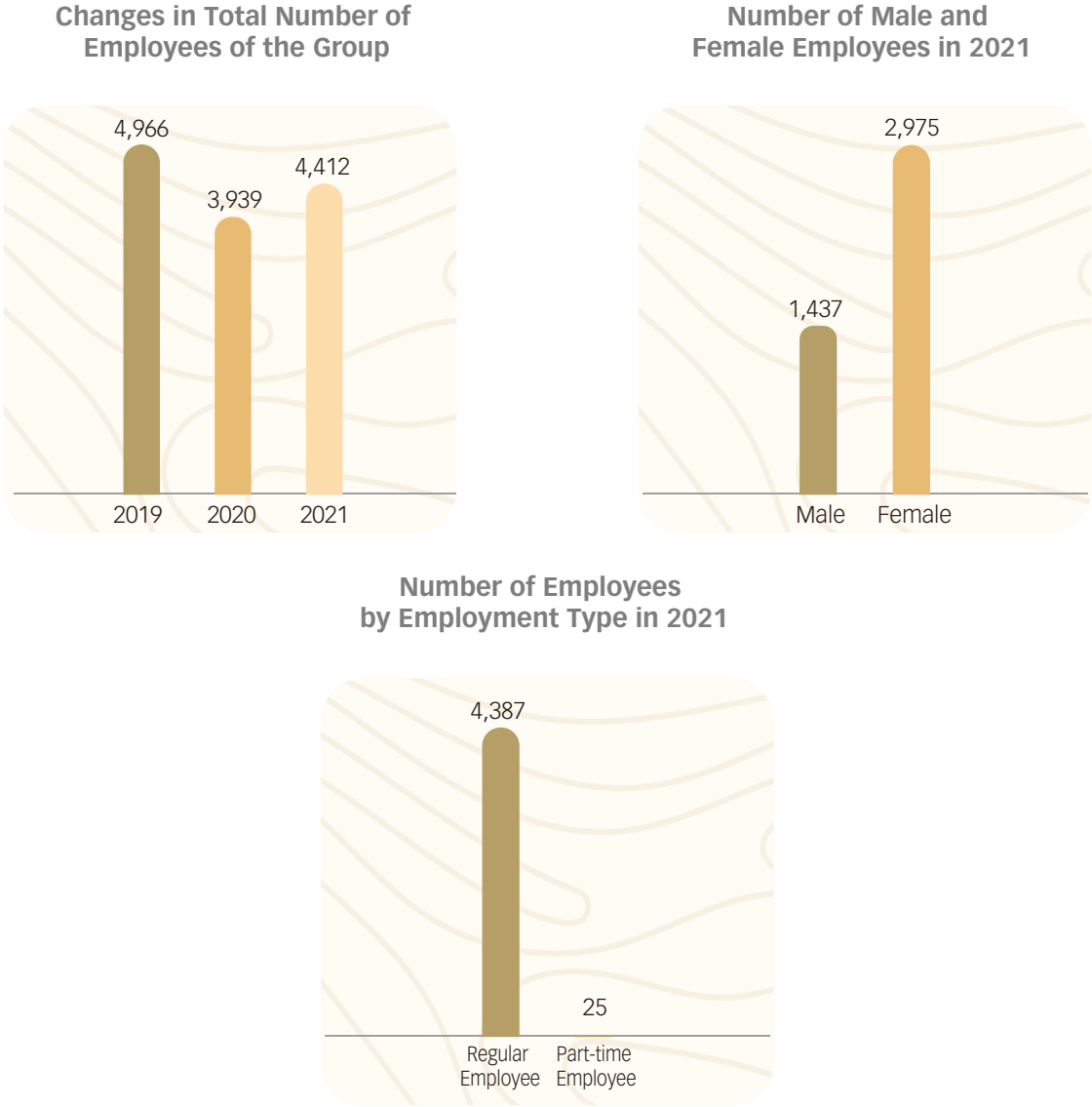


High-quality talents are crucial to the continuous growth of Zhou Hei Ya. While cultivating the business, we make efforts to be people-oriented, create a safe, equal and comfortable workplace, provide convenience for career development, create an atmosphere of smooth communication and motivated for progress, build multi-disciplined teams, and grow with all employees.

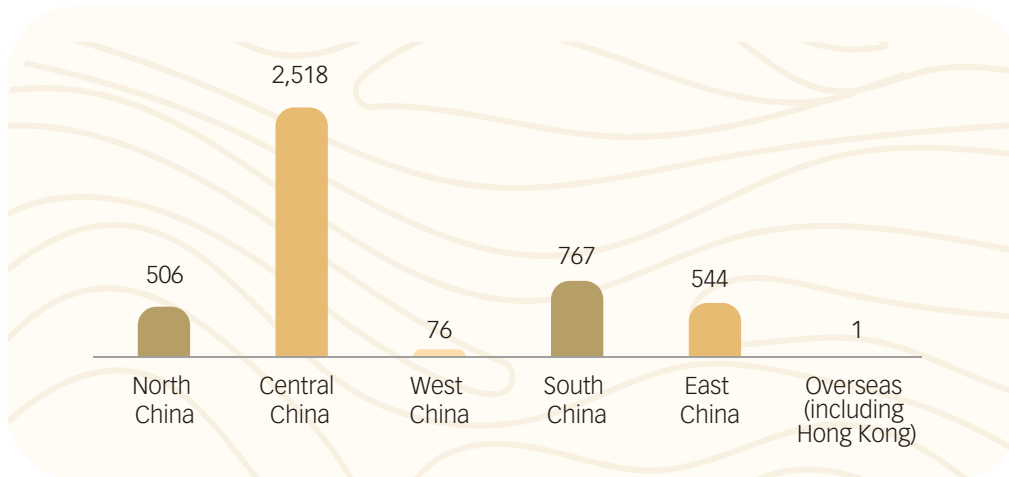
4.1 Employee Overview

In strict compliance with the *Labor Law of the People’s Republic of China* and the *Labor Contract Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Protection of Minors*, the *Law of the People’s Republic of China on the Protection of Rights and Interests of Women* among other laws and regulations, Zhou Hei Ya continuously optimizes the human resources management system in accordance with its own development needs. We have released the *Regulations for the Administration of Recruitment*, the *Regulations for the Administration of Campus Recruitment* and the *Measures for the Administration of Recruitment Channel*, which specify the recruitment process and principles, i.e. “Open Recruitment, Equal Competition, Merit-based Admission, Internal Recruitment First and External Recruitment Second”. Also, child labor, forced labor and discrimination are absolutely prohibited in Zhou Hei Ya.

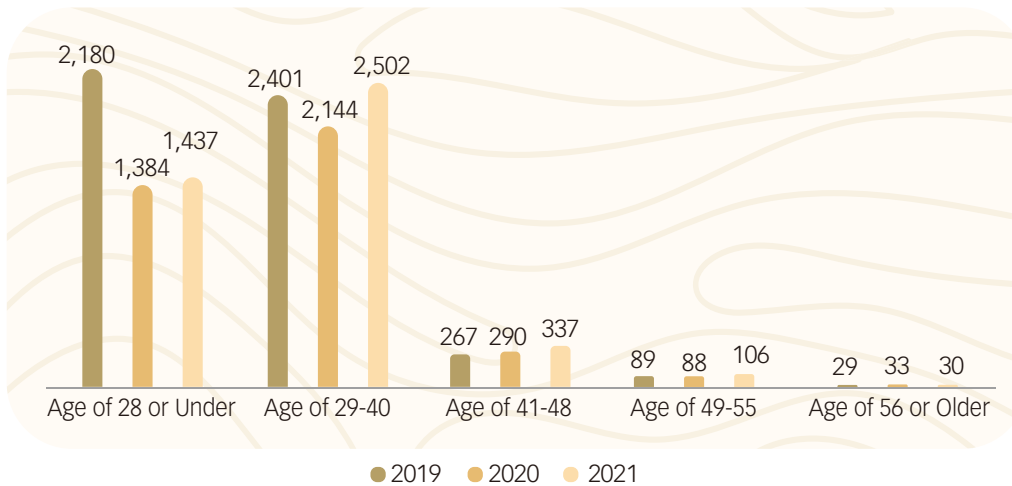
During the reporting period, we continued to optimize personnel structure. As of 31 December 2021, the Company had a total of 4,412 employees, with female employees accounting for 67%. The specific data is as follows:



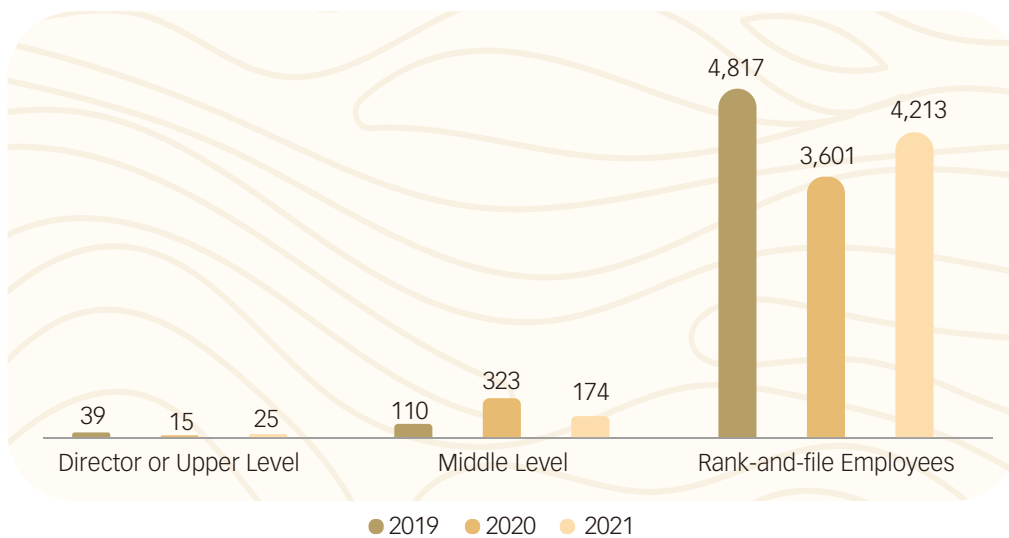
Number of Employees by Geographical Location in 2021



Changes in Employee Number by Age

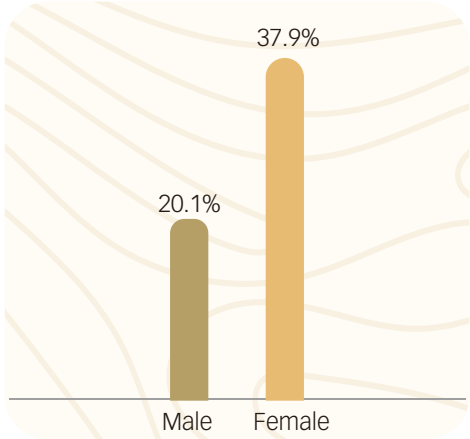


Changes in Employee Number by Level

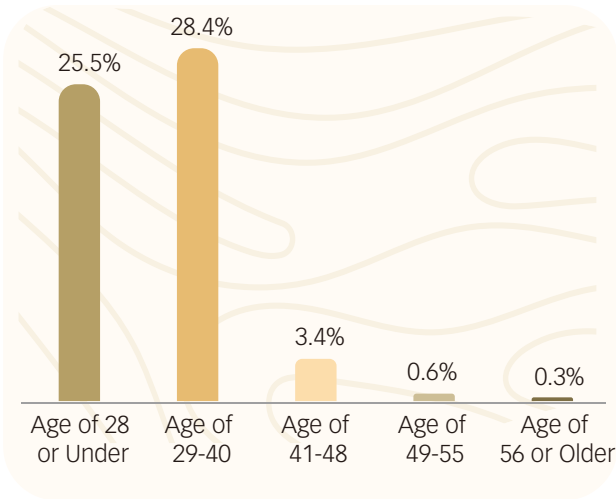


We respect and guarantee the legal rights and interests of all employees, provide them with fair competition opportunities, prohibit any discrimination within the Group, ensure that employees will not be treated differently due to their gender, age, race, ethnicity, disease, marital status, family status or religion, and strive to create a diverse and inclusive corporate culture. We allow employees to compete for jobs internally before introducing talents from outside in order to reduce the employee turnover, so that we can optimize the transfer and allocation of talents within the Group. During the reporting period, the turnover of employees within the Group⁶ is as follows:

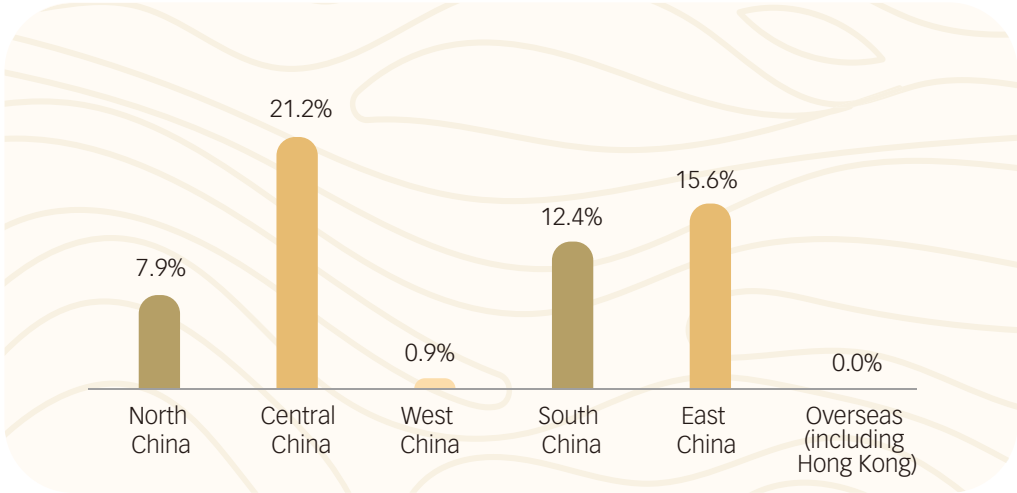
Employee Turnover by Gender in 2021



Employee Turnover by Age in 2021



Employee Turnover by Geographical Location in 2021



⁶ Turnover = number of departures in 2021 / number of employees of that category on December 31, 2021.

4.2 Health and Safety

We attach great importance to our employees' occupational health and safety in the course of operation. We strictly abide by relevant laws and regulations such as the *Safety Production Law of the People's Republic of China*, the *Fire Protection Law of the Chinese Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Administrative Measures for Occupational Health Inspection*, *Administrative Measures for Occupational Health Surveillance of Employers*, and the *Technical Specifications on Occupational Health Monitoring*. Thus, we have introduced a series of safety production management regulations as well as a safety management structure. Meanwhile, more safety management personnel are deployed, whose certification coverage rate reaches 100%.

At the same time, the Company continuously monitors the occupational hazards within the Group and actively take countermeasures, aiming to provide employees with a safe working environment without occupational hazards and effectively ensure their health and safety.

Work Safety

In terms of production safety management, we strictly abide by relevant laws and regulations including the *Production Safety Law of the People's Republic of China*, the *Emergency Response Law of People's Republic of China* and the *Management Measures of Emergency Response Plan for Production Safety Accidents*, and have formulated a production safety management system as well as corresponding emergency plans. We standardize the management of safety inspection over stores and franchises. Hebei Industrial Park has passed the certification of ISO 45001 Occupational Health and Safety Management System. Both Hubei Industrial Park and South China Industrial Park have passed the certification of safety standardization (Class 2).



To prevent safety-related accidents, we have issued the *Notice on Zhou Hei Ya Red Line for Safety*, which defines the red line of "One thing to Ban, One requirement to Specify and Six items to Prohibit" for safety within the Group and specifies punishments against violations. In order to ensure our operation goes on a safe and orderly basis and reduce safety-related accidents, we have established the Safety Management Commission, which works to formulate and implement work safety plans, review the performance and provide training.

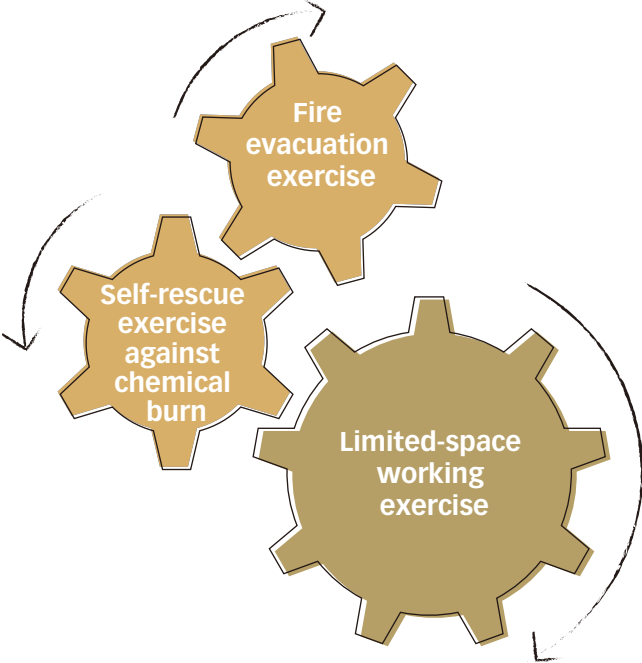
We continue to optimize the process of handling potential work injuries. We have updated the process of reporting such work injuries, formulated standards to define work injuries, and issued a series of procedures and measures to prevent accidents and reduce risks. During the reporting period, the Group saw 8 work injuries and lost 32 work days. In the past three years, there is no casualty occurring to the Group.

In order to prevent traffic accidents and improve employees' awareness of traffic safety, we have transformed and upgraded vehicles, and equipped the carriages with safety handles, fire extinguishers, safety cones, and reversing views. We provide employees with reflective vests, safety helmets and non-slip shoes, require them to wear safety helmets when traveling, and insure drivers and warehouse staff against accidents.

Zhou Hei Ya attaches importance to the role of emergency management in safety management. In response to extreme weather, we have established an early warning system, for which emergency supervision is conducted. With the help of medium – and short-term weather forecast, we are able to adjust the schedule of product delivery, and opening and closing of stores according to the impact of extreme weather on production and transportation, so as to reduce accidents and ensure production and operation.

The Group makes efforts to enhance the awareness and ability of employees with regard to work safety. During the reporting period, we launched the campaigns, e.g. "Work Safety Month" and "Fire Safety Month", in order to promote safety knowledge. We produced and distribute brochures, conduct safety knowledge contests, and encourage employees to study work safety by sharing standard training courseware and video.

Zhou Hei Ya is well-aware that safety exercises are very important for employees to have the emergency response capabilities and reduce losses and casualties caused by accidents. We abide by the fire protection laws and regulations and optimize 20 safety management systems including the fire and electrical safety regulations. We carried out special exercises and practice on-site action plans to help employees improve their awareness of safety and abilities of accident handling and escape, reduce potential hazards, health and safety risks at work, and review each exercise in order to find out problems and submit proposals.





During the reporting period, we conducted a total of 42 safety exercises in which there were 2,117 participants.

Occupational Disease Prevention and Control

The Group earnestly implements the relevant requirements prescribed in the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. In accordance with the requirements of local governments, we provide occupational disease examinations for employees exposed to such hazards. During the reporting period, the Company conducted a comprehensive inspection of occupational health & safety risks in all industrial parks in Hubei, Hebei, Jiangsu and Guangdong, aiming to diagnose and prevent potential signs of occupational diseases, and carry out special management for the identified occupational health & safety risks, so as to ensure the occupational health and safety of employees.

Epidemic Prevention and Control

We have established the Leading Group for COVID-19 Prevention and Control led by the CEO and have released the 3.0 Version to *Zhou Hei Ya Epidemic Prevention and Control Measures*. We put the epidemic-free areas under normalized control and the epidemic-stricken areas under hierarchical control. We responded and took actions immediately according to the key information from the National Health Commission and the Center for Disease Control and Prevention.

4.3 Employee Development

“Jobs available to the most capable.” In the past 20 years, talents are always introduced in this way. We help employees to improve their professional capacity and skills by perfecting the internal training system and building a systematic training and incentive mechanism. It aspires for mutual prosperity by providing employees with multi-channel development opportunities, placing the right people in the right positions, and improving the overall work efficiency organization-wide.

Employee Training

To improve employees’ professional quality, we have issued the *Regulations for the Administration of Training Credit* to standardize the management of employees’ training credit. The new training credit system establishes annual credit requirements for employees in different positions, and helps credit-manage different kinds of training, so that employees can participate in internal training, external exchange, book reading and job rotation. Meanwhile, the reward and punishment rules have been formulated to urge employees to develop a learning awareness and creating an atmosphere of improving personal quality.

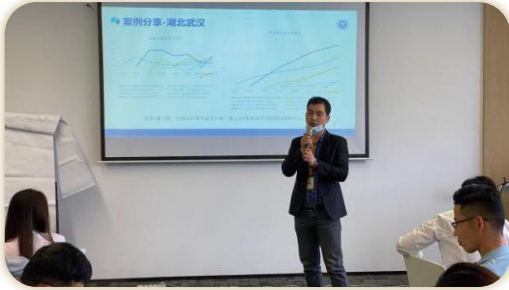


Zhou Hei Ya training program

In order to strengthen talent training and establish a training program for middle-level talents, the Group has provided learning platforms for managers at different levels, which enables Zhou Hei Ya to start venture for the third time.



Accelerated development program for managers



Transformation program for new-type operation executives



Transformation program for new-type store directors



Capacity improvement program for team leaders

3-day fast-growing plan for newcomers

In 2021, the rapid increase of Zhou Hei Ya franchise stores posed new challenges to the demand for and the requirements of terminal workers. Therefore, we have launched a 3-day grow-up plan for newcomers to shorten their transition before they go to work with the help of qualified trainers. Meanwhile, we help employees to change their sales awareness and behaviors so that they can work from passively to actively. By December 31st, 2021, 163 trainers had passed the online training and certification and they had trained 799 new employees.



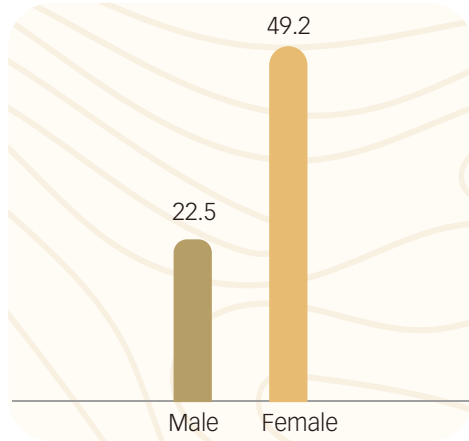
Improvement plan for Zhou Hei Ya internal trainers

In order to consolidate the force of internal trainers, Zhou Hei Ya organized a training camp for internal trainers in different regions and different stages from March to June 2021, totaling 5 sessions. 200 excellent internal trainers all over China have improved their abilities in lecturer's curriculum development, case extraction, guidance and promotion through the training camp.

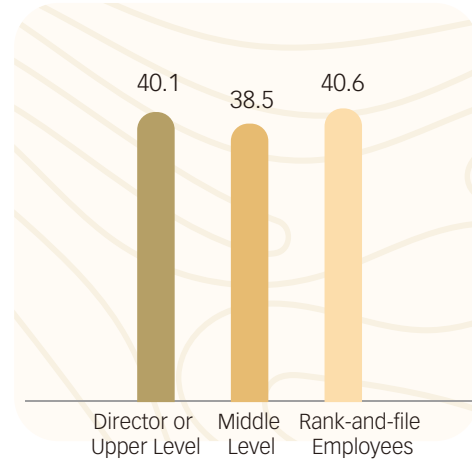


During the reporting period, there were 178,669 hours of employee trainings and the investment for that purpose amounted to RMB2,125,400.⁷ The details of training for employees are as follows:

Average Training Hours for Employees by Gender



Average Training Hours for Employees by Level



Employee Promotion

In order to improve the appointment standard and create a talent management mechanism centering on performance management, we optimized the *Regulations for the Administration of Employee Performance* during the reporting period, in which a multi-dimensional index system of values, abilities and performance is established, and the promotion system is perfected with more details. Based on that, we formulated talent development goals and plans according to employees' performance, in order to help them achieve their career goals and develop their core competitiveness.

⁷ The average hours of training completed by each employee under each category = the hours of training for all employees under that category in the current period / the number of employees under that category; the hours of training for employees under each category in the current period = the hours of a single session × the number of trainees in a single session. The percentage of employees trained by gender and employee category will be disclosed after collection and calculation of training data.

4.4 Care for Employees

Employees are the valuable assets of the Company. Adhering to the people-oriented philosophy, we pay close attention to employees' physical and mental health, and provides them with competitive compensation and benefits. We timely adjust their salary level based on an overall consideration of their specialized knowledge, skills, and work performance. While protecting the regular benefits of all employees by the law, we listen attentively to their needs and opinions, provide more personalized, humanized benefits against local conditions, enhance their sense of belonging and organizational identity, and ensure talent stability.

Care for Employees

According to the *Social Insurance Law of the People's Republic of China* and other laws and regulations, we provide employees with welfare including social insurance and housing provident fund, and establish regulations on work hours management. Employees are provided with paid annual leave, sick leave, wedding leave, maternity leave, and allowances for transportation, meals, and overtime work. During the reporting period, we continued to optimize the employee welfare system, upgraded it according to their needs, improved holiday benefits, maternity benefits, team building campaigns and work injury treatment according to the *Regulations for Visiting Regular Employees* and the *Regulations for the Administration of Team Building Activities*, and increased the content of employee welfare.

We also care for employees' families. The filial duty fund has been founded to provide benefits for employees, for example, giving subsidies to their parents or elders. By December 31st, 2021, the benefits had covered 2,180 employees of the Group.

Employees' needs are an important basis for us to make decisions. We collect employees requests in order to meet their expectations and needs at work. During the reporting period, we built massage rooms, cinemas, gyms and other facilities for employees in order to create a more comfortable workplace. Furthermore, we show cares to female employees by providing baby care room, and installing maternity seats on shuttle buses.



Team building

Zhou Hei Ya attaches great importance to employees' health, create a warm and friendly workplace for employees, and organize a series of campaigns, including 520 Summer Sports Meet, Mid-autumn Carnival, Fun Sports Meet and Colorful Run, in the hope that employees can lead a healthy life and we can enhance the cohesion within the Group.



Colorful run



Fun sports meet

Communication with Employees

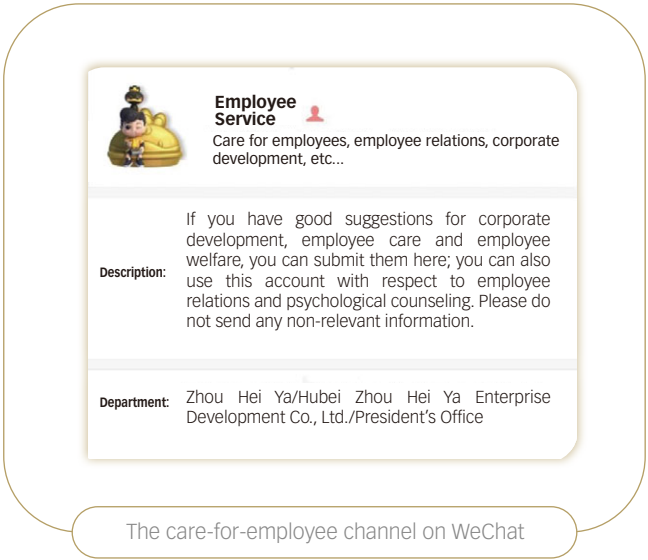
With the development of Zhou Hei Ya, we communicate with employees and encourage them to communicate with each other by different means in order to enhance the cohesion within the Group.

During the reporting period, we formulated the *Regulations for Correspondent Submission*, which offers a platform for employees to gain knowledge and skills, report their requirements and share their stories. Our Correspondents are recruited from employees, which successfully stimulates the organization vitality and enhances employees' sense of belonging to the Company.

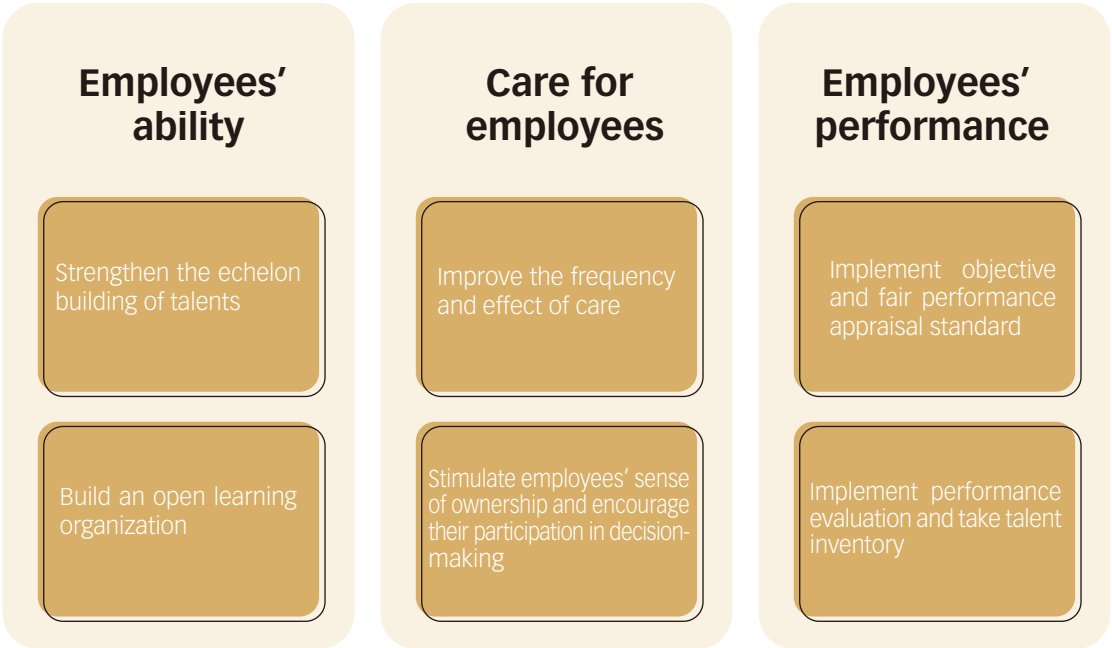


Recruitment for correspondent

During the reporting period, we also opened a WeChat channel, so that employees can submit their suggestions on the corporate development, and we can listen for their requirements of welfare, which helps improve the efficiency from communication to feedback.



We respect and are willing to listen for our employees' ideas in order to promote the long-term development of this Company. In 2021, employee engagement was surveyed, to which 4,823 employees responded. We considered employees' feedback to improve enterprise management. Based on the survey results, we formulated an organizational improvement plan, analyzed the gap of talent management, implemented the specific improvement goal, plan and schedule, and distributed the tasks to departments, in order to protect employees' rights and interests.



The content of the organizational improvement plan

Community and Charity

5.1 Community

5.2 Charity

5.3 Fight against COVID-19



As a socially responsible enterprise, Zhou Hei Ya has always attached importance to and undertaken charity and responsibility in order to be an excellent corporate citizen in the past ten years.

5.1 Community

Rooted in this land, we always advocate the “Tree-Root” culture. The roots are deep, so the leaves are lush. We never forget the land we are rooted in and we are actively giving back.

Entitled “Wuhan Popular Science and Education Base”

In 2021, Zhou Hei Ya was entitled “Wuhan Popular Science and Education Base” by Wuhan Association of Science and Technology. During the reporting period, the base received 128 industrial visits (6,000 visitors), including 56 research visits (5,693 visitors). As an important second classroom for young people, the base gives full play to education of industrial technology. It launches “industrial tourism” in cooperation with a number of primary and middle schools, so that children and teenagers can walk into the enterprise in person from their campus. Meanwhile, we designed and organized a number of scientific and technological education activities for employees, and 100 external education and training sessions for the public. By December 2021, we had received 412 visits (14,092 visitors). Also, we promoted industrial tourism in colleges, universities, cooperative institutions, and Wuhan Education TV Station, etc.



Care for firefighters and traffic police in summer

In July 2021, we sent Zhou Hei Ya products and cooling materials to the firefighters and traffic police around the Industrial Park, totaling tens of thousands of RMB.



5.2 Charity

We believe that “A man of virtue, while establishing himself and pursuing success, also works to establish others and enable them to succeed as well.” So, we give back to society by undertaking charity.

Flood-fighting materials to Zhengzhou, Henan

In July 2021, Zhengzhou, the capital of Henan Province, was stricken by super-heavy rain. We donated sorely needed drinking water worth RMB72,200 to the local people, so as to help them tide over the difficulties.



Desks and chairs donated to two primary schools in Sichuan

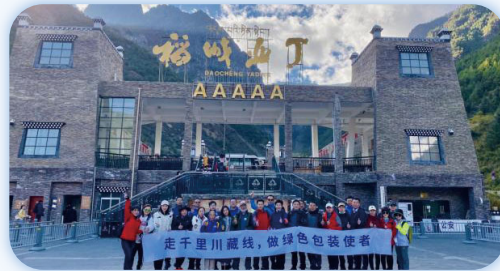
In order to create a better learning environment for local students, Zhou Hei Ya donated desks and chairs to Sichuan Nanchong Primary School in July 2021, worth RMB260,000; 830 desks and chairs to Sichuan Anfu Primary School in September 2021, worth RMB254,000.



Zhou Hei Ya donating desks and chairs to Sichuan Anfu Primary School

An environmental tour along the Jinsha River

In October 2021, Zhou Hei Ya arranged for employees to take an environmental tour along the Jinsha River. While collecting garbage, the employees also introduced the green package concept to the local communities and other tourists.



An environmental tour along the Jinsha River

Also, we donated rice of RMB20,000 to Xinglong Village in Yunnan Province.

5.3 Fight against COVID-19

In 2021, the COVID-19 pandemic remained severe still. While keeping employees and products safe from the epidemic, we also cared about the community.

Help fight with the epidemic in Hebei Province

In January 2021, we donated food and materials of RMB160,000 to Xinle City and Zhengding County, Shijiazhuang, Hebei Province to fight with COVID-19 through Hubei Food Safety Association and Shijiazhuang Charity Federation.

Donating Zhou Hei Ya products to medical workers

In August 2021, we donated Zhou Hei Ya products of RMB40,000 to the medical workers in Zoumaling Community, Wuhan City, who were fighting with the epidemic, to show our respect to their contribution and bring some snacks to relieve them from intense work.



Donating Zhou Hei Ya products to medical workers in Zoumaling Community

Appendix

Appendix I HKEX ESG Disclosures Index

Environmental, Social and Governance Areas, General Disclosures and KPIs			In Chapter
Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	3.4 Use of Resources 3.5 Emission Control
	A1.1	The types of emissions and respective emissions data.	3.5 Emission Control
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.4 Use of Resources
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.5 Emission Control
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.5 Emission Control
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	3.2 Environmental targets
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.5 Emission Control

Environmental, Social and Governance Areas, General Disclosures and KPIs			In Chapter
Environmental			
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	3.4 Use of Resources
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.4 Use of Resources
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.4 Use of Resources
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.4 Use of Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	3.4 Use of Resources
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.4 Use of Resources
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3.1 Environmental Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1 Environmental Management
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	3.3 Response to climate change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	3.3 Response to climate change

Environmental, Social and Governance Areas, General Disclosures and KPIs			In Chapter
Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.3 Employee Development
	B1.1	Total workforce by gender, employment type (for example full- or part-time), age group and geographical region.	4.1 Employee Overview
	B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Employee Overview
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.2 Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.2 Health and Safety
	B2.2	Lost days due to work injury	4.2 Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.2 Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer	4.3 Employee Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.3 Employee Development
	B3.2	The average training hours completed per employee by gender and employee category.	4.3 Employee Development

Environmental, Social and Governance Areas, General Disclosures and KPIs			In Chapter
Social			
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Employee Overview
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Employee Overview
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Employee Overview
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.3 Responsible Supply
	B5.1	Number of suppliers by geographical region.	2.3 Responsible Supply
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	2.3 Responsible Supply
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.3 Responsible Supply
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.3 Responsible Supply
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.	2.1 Quality First
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.1 Quality First
	B6.2	Number of products and service related complaints received and how they are dealt with.	2.4 Thoughtful Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.2 Innovation for health
	B6.4	Description of quality assurance process and recall procedures.	2.1 Quality First
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.4 Thoughtful Service

Environmental, Social and Governance Areas, General Disclosures and KPIs			In Chapter
Social			
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.3 Corporate Governance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.3 Corporate Governance
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.3 Corporate Governance
	B7.3	Description of anti-corruption training provided to directors and staff.	1.3 Corporate Governance
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take in to consideration the communities' interests.	5 Community and Charity
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5 Community and Charity
	B8.2	Resources contributed (e.g. money or time) to the focus area.	5 Community and Charity

Appendix II List of Laws, Regulations and Standards

Laws and Regulations

1. <i>Company Law of the People's Republic of China</i>
2. <i>Criminal Law of the People's Republic of China</i>
3. <i>Civil Code of the People's Republic of China</i>
4. <i>Anti-Monopoly Law of the People's Republic of China</i>
5. <i>Law of the People's Republic of China against Unfair Competition</i>
6. <i>Food Safety Law of the People's Republic of China</i>
7. <i>Product Quality Law of the People's Republic of China</i>
8. <i>Environmental Protection Law of the People's Republic of China</i>
9. <i>Law of the People's Republic of China on Air Pollution Prevention and Control</i>
10. <i>Law of the People's Republic of China on Water Pollution Prevention and Control</i>
11. <i>Law of the People's Republic of China on Solid Waste Pollution Prevention and Control</i>
12. <i>Regulations on the Implementation of the Food Safety Law of the People's Republic of China</i>
13. <i>Regulations on the Administration of Pollution Discharge Permits</i>
14. <i>Law of the People's Republic of China on Energy Conservation</i>
15. <i>Wuhan Municipal Management Measures for Restaurant and Kitchen Waste</i>
16. <i>Labor Law of the People's Republic of China</i>
17. <i>Labor Contract Law of the People's Republic of China</i>
18. <i>Law of the People's Republic of China on the Protection of Minors</i>
19. <i>Law of the People's Republic of China on the Protection of Rights and Interests of Women</i>
20. <i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i>
21. <i>Production Safety Law of the People's Republic of China</i>
22. <i>Emergency Response Law of the People's Republic of China</i>
23. <i>Fire Protection Law of the People's Republic of China</i>
24. <i>Management Measures of Emergency Response Plan for Production Safety Accidents</i>
25. <i>Administrative Measures for Occupational Health Surveillance of Employers</i>
26. <i>Technical Specifications on Occupational Health Monitoring</i>
27. <i>Administrative Measures for Occupational Health Inspection</i>
28. <i>Regulations on Prohibition of Child Labor</i>
29. <i>Other applicable relevant Laws and Regulations</i>

Policies, Rules & Regulations

1. *Anti-Corruption Working System*
2. *Articles of Discipline Inspection Committee of Zhou Hei Ya*
3. *Measures of Contract Management*
4. *Guidelines for Management of Reporting Information and Investigations*
5. *Notification Letter to Suppliers*
6. *Anti-corruption Letter to Partners*
7. *Top Ten High Voltage Lines of Zhou Hei Ya*
8. *General Rules for Prepackaged Food Labeling*
9. *General Rules for Prepackaged Food Nutrition Labeling*
10. *Standards for Uses of Food Additives*
11. *Management System of New Product Development*
12. *Measures of the Administration of Intellectual Property Rights*
13. *Supplier Access Qualification Requirements List*
14. *Preliminary Review Form for Supplier Investigation*
15. *Partner Safety Agreement*
16. *Partner Commitment to Confidentiality*
17. *Commitment to Quality, Safety and Environmental Protection*
18. *Environmental Protection Agreement*
19. *Management System of Suppliers*
20. *Standards for Suppliers Performance Evaluation in 2021*
21. *Procedures for Procurement Settlement Process*
22. *Emergency Procurement Handling System*
23. *Specifications for Customer Complaint and Negative Public Opinion Prevention and Control*
24. *Management System for Company Landscaping and Environmental Management*
25. *Regulations of Hazardous Waste Management*
26. *Emergency Plan for Environmental (Crisis)*
27. *Energy and Resource Management Procedures*

28. *Energy Assessment Mechanism*
29. *GB 16297-1996 Integrated Emission Standard of Air Pollutants*
30. *GB 18483-2001 Catering Industry Oil Fume Emission Standard (Trial)*
31. *GB 13271-2014 Emission Standard of Air Pollutants for Boiler*
32. *Wastewater, Exhaust Gas and Noise Control Procedures*
33. *Code of Practice for Operation and Monitoring of Industrial Park Sewage Treatment Station*
34. *Measures for Solid Waste Management*
35. *Procedures for Waste Management*
36. *Regulations for the Administration of Recruitment*
37. *Regulations for the Administration of Campus Recruitment*
38. *Measures for the Administration of Recruitment Channel*
39. *Measures for Company Epidemic Prevention and Control (Zhou Hei Ya Epidemic Prevention and Control Measures)*
40. *Regulations for the Administration of Training Credit*
41. *Regulations for the Administration of Employee Performance*
42. *Regulations for Visiting Regular Employees*
43. *Regulations for the Administration of Team Building Activities*
44. *Regulations for Correspondent Submission*
45. *Other applicable related policies, rules and regulations*

Product Standards

1. GB/T 20940-2007 GMP for Meat Products Enterprises
2. GB/T 22210-2008 Specification for Sensory Evaluation of Meat and Meat Products
3. GB/T 23586-2009 Seasoned and Braised Meat Products
4. GB 10136-2015 National Food Safety Standards for Aquatic Animal Products
5. GB/T 22106-2008 Non-fermented Soy Products
6. GB 2714-2015 Pickles
7. GB/T 23970-2009 Marinated Eggs
8. GB 2749-2015 Eggs and Egg Products
9. GB 2712-2014 National Food Safety Standards for Soy Products
10. GB 7096-2014 National Food Safety Standards for Edible Fungus and Its Products
11. GB 10133-2014 National Food Safety Standards for Aquatic Seasonings
12. Q/HZHY 0001S-2018 Marinated Vegetarian Products
13. Q/HZHY 0002S-2017 Marinated Squid Products
14. Q/HZHY 0003S-2018 Seasoning Powder
15. Q/HZHY 0004S-2018 Food Flavorings
16. Q/HZHY 0005S-2017 MAP Braised Meat Products
17. Q/HZHY 0006S-2017 Semi-solid Seasonings
18. Q/HZHY 0007S-2016 Marinated Vegetarian Foods
19. Q/HZHY 0008S-2016 Braised Eggs
20. Q/HZHY 0009S-2016 Cooked Crayfish
21. DBS42/008-2021 Requirements for Modified Atmosphere Packaging (MAP) of Cooked and Braised Products
22. Other applicable relevant product standards



Zhou Hei Ya International Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1458

