



Zhou Hei Ya International Holdings Company Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1458

2020

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 2020 was filled with challenges. At present, China's casual braised product market is relatively fragmented. With the brand awareness of consumers increasing and the young people tending to be mainstream consumers, storied brands with quality assurance are expected to seize more market share. Focused on fostering a long-term core value, Zhou Hei Ya is steadily advancing six development strategies: upgrade of business model, omni-channel coverage, product diversification, integrated branding and marketing, supply chain optimization, and organization and incentive enhancement. We opened franchising to continue exploring new markets and penetrating mature markets, improved product quality with innovation, deepened the brand image in all directions, enlarged production capacity to help front-end business expansion, and optimized the talent management system to facilitate the Group's third venture.

At the beginning of the year, the sudden COVID-19 pandemic caused a shock on many industries. The epidemic in its peak almost shut down the economic activities in many cities and caused the traffic to plummet in transportation hubs. Wuhan, as the epicenter of the epidemic, was particularly hit hard. Affected by this, the consumer goods and retail industries faced many difficulties such as declining foot traffic and closing stores, supply chain obstruction, high fixed costs, etc. Zhou Hei Ya therefore suspended production activities in Central China and temporarily closed a total of approximately 1,000 stores nationwide. In the face of the unprecedented crisis, Zhou Hei Ya responded quickly with calm and resolutely implemented its strategies.

Product and Service

A shortcut to success is to take no detours. Product quality and taste always feed the vitality of the enterprise. Zhou Hei Ya firmly believes that delicious, hygienic, and convenient products can bring consumers greater pleasure and better experience. To this end, we constantly optimize the quality management system for food health and safety, and keep a strict control of all links including product development, production, product testing, transportation and storage, sales, and so on. At the same time, we control the quality of raw materials from the source, explore efficient and rigorous ways of control, and ensure stable and high-quality supplier resources to maximize the quality and safety of Zhou Hei Ya's products.



With the rapid changes in consumer demand, how to ensure the freshness of Zhou Hei Ya has been lingering in our mind. This year, we accelerated product R&D and innovation, and based on our insight into consumer preferences, developed products with different tastes and of various categories, covering different channels, consumption scenarios and price ranges, thereby achieving a diversified layout of products. We actively explored new service models to cover consumers with omni-channels, and launched various forms of interaction to draw near to consumers and strengthen their brand awareness.

Environmental Protection

Adhering to the “Tree-Root” culture for sustainable development, Zhou Hei Ya makes consistent efforts to inject more green genes in multiple links of operations in order to help China achieve its carbon emission reduction goals. While continuously improving the environmental management system, we invested a large amount of special funds in the upgrading and transformation of environmental protection equipment, improving equipment production efficiency, while advocating green and low-carbon office to strengthen employees’ awareness of green life. We set environmental performance evaluation indicators, implemented and encouraged green production, and continuously optimized the energy use structure to make full use of energy. In addition, in order to reduce the use of packaging materials, we established close cooperation with suppliers to use environmentally friendly materials, promoted a circular economy, and optimized packaging to reduce the impact of packaging materials on the environment.

Employee Care

“People” are the carrier of business operation, and “people oriented” is Zhou Hei Ya’s invariable belief in the course of operation for more than two decades. We are committed to being a creator and transmitter of happiness. While cultivating our business, we endeavored to build a people-oriented company and create a safer, more reliable and comfortable working environment. We paid attention to the development of employees by providing them with multi-channel development opportunities and establishing a scientific training system and incentive mechanism to realize the symbiotic and win-win relationship with employees. Through a variety of employee activities, we strengthened employees’ sense of belonging and happiness, built a solid diversified team, and together with all members of Zhou Hei Ya moved forward with shared aspirations and high spirits.

Community Contribution

Only when rooted in the ground can an enterprise be vigorous, upright, resilient, and evergreen. Zhou Hei Ya integrates sustainable development into corporate culture, practicing charity, advancing with society, and seeking long-term development. In 2020, we paid attention to students in need who could not afford school by providing Wuhan University with charitable grants. We grew with the community by sending condolences to military personnel and spending the Dragon Boat Festival with residents of poor villages to help the harmonious development of the community. Moreover, when a rare flood hit southern China, we organized employees to participate in flood fighting activities. A total of 41 employees were on duty at the Xianghe dyke. In the face of the COVID-19 pandemic, Zhou Hei Ya donated more than 10 million yuan to charity, donated anti-epidemic materials to universities, put on charitable advertisements to cheer for Wuhan, demonstrating our resolve and sense of responsibility with actions.

Deeply involved in the braised product market, Zhou Hei Ya adheres to the “quality and safety guarantee across the chain” and is committed to creating a youthful and energetic brand of braised products. We are determined to build an international enterprise as a representative national brand through the third venture, which puts forward higher requirements for our management. While giving priority to the overall picture, we will strengthen our capacity and foundation for long-term development, improve product and sales layout and brand influence, promote environmental protection, and optimize and value talents with a view to sustainable development of the Company and shared growth with the community.

Chairman

Zhou Fuyu

About this Report

Overview

This report is the fifth 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 2020 (hereinafter referred to as “the reporting period”). Some information is sourced before 2020 or in 2021.

Reporting Reference

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

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, judged the materiality of each issue, and finally determined 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*, the Group disclosed quantitative indicators in the “environment” and “society” categories and 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 2020. 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 2020 (January 1 to December 31, 2020), and some information is sourced before 2020 or in 2021. For some indicators, data for three consecutive years since 2018 are disclosed.

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 24 March 2021 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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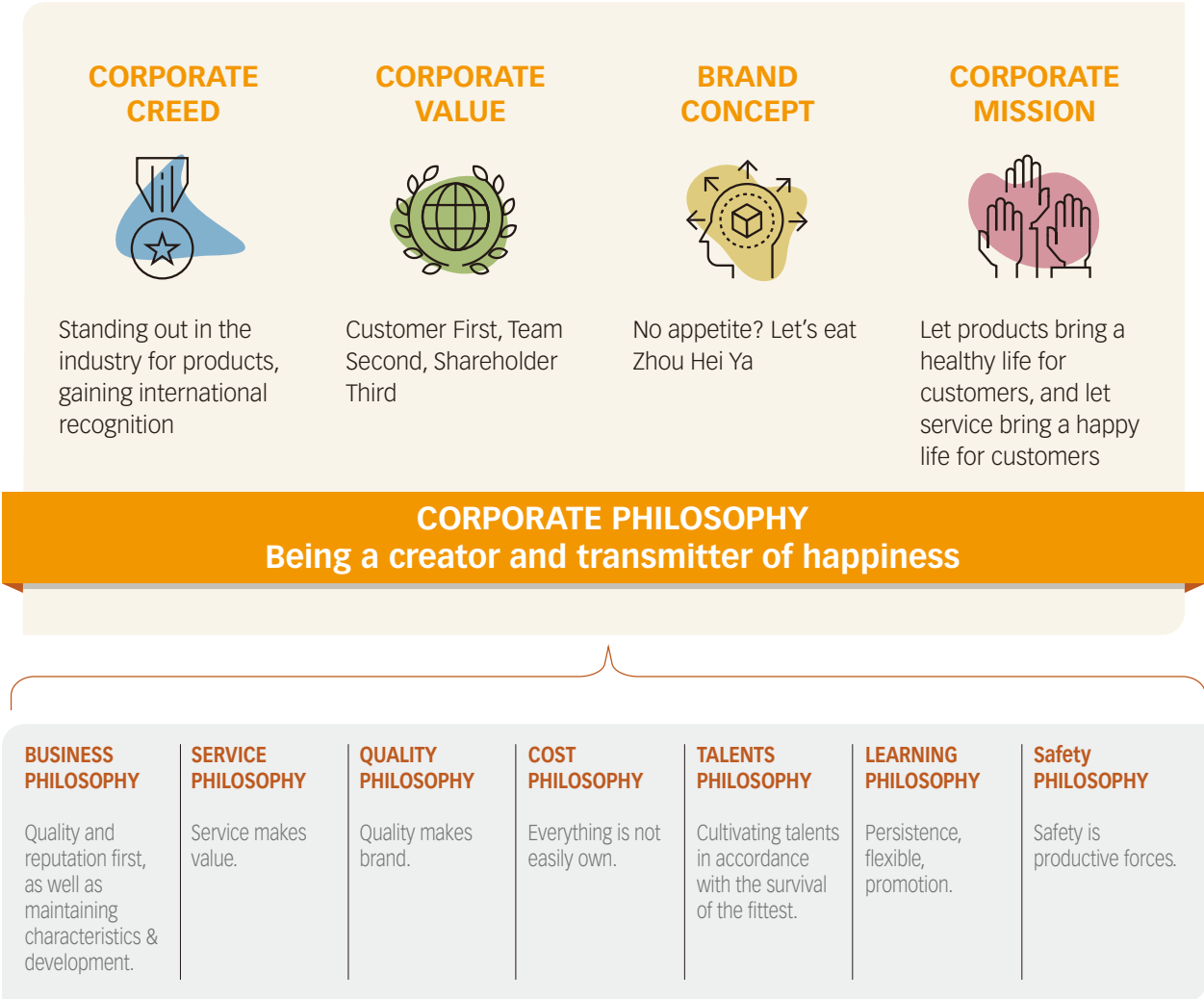
Responsible Governance as Solid Foundation

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

As for running an enterprise, if we are greedy for profits, it leads to failure. Zhou Hei Ya is well aware that good corporate governance is the beacon leading us to continuously create value for the enterprise itself, consumers and society. Bearing in mind the ancestral motto of “with regard to management concept, the man who can be a role model will enjoy peer supports, while the man who enjoys ease will lose peer’s love and esteem”, we actively respond to the demands and expectations of stakeholders, embed the concept of sustainable development into our strategic development goals, and return investors with sustainable business performance and investment dividends.

1.1 About Us

As a company specializing in the production, marketing and retail of casual braised products for more than ten years, Zhou Hei Ya is based on a total of 11 concepts including corporate guideline, corporate values, brand concept and corporate mission, and adhering to the “食” character theory and “Tree-Root” culture integrated into every detail of production and operation and corporate development, we provide the public with a steady flow of delicious food and happy experience, striving to become one of the world’s top casual food brands and a century-aged enterprise with incessant struggle and growth.



Corporate Culture of Zhou Hei Ya

2020 marks the beginning of Zhou Hei Ya's third venture. Deeply involved in the braised product market, Zhou Hei Ya adheres to the "quality and safety guarantee across the chain" and is committed to creating a youthful and energetic brand of braised products. Following the pace of consumer groups, Zhou Hei Ya has obtained high consumer satisfaction and loyalty with unique tastes and ingenuity. With solid strength and market appeal, Zhou Hei Ya actively expands franchise business based on the direct operation model. During the reporting period, Zhou Hei Ya launched a full-custodial cooperation-based single-store franchise business to further upgrade its business model, which is another important move since Zhou Hei Ya started franchising last year.

The developmental franchise and single-store franchise models that were launched at an interval of six months have adapted to the development needs of Zhou Hei Ya's franchise business at different stages and completed the leap from "walking on one leg" to "running on both legs", which helps us accelerate the pace of store expansion, optimize the store network, and further unleash the brand and product strength.

Developmental franchise

Focusing on prefecture-level cities, this model is to fill market vacancies in areas with no presence of our directly operated stores.

Single store franchise

Focusing on presence density in existing markets with directly operated stores, this model is actively deployed at high-quality locations such as high-potential business districts and communities to expand existing markets with directly operated stores.

Positioned as a brand of “light, rapid, intelligent, and fashionable”, Zhou Hei Ya has its single-store franchise model revolve around the core concept of “worry-free smart selection” and move towards a high-standard, intelligent production center and a quality assurance system across the chain.

Light	Rapid	Intelligent	Fashionable
<ul style="list-style-type: none"> ✓ Investment ✓ Management ✓ Model ✓ Operation 	<ul style="list-style-type: none"> ✓ Distribution ✓ Accounting ✓ Consumption ✓ Earnings 	<ul style="list-style-type: none"> ✓ Production ✓ Control ✓ Replenishment ✓ Analysis 	<ul style="list-style-type: none"> ✓ Products ✓ Flavor ✓ Decoration ✓ Marketing

Since the beginning of the third venture, Zhou Hei Ya has undergone business model upgrades including franchise and channel expansion, among which entering the supermarkets such as Family Mart and 7-Eleven is a big step forward in channel business, and also a momentous move on Zhou Hei Ya’s journey of third venture.

Zhou Hei Ya now has settled in

2,000+ *FamilyMart stores in Shanghai, and*

200+ *7-Eleven stores in Beijing*

During the reporting period, Zhou Hei Ya was invited to attend the 2020 Boao Forum for Entrepreneurs hosted by Xinhua Net, News and Information Center of Xinhua News Agency, China Economic Information Service, China Fortune Media Group, New Media Center of Xinhua News Agency, Xinhua Daily Telegraph and co-organized by Moutai Group, where we won the “Golden Chopsticks Award” and “Designated Casual Food Award”. This was an affirmation of Zhou Hei Ya’s products and the concerted efforts of the Company, and even raised more hope for the future development of Zhou Hei Ya.



Golden Chopsticks Award

Designated Casual Food Award

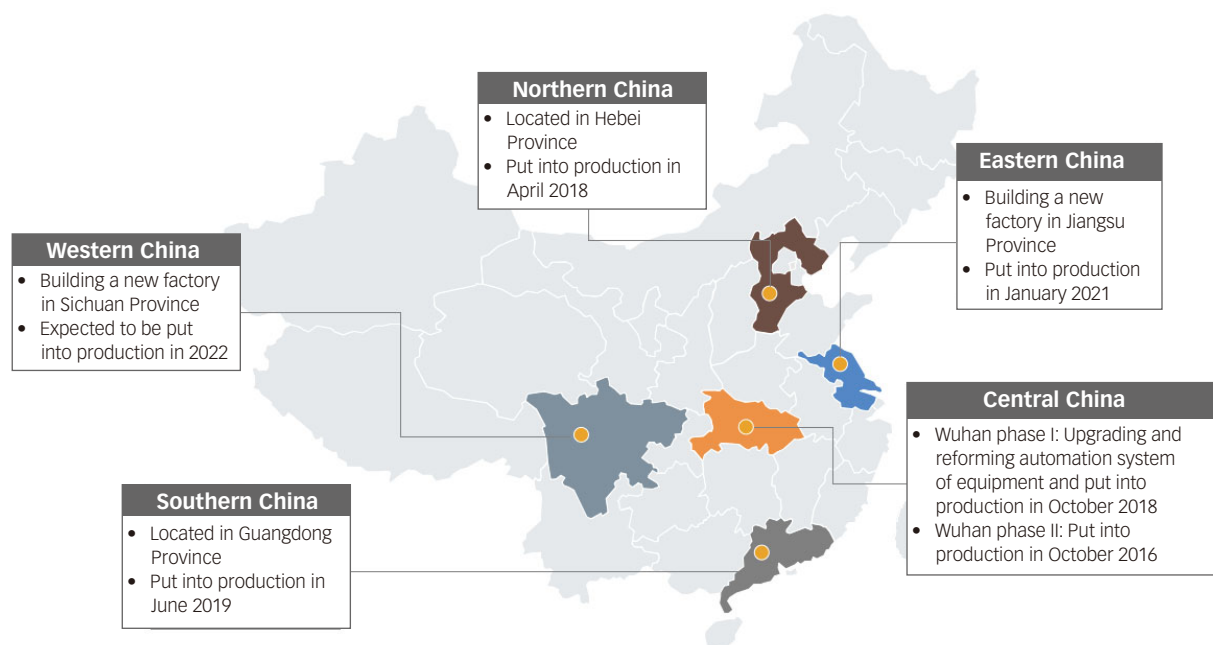
Furthermore, Zhou Hei Ya has been awarded the honorary certificate of “National Key Leading Enterprise in Agricultural Industrialization” for 4 consecutive years, for our safe and high-quality products are well received by consumers at home and abroad.

In the days to come, Zhou Hei Ya will keep in mind its original aspiration and uphold the “食” character theory to make products. We will follow the ancestral motto to do good deeds and be kind, and carry forward the “Tree-Root” culture to grow organically and steadily.

1.2 Operating Performance

For a long time, Zhou Hei Ya has adhered to the chain operation management model and the business philosophy of “quality first, reputation first, maintaining features, and sustainable development”. As of June 2020, the total number of Zhou Hei Ya stores reached 1,367, including 1,246 self-operated stores and 121 franchised stores, covering 121 cities in 21 provinces and municipalities in China. At present, we have three modern factories in Wuhan, Hubei, Cangzhou, Hebei, and Dongguan, Guangdong. The factory in Nantong, Jiangsu was officially put into operation in January 2021, and the factory in Chengdu, Sichuan is expected to be put into operation in 2022. We are steadily advancing the factory layout in five major regions of the country to support stores nationwide. At the same time, in order to cater to the changing living habits of major consumer groups, we have covered 22 major domestic e-commerce platforms and provided takeaway services in 90 cities.

As of the end of the reporting period, the total number of Zhou Hei Ya stores reached 1,755, including 1,157 self-operated stores and 598 franchised stores, covering 151 cities in 25 provinces and municipalities in China.



During the reporting period, we achieved total revenue of 2.1815 billion yuan through the expansion of stores, the commissioning of new production plants, the upgrade of production capacity, and the development of e-commerce takeaway business.

1.3 Corporate Governance

The sustainable development of an enterprise must be based on a complete and sound corporate governance environment. By focusing on the principles of integrity, accountability, transparency, independence, due diligence and fairness, Zhou Hei Ya has established a transparent, traceable, and clearly defined corporate governance system, committed to leading the Group to achieve better results and better corporate image through high-level corporate governance.

Corporate Governance Functions

The Zhou Hei Ya Board of Directors is responsible for reviewing the compliance with corporate governance policies and practices, the training and continuous professional development of directors and senior management, and the compliance with policies and practices required by laws and regulations, standards and codes, and employee guidelines. We have four main board committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Strategic Development Committee. 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 maintain a high standard of corporate governance, and recognizes 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.

Anti-Corruption Management

Zhou Hei Ya has zero tolerance for any violations of business ethics and corruption. We strictly abide by the *Criminal Law of the People's Republic of China*, the *Contract Law of the People's Republic of China*, the *Company Law 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 its anti-corruption system documents including the *Anti-Corruption Working System* and the *Articles of Discipline Inspection Committee of Zhou Hei Ya*, by which we clarify the Company's anti-bribery policy and thus to prevent illegal acts such as bribery, extortion, fraud and money laundering. In order to improve the anti-corruption awareness of employees, we hired external full-time trainers on law and discipline to carry out anti-corruption training and propaganda combining the *Top Ten High Voltage Lines of Zhou Hei Ya*.

Zhou Hei Ya continuously improves the Company's discipline inspection committee and anti-corruption inspection and reporting mechanism. We have established a unified reporting channel for fraud cases, where the management, employees, and third parties can report actual or suspected fraud cases by calling the hotline and sending emails. We also follow up on specific cases in a timely manner in accordance with relevant regulations.

In addition, we require all partners to sign the *Integral Anti-corruption Commitment Attached to the Master Contract with Hubei Zhou Hei Ya Enterprise Development Co., Ltd.* and the *Anti-corruption Letter to Partners*, and issue the *Notification Letter to Suppliers*, requiring suppliers not to make commercial bribery to any employee of Zhou Hei Ya in any form.

During the reporting period, Zhou Hei Ya had no major corruption lawsuits.

1.4 ESG Governance

In order to optimize the Company's ESG risk management and control, we have established a four-tier ESG governance structure with the Board of Directors, audit committee, ESG executive committee and ESG working committee as the core. Our Audit Committee 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.



Stakeholder Engagement

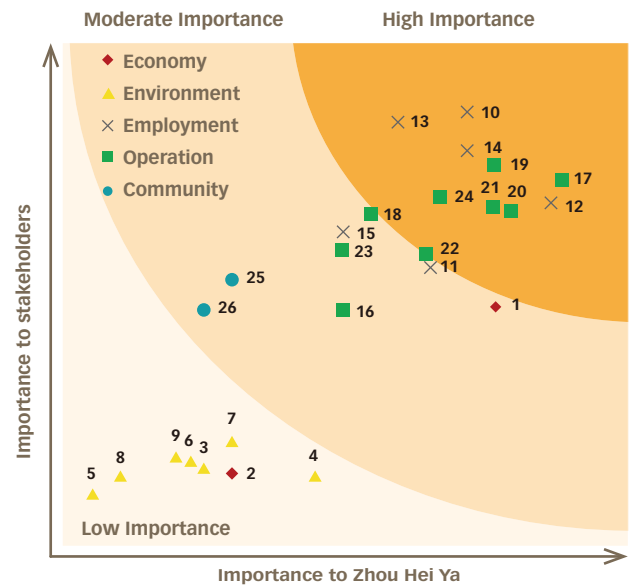
Zhou Hei Ya is committed to establishing a long-term and effective mechanism of communication with all stakeholders to learn about their core needs and timely adjust and improve the Company's work on ESG governance to meet the expectations of all stakeholders on Zhou Hei Ya.

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, responding to their demands in a timely manner, incorporating relevant feedback into our sustainable development strategy, as well as responding 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 are issued at specified times each year - Annual and interim performance conferences - Non-scheduled other activities
Government Authorities	Food safety Consumer communication 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"> - Annual suppliers meeting - 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 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 understood their opinions and expectations regarding the disclosure of ESG information by Zhou Hei Ya. The results showed that there was no major change in the direction of attention of the management and various stakeholders on the Group comparing to 2019. After full discussion with the Company's management and upon analysis, we came up with the 2020 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	Provision of reasonable remuneration packages and benefits to employees
11	Diversified employee backgrounds (such as gender, age, region, ethnicity, etc.) and equal opportunities
12	Employee retention

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

Issues of high importance in the figure constitute the highlight of this report, and we will detail the management initiatives for these issues in the report.

Food Safety as the Bottom Line



- 2.1 Quality First
- 2.2 Responsible Supply
- 2.3 Thoughtful Service

“Sticking to the bottom line of food safety and guarding the safety on the tip of the tongue” is the common pursuit of the enterprise, society and even the country. Adhering to the business philosophy of “quality first, reputation first, maintaining features, and sustainable development”, Zhou Hei Ya hones its brand with quality, serves customers with innovation, and works with partners to create a healthy and safe supply guarantee system, so as to provide consumers with high-quality products and excellent service experience.

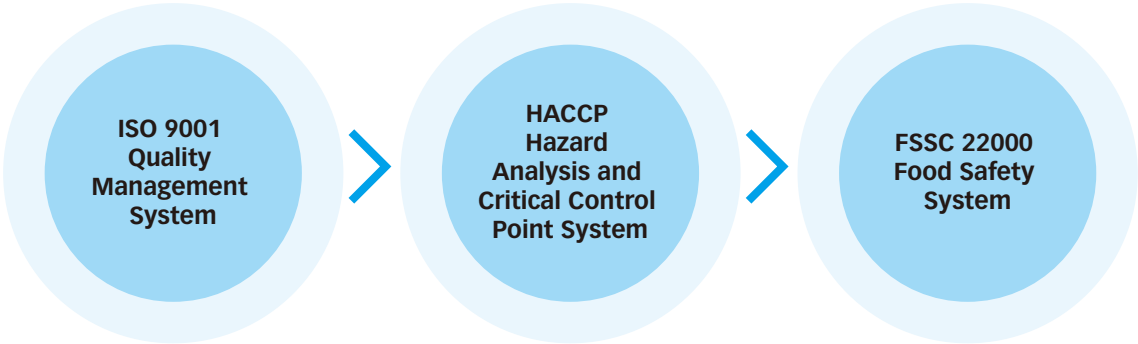
2.1 Quality First

The Chinese character of “Food” (食) is composed of two other Chinese characters of “people” (人) and “conscience” (良). People who make food must uphold their conscience. People with a lack of conscience are not worthy of making food. Zhou Hei Ya always firmly believes that quality defines brand and is committed to providing consumers with high-quality and reliable products. We continuously optimize the food health, safety and quality management system, keep a strict control of the entire process including product development, production, product testing, transportation and storage, product sales, etc., in order to create a trustworthy brand and influence, and live up to the trust of consumers.

Food Quality and Safety System

To continuously improve its food safety management, Zhou Hei Ya regularly monitors the laws and regulations promulgated by national and local regulatory authorities, and strictly abides by the quality and food safety related laws and regulations that apply to the Group, such as the *Food Safety Law of the People’s Republic of China*, the *Product Quality Law of the People’s Republic of China*, and the *Regulations on the Implementation of the Food Safety Law of the People’s Republic of China*. During the reporting period, in accordance with laws, regulations and work needs, Zhou Hei Ya updated 15 regulations and standards, issued 32 new standard documents, and revised 43 quality management documents to provide institutional guarantee for food safety operation and control practices during production and operations.

Zhou Hei Ya attaches great importance to food safety by persistently promoting the certification of its food quality and safety management system, carrying out food quality and safety management self-inspection activities in various industrial parks, and actively improving the quality management system. As of 31 December 2020, the system certifications owned by the Group were as follows:



Zhou Hei Ya Quality System Certification



Hubei Industrial Park's Certifications



Hebei Industrial Park's Certifications

In order to further improve product quality and quickly respond to market demand, Zhou Hei Ya has established a complete quality management process that runs through the entire life cycle from product development and design to product marketing and circulation, forming an efficient quality assurance mechanism based on inter-departmental linkage.

Procurement of Raw Materials

- Formulation and implementation of the supplier management system to systematically manage the selection, elimination, supervision and inspection of suppliers;
- Formulation and implementation of internal material quality standards, strict inspections of incoming goods.

Product Production

- Establishment of systematic Good Manufacturing Practice (GMP) management system, Class-100,000 cleanliness in packaging workshops;
- Standardized production of all links such as ice melting, braising, cooling, and packaging;
- Utilization of MES (Manufacturing Execution System) in production processes to realize information-based process traceability.

Product Testing

- Formulation and implementation of a finished product inspection and release management system;
- Systematic in-process contact surface and semi-finished product monitoring risk assessment management system;
- External supervision, inspection, evaluation and control system including spot inspection and sample submission for testing of products.

Inventory Management

- Utilization of enterprise management solution (i.e. SAP, System Applications and Products) and PDA (Pull, Digital, Agile) supply chain data management;
- Improvement of warehousing management operation specifications.

Cold Chain Logistics

- Global Positioning System (GPS) for all vehicles and online temperature monitoring system;
- Improvement of vehicle cleaning and disinfection management standards.

In-Store Sales

- Point of Sales (POS) system realizing systematic online near-expiration management of short-dated products;
- Dual supervision of spot check and headquarters' unannounced inspection of operation management;
- Annual comprehensive audit and evaluation;
- The SAP system sets up blacklists to quickly stop products and prevent unintended use of unsafe products.

Traceability and Recall

- Information traceability from procurement to sales;
- "One code for one box" accurate traceability of MAP (Modified-Atmosphere-packaged) products;
- Establishment and exercise of the food recall management system.

Quality management workflow

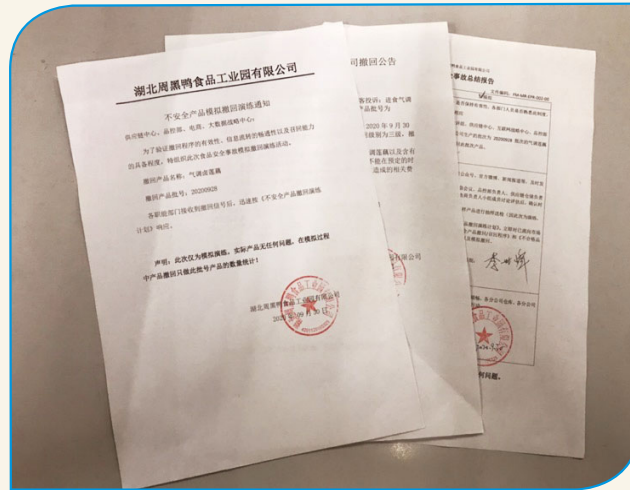
In addition, during the reporting period, we optimized the procedures of various quality and safety management links such as procurement, acceptance, and production:

Optimizing supplier management	<ul style="list-style-type: none">• Risk classification is carried out for suppliers. We adopt different management measures for different risk levels, and dynamically adjust the sampling rules according to the supplier's quality level of incoming goods during the inspection and acceptance.
Optimizing raw material inspection and acceptance	<ul style="list-style-type: none">• The Group promotes inspection of raw materials by de-icing. De-icing facilitates the detection of quality problems of incoming materials, and intercepts problematic raw materials as much as possible to reduce the raw materials process exceptions.
Optimizing clean production	<ul style="list-style-type: none">• A special cleaning shift is set up in the production workshop, with dedicated personnel for cleaning and disinfection.
Removing foreign bodies from raw materials	<ul style="list-style-type: none">• In order to control foreign bodies, factories assign dedicated personnel to sort chicken wing tips, duck tongues, squids and other raw materials, respectively.
Quality reward mechanism	<ul style="list-style-type: none">• In order to control the "last meter" of preventing abnormal products from circulating outside, a quality goalkeeper reward system is implemented.

In order to continuously improve the product recall procedures and enhance our ability to handle emergency situations, we implemented the provisions of the *Unsafe Product Recall Procedure*, classifying food recalls into three levels according to the severity and urgency of food safety risks. At the same time, we carry out regular product recall drills to fully protect consumers' health and safety,

Product recall exercises to build a complete product recall system

During the reporting period, Zhou Hei Ya Hubei Industrial Park planned a three-level recall exercise for 20200928 batches of MAP braised lotus roots nationwide, requiring all departments to respond within 2 hours. The recall exercise was carried out as planned, in which the smooth information communication channel enabled all branch warehouses, logistics departments, and national e-commerce warehouses to receive the recall information and take response actions in time.



Zhou Hei Ya had **zero** product recall

We strengthen the education and training of quality awareness among employees by continuously optimizing our product quality training system. During the reporting period, Zhou Hei Ya offered training and propaganda for personnel in production, quality control, warehousing and logistics links from the five aspects of food safety, food protection, job skills training, microbiological knowledge, laws and regulations in accordance with the training plan formulated at the beginning of the year.

More quality and safety awareness training to promote the construction of a quality culture and system

- During the reporting period, Hubei Industrial Park organized 10 trainings related to food safety and quality assurance. The main content included: product implementation standards, how on-site managers improve their work, inspection and acceptance standards for raw materials, auxiliary materials and packaging materials, allergen management, quality awareness, food additive management, PDCA cycle¹, introduction to spices, ISO9001 quality management analysis, and soft packaging material production process.
- A total of 5 food safety and quality assurance trainings were carried out for senior executives of franchised stores, and quality management red-line awareness training was carried out for the five major sales regions. Each region arranged comprehensive training on relevant food safety and quality assurance modules for franchisees (Due to the 2020 epidemic, all trainings were delivered online.)

Additionally, in order to promote the integration and standardization of food quality and safety in the industry, we actively participated in the formulation of relevant industry standards during the reporting period, including:

- 2 group standards (officially released): the *MAP for Meat and Meat Products* and the *MAP for Braised Meat Products*;
- Revision of the local food safety standard in Hubei Province – the *MAP Requirements for Braised Products*.

During the COVID-19 epidemic, we formulated an emergency plan for epidemic prevention and control in a timely manner, and strictly managed the personnel involved in food production and operations to ensure the safety of personnel and food.

¹ The PDCA cycle divides quality management into four stages, i.e. Plan, Do, Check and Act. This working method is the basic method of quality management, and also the general law of enterprise management.

Intensified prevention and control to ensure food safety and quality during epidemic

Since the outbreak of the epidemic, Zhou Hei Ya factories had implemented routine epidemic control measures and formulated an emergency plan which was divided into first-level, second-level, and third-level response procedures, including such requirements as emergency response when positive samples are found and epidemic prevention material storage. At the same time, in accordance with government requirements, we implemented six specialized management measures for imported cold chain foods, namely: “specialized personnel”, “specialized warehouses”, “special channels”, “specialized tools”, “specialized disinfection” and “specialized accounting”. In cooperation with the Center for Disease Prevention and Control, employees engaged in imported cold chain foods received nucleic acid testing every 7 days. Imported cold chain raw materials were disinfected one by one before entering the warehouse, and only used after sampling and passing the nucleic acid testing.



Innovation and R&D

R&D and innovation are the core strengths for the steady development of the enterprise. During the reporting period, based on consumer demand and market development, we built a large R&D system that runs through the management process across the life cycle of market research, project establishment, R&D, testing, marketing, control and evaluation, which ensured institutionally that product innovation meets market trends and customer needs, so as to cope with the rapidly changing consumer environment and the increasingly higher consumer requirement for quality.

Relying on Zhou Hei Ya’s innovation and R&D process and system, we closely follow market trends, continuously promote product diversification, launch new products for different consumer groups based on market demand analysis, and lead the development of the industry from four aspects of product taste, product category, price range coverage and consumption scenario.



In order to strengthen innovation and development of the food industry, we vigorously promote industry-university-academy cooperation in conjunction with universities and research institutes.

Cooperation with universities and research institutes to promote industry innovation and development

- In cooperation with the School of Food Science and Technology of Huazhong Agricultural University: (1) We successfully filed the project “Hubei Provincial Engineering Research Center for Digital Manufacturing of Healthy Seasoned and Braised Products” with the Hubei Provincial Development and Reform Commission; (2) The project “Research and Demonstration on Key Technologies of Low Temperature and Green Preservation of Traditional Braised Products” made great progress in the research of natural antiseptic and fresh-keeping auxiliary materials.
- In conjunction with Wuhan Polytechnic University, we participated in a key special project of the 2020 “Key Technology Research and Development for Food Safety” Program “Technology Integration and Demonstration for Food Quality and Safety Assurance: The Entire Industrial Chain of *Procambarus clarkii* (Crayfish) in the Middle and Lower Reaches of The Yangtze River”.
- Together with the National Waterfowl Industry Technology System and Processing Laboratory we participated in the 2020 Annual Technical Exchange Meeting.
- Based on our cooperation with Shenzhen Qishan Food Co., Ltd. to develop “Plant-based Duck Neck” using plant protein as raw material, we developed healthy casual food with Zhou Hei Ya flavor.



During the reporting period, Zhou Hei Ya’s total investment in innovation and R&D was approximately **1.5455** million yuan.

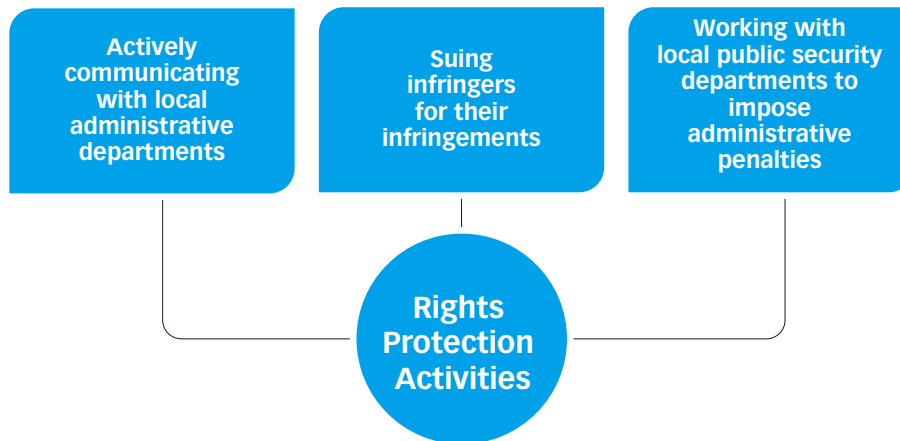
Relying on forward-looking innovation strategy and excellent R&D model, Zhou Hei Ya won the “Golden Sail” 2020 Excellent Industry Innovation Award of the Fifth China Southern Finance International Forum during the reporting period. In the future, Zhou Hei Ya will consistently lead industry innovation and actively promote industry development.



2020 Excellent Industry Innovation Award of the Southern Finance International Forum

Intellectual Property Rights

Zhou Hei Ya attaches great importance to transformation and application of innovation achievements and 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 actively protect our rights by increasing efforts to combat counterfeiting. We have established effective three-dimensional protective measures: complaining to local market regulators for investigation and punishment according to law; bringing civil lawsuits against infringements to people's courts; and reporting to local public security organs for criminal penalties for particularly serious infringements. With a number of approaches and methods, we combat counterfeiting in a comprehensive and three-dimensional manner, so as to purify the market and protect the health, safety and legal rights of Zhou Hei Ya consumers.



Rights Protection Practice of Zhou Hei Ya

As of 31 December 2020, Zhou Hei Ya had accumulatively applied for 139 patents and obtained 77 patents; applied for 144 copyrights and obtained 108 copyrights; and had 655 registered trademarks in effect.

We signed intellectual property rights protection agreements with law firms and professional intellectual property rights protection agencies to protect our intellectual property rights by bringing civil lawsuits. As of 31 December 2020, we had filed 298 civil lawsuits and rights protection cases nationwide and received compensation of 2,330,000 yuan.

We complained to local regulators for 147 infringement cases, and the regulatory authorities issued 75 administrative penalties and rectification notices to infringing entities, which effectively deterred infringement and counterfeiting and purified the market.

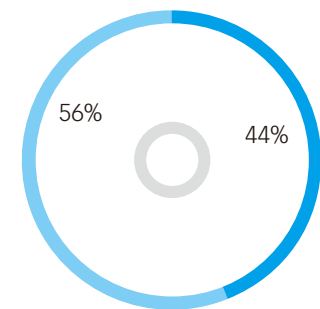
2.2 Responsible Supply

Stable and high-quality supplier resources can help us ensure the safety and quality of products from the source. Zhou Hei Ya explores efficient and rigorous control methods to constantly improve supply chain management and adopt different management strategies for different types of suppliers to optimize supplier resources and structure. 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 107 suppliers of raw materials, auxiliary materials and packaging materials, including 60 non-local suppliers and 47 local (Hubei, Hebei and Guangdong Province) suppliers representing 44%.

With the help of the Supplier Relationship Management(SRM) collaboration platform, Zhou Hei Ya has created a flexible, transparent and dynamic supply chain system. During the reporting period, we further optimized the procurement process, established a strategic procurement system, dividing the procurement management activities into three modules, aiming to reduce procurement costs and realize separation of authorities and responsibilities as well as efficient collaborative management of suppliers.

Distribution of Suppliers



● Local Suppliers ● Non-local Suppliers



Procurement Management Module

In addition, we actively develop warehousing and logistics, improve the efficiency of warehousing and sorting, and use big data to optimize the distribution network and increase the radiation of factory supply, so as to provide effective support for front-end business expansion.

Supplier Risk Control

In order to control supplier risks to the greatest extent, Zhou Hei Ya has established a supplier review team across departments in accordance with the requirements of management systems and operational procedures such as *Supplier Management System*, *Supplier Access System*, and *Rules for Supplier Risk Prevention and Control* to conduct a comprehensive risk control audit of supplier development, access and hierarchical management.

On the basis of quarterly evaluations on quality, delivery and service, we regularly conduct unannounced inspections to review and evaluate suppliers. In addition, we organized relevant functional departments to conduct an annual audit on raw material suppliers, which was a comprehensive review on supplier's breeding source, food safety in such links as processing, environmental sanitation, and quality management, and adjusted the level of or eliminated suppliers according to the results of the review.

In addition, Zhou Hei Ya is quite concerned about the risk control of suppliers in ESG. To further improve the Group's environmental and social governance, we have always included the supplier's social responsibility performance into the supplier's assessment indicators.

In the supplier development stage, we have added two environmental indicators to the supplier's preliminary audit form while confirming its environmental system certification status. If the supplier is subject to administrative penalties from environmental authorities, it will not be considered for cooperation. Regarding supplier's social responsibility, we will check such information of the supplier as tax payment records, social security for employees, prohibition of child labor, etc.

In the access phase, we sign with suppliers *Partner Safety Agreement*, *Partner Commitment to Confidentiality*, *Commitment to Quality, Safety and Environmental Protection*, *Environmental Protection Agreement*, *Integral Anti-corruption Commitment Attached to the Master Contract with Hubei Zhou Hei Ya Enterprise Development Co., Ltd.*, *Anti-Corruption Letter to Partners* among other documents, which require the suppliers to abide by laws and regulations that apply to the Company, take active measures to prevent and continuously improve to reduce the expected negative impact. For suppliers who violate the above-mentioned documents, we resolutely terminate the cooperation; and for those that cause us losses, we strictly execute the contract to hold the other party accountable.

In the procurement phase, we retain two or more suppliers for each type of material, and reserve two to three months of safety stock to deal with supply shortages caused by sudden bad weather.

Supplier risk management optimization

- Supplier performance management optimization: We improved supplier performance evaluation standards, changing from quarterly and annual evaluations to monthly, quarterly and annual evaluations, and included OEM and ODM suppliers into the scope of evaluation;
- Supplier management system optimization: New contract and bidding modules were added and the promotion and execution of settlement documents improved.

Supplier communication and assistance

Adhering to the concept of win-win cooperation, Zhou Hei Ya always regards suppliers as its important partners and an indispensable link in the supply chain. Maintaining good and effective daily communication with suppliers is very important for Zhou Hei Ya. We invite suppliers to visit Zhou Hei Ya industrial parks to let them understand our corporate culture, production process and requirements intuitively. During the reporting period, we provided 27 trainings for suppliers and communicated with them 360 times.

Supplier assistance to create a win-win collaborative ecosystem

Due to the huge purchase amount of MAP materials and the small range of suppliers to choose from, we need to support new suppliers to grow quickly and improve quality. During the reporting period, a supplier's operational problems caused unstable physical parameters of the finished MAP materials. To this end, we set up a special team, invited the supplier to conduct on-site inspections, worked with the supplier to verify solutions, confirm packaging materials consumption plans, and monitor usage conditions, so that under the premise of ensuring product safety, we improved quality together with the supplier and contributed to the building of a win-win collaborative ecosystem.

2.3 Thoughtful Service

Zhou Hei Ya regards customers as the most valuable core value and advocates the corporate culture of "customer first". On the basis of continuously optimizing customer communication and service, we actively explore new service models and carry out various forms of interaction to get closer to customers, striving to "let products bring a healthy life for customers, and let service bring a happy life for customers."

Listening to Opinions

The establishment of communication channels is the key to ensuring that Zhou Hei Ya can get customer feedback in time. We opened a variety of communication channels including Official Stores, Online Stores, Official email, Official Account at WeChat, Official Weibo and Customer Service Call to keep abreast of customer suggestions and appeals in order to continuously improve product quality and service processes.



In strict compliance with the *Complaint Handling Specifications*, the *Specifications for Complaint Risk Prevention and Emergency Handling*, the *Customer Suggestion Handling Procedures* and other regulations, Zhou Hei Ya has established a transparent, practical and efficient closed-loop handling mechanism for customer feedback. Customer feedback and suggestions are classified on a regular basis, based on which clear processing procedures and plans are formulated to ensure that consumer feedback and complaints are properly handled. During the reporting period, the Company's complaint resolution rate was greater than 97%, achieving the expected goal.

In order to ensure the quality of our services, our Customer Experience Department will determine the type of complaint within 30 minutes after the complaint is accessed, and transfer the specific information to the relevant responsible department for processing.

For complaints in the categories of services and suggestions, the responsible department must finish handling within 12 hours; complaints in the categories of quality, activities, and public relations should be processed within 24 hours.

If important complaints cannot be processed within the stipulated time due to objective reasons, they must be followed up until they are completely resolved.

Zhou Hei Ya Customer Complaint Handling Process

In the era of we-media, public opinion comes in all directions. The Group has established a public opinion monitoring team to regulate the scope and mechanism of public opinion monitoring by optimizing the *Public Opinion-Related Workflow* and *Public Opinion Monitoring and Processing Workflow* to clarify the handling measures for feedback in the categories of “complaints”, “WeChat false news”, “fake stores”, “suggestions”, and “special public opinion” and to ensure the integrity and timeliness of public opinion monitoring. The effective public opinion and feedback mechanisms enable relevant public opinion to be processed in a timely, effective, and correct manner, minimizing related losses and enhancing the Company’s brand image.

In addition, in order to protect the complainant to the utmost extent and avoid unfair treatment and retaliation due to whistleblowing, we prohibit investigators from revealing the identity of the complainant, and prohibit retaliation against the complainant. If we discover any information leakage, we will terminate the labor contract with any employee who leaks consumer information or business secrets of the Group.

Service Quality Assurance

In order to ensure the quality of customer service, we strictly abide by the relevant laws including the *Advertising Law of the People’s Republic of China*, the *Law of the People’s Republic of China against Unfair Competition*, and the *Law of the People’s Republic of China on the Protection of Consumer Rights and Interests*, and has established an approval process for external publicity materials and an approval process for we-media publication. We conduct multi-departmental professional review of relevant materials to ensure the authenticity and accuracy of the information disclosed to the public.

Focused training for customer service

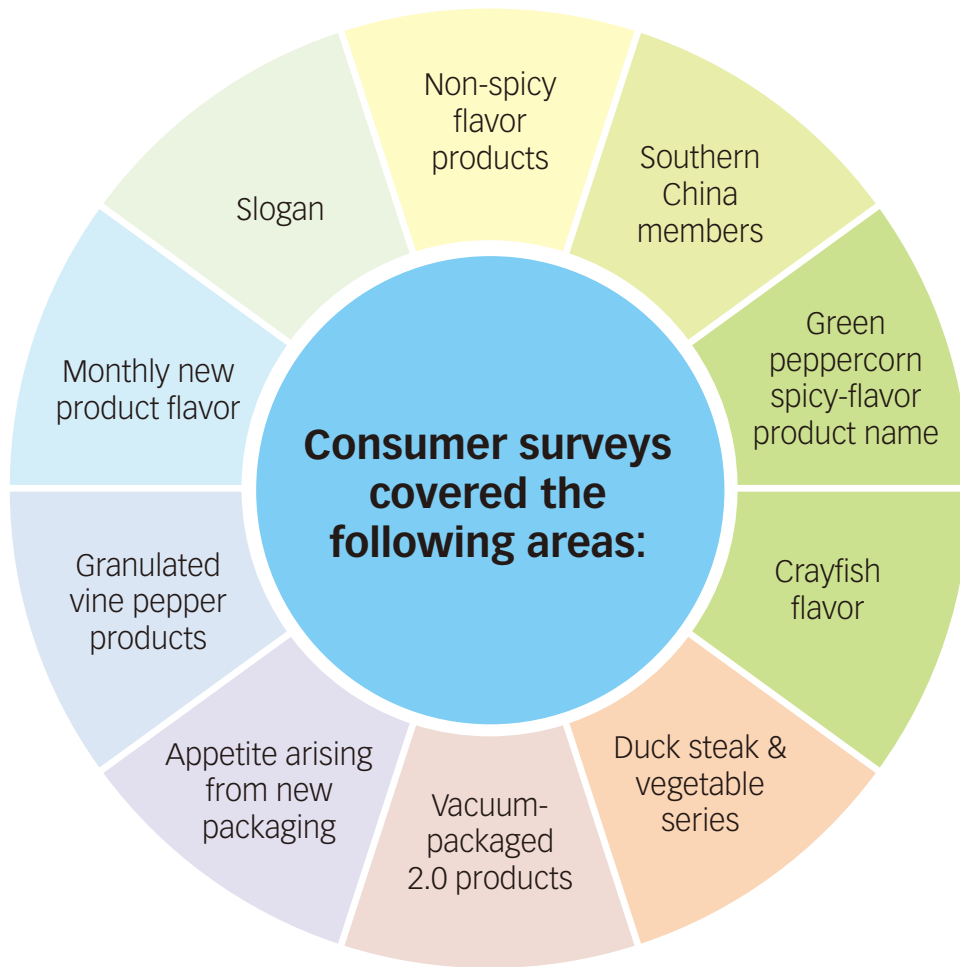
During the reporting period, due to the epidemic, the Group trained customer service personnel online in areas including food safety knowledge, communication skills, etc. At the same time, we developed a comprehensive service process and technical assessment mechanism for customer service personnel in addition to a strict control of service standardization.



Energetic Interaction

Zhou Hei Ya values interaction and communication with consumers. During the reporting period, on the basis of continuing previous member activities, we actively sought consumer opinions and suggestions on product tastes and services of Zhou Hei Ya and on the status and image of “Zhou Hei Ya” brand in the minds of target consumers, which helped us to improve further in product development, service provision and brand campaign.

As a member of the first echelon of Chinese casual braised brands, in order to better understand the needs of consumers, Zhou Hei Ya during the reporting period successively carried out consumer surveys across the country for different product series.



In the meantime, in order to respond to the rise of the younger generation of consumers and strengthen the consumer experience, Zhou Hei Ya tried to upgrade the original product packaging, store image and so on to make it more in line with young consumer orientation during the reporting period.



New packaging to highlight products

Upgraded store image to strengthen visual impact



Star endorsement to increase traffic and exposure

Plant-based duck neck launched to create a vegetarian future

In order to optimize customer communication and service, we actively explore new service models and develop various forms of interaction to draw near to customers.

Consumer interaction

During the reporting period, Zhou Hei Ya accurately spread its youthful and energetic brand image to target consumer groups. We consistently increased online communication efforts, and actively interacted with consumers to understand their opinions and suggestions on Zhou Hei Ya's product tastes and services. The campaign not only effectively enhanced the stickiness of consumers, but through consumers' word-of-mouth communication played a pivotal role in the promotion and improvement of the brand.



Zhou Hei Ya's interaction with consumers via WeChat, Weibo, and Tiktok

Foretaste of granulated modified products in October

In addition, Zhou Hei Ya actively carries out brand linkage events, using its own brand as the nexus to create a multi-brand linkage marketing channel. During the reporting period, we cooperated with well-known brands such as Lay's, Nayuki, Justfree, etc. to accurately grasp market trends, and regularly carried out marketing and promotional activities to increase consumers' attention and participation.



Lay's spicy braised duck neck flavored potato chips

Zhou Hei Ya and Lay's collaborated to launch "Spicy Braised Duck Neck Flavor" potato chips. Among all 18 flavors, Zhou Hei Ya's Spicy Braised Duck Neck Flavor successfully squeezed into the top 7 most-selling flavors and the base camp of 11 core flavors.



Nayuki bread

Zhou Hei Ya teamed up with the young tea brand Nayuki to launch vine pepper duck neck flavored bread, which is sold in all Nayuki stores in Wuhan and received positive feedback.

Justfree potato chips

In order to maintain high-frequency interactions with young consumers, Zhou Hei Ya brought forth the new through the old, teaming up with Internet celebrity potato chips brand Justfree to launch "Fiery Hot Braised Duck Neck Flavor" potato chips.



Information Confidentiality

Zhou Hei Ya always regards consumers' personal information as the Company's important information, and attaches great importance to the confidentiality of consumer data. We protect the legitimate rights and interests of consumers in terms of membership system management, employee information confidentiality, information and data transmission, etc.

Membership system management

- We have formulated standard member management methods, striving to protect the privacy and security of customer private information and membership card information, and prevent data leakage;

Employee confidentiality

- Employees are strictly forbidden to copy documents without approval or provide business, technical information and services to the same industry and customers;

Data transmission

- We have updated a series of IT management systems including the Information Security Management System, the Management Measures for System Privileges and Data Security, and so on to ensure effective management of customer information systems and strictly protect customer information security from such aspect as privilege management, data security management, etc.

Low Carbon and Environmental Protection for National Economy and People's Livelihood



- 3.1 Environmental Management
- 3.2 Use of Resources
- 3.3 Emission Control

Adhering to the “Tree-Root” culture for sustainable development, Zhou Hei Ya rooted in strong anti-risk capabilities constantly improves the level of green production and operation. As a leading brand in the casual braised products industry, Zhou Hei Ya makes consistent efforts to inject more green genes in multiple links of operations. We continuously promote the ecological and green development of all links and scenarios of the braised products industry to help achieve China’s carbon emission reduction goals.

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* among other environmental protection laws and regulations. The Wuhan Industrial Park of 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.

During the reporting period, while continuously improving the environmental management system, we invested a large amount of earmarked funds for the upgrading of environmental protection equipment to improve production efficiency and lay a foundation for the Company’s sustainable development.

Zhou Hei Ya invested about
1.3583
million yuan
in environmental protection.

Zhou Hei Ya had
NO environmental
emergency and
NO environmental
penalty.



ISO 14001 Environment Management System Certification

扫描全能王 创建

Zhou Hei Ya adopts a target management mechanism in its production activities. At the end of each year, we set the energy consumption target for the next year according to the results in the previous year; combining the actual situation of the current year, we formulated the threshold value and challenge values for key indicators in order to achieve continuous control. Zhou Hei Ya not only paid attention to environmental protection in the manufacturing process, committed to the construction of green factories, but also advocated green and low-carbon office work, guiding and driving all employees to form good habits of energy saving and consumption reduction.

Zhou Hei Ya production industrial parks set density targets for water, electricity, and gas consumption, and included them in key performance assessments. The assessments are done monthly and the results reviewed and analyzed quarterly.



Posting "Water/Electricity Conservation" publicity slogans at the water withdrawal and electricity using places to strengthen employees' environmental awareness of saving water and electricity;



Promoting paperless office and encouraging the reuse of paper and ink;



Maintaining water pipes and office equipment and facilities on a regular basis, and encouraging employees to report on equipment damage and abnormal phenomena;



Complying with the system of "turning off equipment and lights when people leave", and controlling the use temperature of air conditioning in offices and dormitories.

3.2 Use of Resources

Zhou Hei Ya is committed to promoting green operation and development. We always pay attention to efficient conversion of energy and efficient use of resources, continuously improve the Company's environmental management level, and earnestly fulfill our commitment to building a good ecological environment.

Use of Water Resources

Zhou Hei Ya attaches great importance to the management and use of water resources by continuously improving the efficiency of water use. The water used by Zhou Hei Ya in food processing and sales is mainly running water. In order to improve the water use efficiency and avoid waste of water resources, we monitor and analyze the water consumption of each workshop every week to control the water consumption. Further efforts are made in both administrative management and technical improvement with a series of management measures and improvement plans. During the reporting period, we consumed a total of 598,206.27 tons of running water, and the consumption of running water for every 10,000 yuan of revenue was 2.50 tons.

Water saving practices in industrial parks

The flushing water of public toilets changed from tap water to treated sewage, saving 500 tons of water a month or about 6,000 tons annually.

The concentrated water produced during the operation of the pure water equipment in industrial parks was effectively used for the floor washing of workshops.

The sewage station increased the concentration of chemicals and controlled the use of tap water, saving 900 tons of water per month or about 10,800 tons annually.

We improved the cleaning equipment in the raw and cooked food workshops of industrial parks, increased the use of high-pressure water gun equipment, and improved the efficiency of cleaning and disinfection and water consumption.

Use of Packaging Materials

The Group continuously strengthens product process management, improves the pass rate of each process, reduces material loss, and pays special attention to the effective use of packaging materials. We have established a close cooperative relationship with packaging material suppliers. Through regular feedback and communication, we strive to use packaging materials that ensure product quality and minimize environmental impact.

During the reporting period, we optimized the use of packaging materials, and on the premise of ensuring that product quality was not affected, successfully optimized the thickness of plastic packaging materials of some products, thereby reducing plastic consumption. In terms of packaging equipment, we established a special task force to actively communicate with equipment manufacturers on the problems of packaging equipment such as packaging film dislocation and poor sealing and worked with them to solve equipment problems and avoid unnecessary packaging material consumption.

Structural optimization of whole duck packaging material

- By structurally improving the inner packaging of the whole duck, we reduced the production loss rate of the whole duck, achieving the purpose of lower costs in production and disposal of defective products. The production test showed that the overall loss rate of the whole duck decreased from 5.93% (in 2019) to 1.22%, reducing the economic loss of raw materials and saving about 12,000 packaging bags.

MAP base film improvement in South China factory

- In order to improve the appearance of products and reduce packaging costs, the South China plant carried out the "base film transformation" project during the reporting period, and the project has so far been completed. After the switch of the base film, the thickness reduced by 50 μ , reducing overall material usage by about 3 tons.

Recycling of packaging materials

In order to save the cost of cartons, during the reporting period, we fully implemented the used carton recycling program in various industrial parks and stores, including arranging for special personnel to recycle and sort used cartons, expanding the use of rubber frames and plastic baskets in various supply stores, etc.

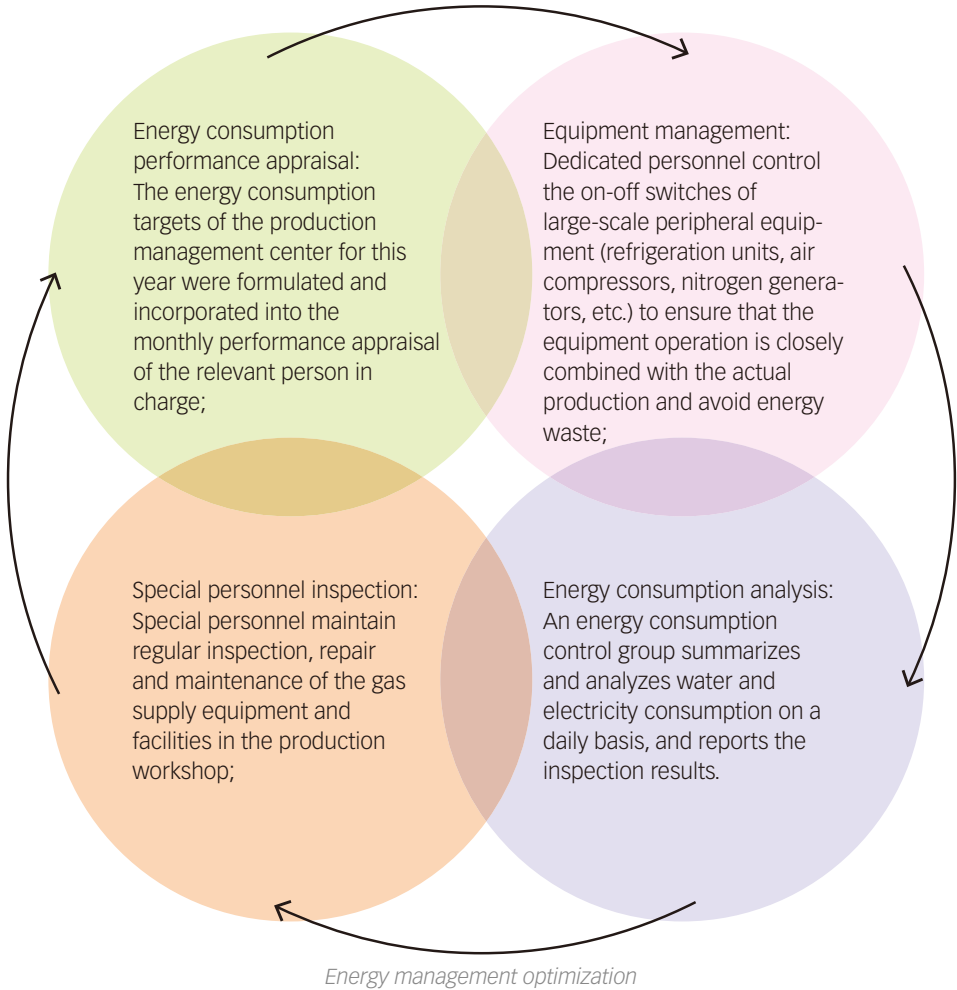


During the reporting period, Zhou Hei Ya used a total of 2,269 tons of packaging film and 601 tons of vacuum packaging bags. The details are as follows:

Use of Resource		Unit	2018	2019	2020
Main products' packaging Materials ²	Packaging film	ton	2,958	2,685	2,771
	Vacuum packaging bag	ton	560	914	691
	Packaging materials per ton of products sale	ton	0.09	0.10	0.13

Energy Use

Zhou Hei Ya pays close attention to the efficiency of energy use by advocating energy structure optimization, equipment technology innovation and clean energy use and striving to reduce the comprehensive energy consumption and carbon emissions of each operation link. While complying with the *Energy Conservation Law of the People's Republic of China* and other relevant laws and regulations, we have formulated the *Energy Resources Management Procedures* to sort out the responsibilities of the management entities. Through management optimization, equipment improvement and process reform, we promote energy conservation and emission reduction to reduce unnecessary energy waste, improve energy efficiency, environmental performance and economic benefits.



² Product packaging materials mainly refer to packaging materials that directly contact the food during the production process, excluding post-consumer portable packaging bags and packaging boxes.



Improving packaging line: MAP line's doubling machine was switched to automatic doubling equipment to improve production efficiency;



Introducing vacuum packaging machine: The packaging of vacuum-packaged duck head and eggs was switched from manual labor to granulator, increasing the packaging efficiency by 500%;



Improving carbon-based X-ray machine: Outer vacuum packaging was switched from small bags passing the X-ray machine to directly passing metal detector in a streamlined manner after sealing and before packing, eliminating the link of small-bag products passing the X-ray machine;



New-model duck neck cutting machine: For vacuum-packaged duck neck cutting, a cutting machine that automatically separates duck necks was introduced, eliminating the link of separating duck necks and improving production efficiency;



Improving small-box product packaging: Two pieces of 2*2 large-box packaging equipment were transformed into 3*2 small-box packaging equipment, increasing the overall boxing efficiency by 20%.

Equipment optimization and transformation

Moreover, during the reporting period, we improved the chicken wing tips braising process and the vacuum-packaged clavicle process, which not only improved customer experience, but also improved production efficiency, shortened the production cycle, and effectively reduced energy consumption.

Improving the chicken wing tips braising process	<ul style="list-style-type: none">• The operating procedures of MAP and vacuum-packaged chicken wing tips processes were optimized to save operating space;
Improving the vacuum-packaged clavicle process	<ul style="list-style-type: none">• The cavity packaging machine (full-bag color packaging) of vacuum-packaged clavicle was changed to granule packaging machine (granulated small packaging).

During the reporting period, we actively explored opportunities for optimizing the energy use structure, and completed the upgrade and transformation of the steam pipe network to achieve echelon utilization of energy.

Steam pipe network upgrade

During the reporting period, we completed the upgrade of the steam pipe network at the end of October 2020. Before the transformation, the cost per ton of steam produced by the boiler was 313 yuan. After the transformation, the unit cost of steam supplied via the steam pipe network is 205 yuan. The monthly average use of municipal steam is about 1,000 tons, saving 108,000 yuan per month.

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

Energy	Unit	2018	2019	2020
Outsourced electricity	kWh	44,614,735	55,392,504	49,547,083
Natural gas	m ³	6,453,107	7,239,270	5,460,809
Gasoline	liter	387,366	292,412	270,118
Diesel	liter	210,976	488,505	465,607
Direct energy consumption	ton of standard coal	8,512	9,705	7,411
Indirect energy consumption	ton of standard coal	5,483	6,808	6,089
Total energy consumption	ton of standard coal	13,995	16,513	13,500
Energy consumption per 10,000 yuan revenue	ton of standard coal/10,000 yuan	0.04	0.05	0.06

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

Greenhouse Gas Emissions	Unit	2018	2019	2020
Scope I ³ greenhouse gas emissions	ton of CO ₂	15,323	17,543	13,559
Scope II ⁴ greenhouse gas emissions	ton of CO ₂	26,156	33,468	29,644
Total greenhouse gas emissions	ton of CO ₂	41,479	51,011	43,204
Greenhouse gas emissions per 10,000 yuan revenue (Scope I and II)	ton of CO ₂ /10,000 yuan	0.13	0.16	0.20

3.3 Emission Control

Wastewater Management

The Group's wastewater discharge mainly includes production wastewater and domestic wastewater. We also implement the requirements of the *Wastewater, Exhaust Gas and Noise Control Procedures and Industrial Park Wastewater Treatment Station Operation and Monitoring Specifications* by strictly monitoring and recording wastewater discharge. During the reporting period, none of the Group's wastewater discharge indicators exceeded the standard.

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.

Renovation and upgrade of sewage treatment station to improve sewage treatment capacity

During the reporting period, due to changes in sewage discharge standards, we upgraded the sewage treatment station to separate domestic sewage and production sewage for treatment, thereby reducing the load and cost of sewage treatment and achieving the goal of reducing emissions. After the transformation and upgrading, the sewage treatment station is expected to reduce the cost of more than 3 million yuan a year, and the sewage treatment capacity will increase to 2,000 cubic meters per day.



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

Discharge Amount of Wastewater and Pollutant	Unit	2018	2019	2020
Wastewater emissions	Ton	465,046	506,883	411,668
COD emissions ⁵	Ton	36.02	43.53	76.74
Ammonia nitrogen emissions	ton	2.03	0.56	1.25

⁵ Due to changes in the requirements for wastewater discharge, the Group's COD emissions and ammonia nitrogen emissions increased significantly compared with previous years.

Waste Management

To meet the requirements on waste management of national and local laws and regulations and regulatory authorities, Zhou Hei Ya carried out detailed management of the classification and disposal of solid waste, and classified harmless waste into non-recyclable industrial solid waste, recyclable industrial solid waste and municipal solid waste, among which non-recyclable industrial solid waste mainly includes chili slag, packaging materials with grease, etc., and the recyclable industrial solid waste mainly includes paper and plastic bags. We formulated the *Solid Waste Management Methodology* and the *Solid Waste Management Procedure* to continuously optimize the disposal procedures for different types of waste.

During the reporting period, the Group's waste was classified, placed, stored, handled and disposed of according to the nature of the waste.

Recyclable Waste	Raw materials' packaging paper, plastic bags, etc. are regularly recycled by recycling agencies.
Non-Recyclable Waste	Scrapped products, PPE consumables, office waste, etc are put into non-recyclable garbage bins, which will be handled by environmental sanitation.
Hazardous Waste	Waste mineral oil, contaminated chemical reagents, and waste lamps, etc. are recovered in a unified manner and temporarily stored in hazardous waste rooms, and then regularly transferred to qualified hazardous waste treatment units for disposal.

Zhou Hei Ya Waste Disposal

The specific amount of solid waste was as follows:

Solid Waste	Unit	2018	2019	2020
Non-recyclable industrial solid waste	ton	2,419	2,111	2,296
Recyclable industrial solid waste	ton	2,955	2,568	2,790
Municipal solid waste	ton	320	2,410	2,842
Total amount of non-hazardous waste	ton	5,694	7,089	7,929
The amount of non-hazardous waste per 10,000 yuan revenue	ton/10,000 yuan	0.02	0.02	0.04
Total hazardous waste generated	kg	732	1,367	1,461
The amount of hazardous waste per 10,000 yuan revenue	g/10,000 yuan	2.28	4.29	6.70

In addition, we vigorously promote circular economy in product development stage in order to improve resource utilization efficiency and reduce waste generation.

Product development and formulation upgrading to reduce auxiliary material waste

- Developing new sauces for sale: The new spicy sauce packets were launched during the reporting period, and the chili base materials during the production process were used as the raw materials of the new sauce packets, which improved the utilization of resources;
- We improved the product formula and rationalized the braising process to reduce the waste of sauce materials, thereby reducing environmental impact.

Exhaust Gas and Noise Management

Zhou Hei Ya attaches great importance to the management of exhaust emissions. We strictly follow the *GB16297-1996 Comprehensive Air Pollutant Emission Standards*, *GB18483-2001 Catering Industry Fume Emission Standards (Trial)*, *GB13271-2014 Boiler Air Pollutant Emission Standards* and other exhaust emission standards, and ensure that our exhaust emissions meet the standard stipulated in the *Wastewater, Exhaust Gas and Noise Control Procedures*.

Exhaust Gas Control

Boilers are routinely maintained in strict accordance with the maintenance procedures to ensure normal exhaust emissions

A fume purification device was installed in the canteen with a minimum treatment rate of 75%. Fume and exhaust gas are treated to meet the standard before it is discharged

The sludge of the wastewater treatment station is cleaned in time to avoid odor

All in-use vehicles are required to pass the annual review and meet the standards of exhaust emissions

In order to reduce the adverse impact of production activities on the environment and personnel health, we strictly abide by the Type III standard in the *GB12348-2008 Emission Standard for Industrial Enterprises Noise at Boundary*, and have adopted engineering management and control for noise in industrial parks, such as soundproof and shockproof treatment to equipment and facilities with large noise and providing the necessary auditory protection measures for employees when the volume of workshop noise exceeds the labor protection requirements.



A Galaxy of Talents as Development Guarantee

- 4.1 Employee Profile
- 4.2 Health and Safety
- 4.3 Career Development
- 4.4 Employee Care

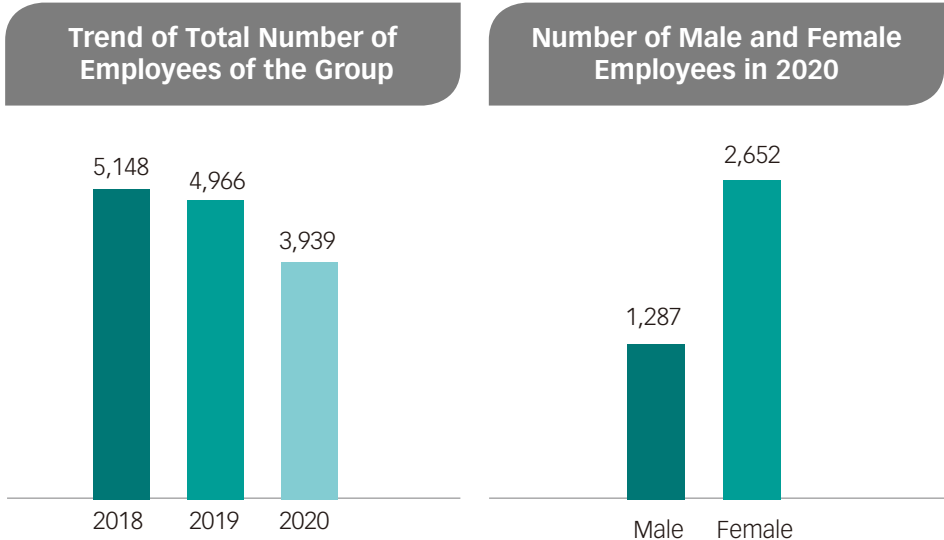
“People” is the carrier of enterprise management, and “people-oriented” is the constant belief of Zhou Hei Ya in the course of more than 20 years of operation. While cultivating our business, we are committed to building a people-oriented enterprise, striving to create a safer, more reliable and comfortable working environment and a smooth career development channel. We continuously accumulate strength by forming a solid and diverse team and join all members of Zhou Hei Ya to forge forward with high spirits and shared aspirations.

4.1 Employee Profile

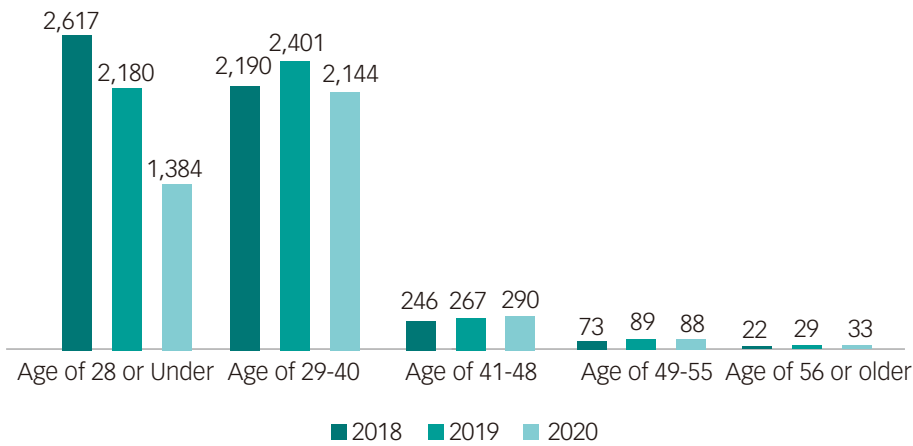
In strict compliance with the Labor Law of the *People’s Republic of China* and the *Labor Contract Law of the People’s Republic of China* among other laws and regulations, Zhou Hei Ya continuously optimizes the human resources management system in accordance with its own development needs, provides employees with fair competition opportunities. The Group is determined to eliminate possible discrimination and strives to create a corporate culture of diversity and inclusion. Employees can never be treated differently because of gender, age, race, ethnicity, disease, marital status, family status or religious beliefs, etc.

During the reporting period, Zhou Hei Ya optimized the *Organization and Position Management System of Zhou Hei Ya*. By sorting out the duties, work contents and competency models of existing positions, and merging positions with same duties, the Company accurately matches positions with existing personnel and avoid redundancy. The annual recruitment plan was also adjusted according to the Group’s strategic objectives, in order to reduce unnecessary human resource demand and ensure the recruitment of key positions. At the same time, the Company encourages employees to start their own business by joining Zhou Hei Ya franchise stores and provides them with full support, through which employees actively take the advantage of their expertise and realize their value.

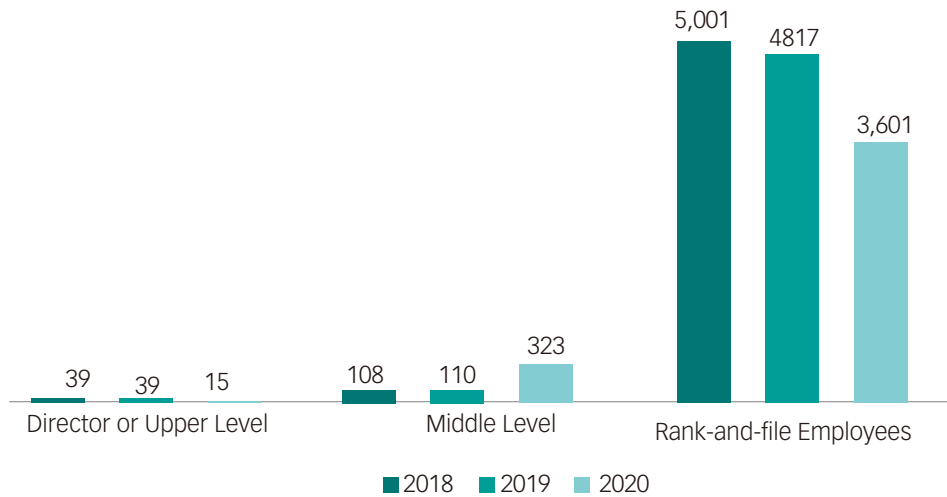
During the reporting period, we continued to optimize personnel structure. As of 31 December 2020, the Company had a total of 3,939 employees, with female employees accounting for 67%.



Trend of Employee Number by Age



Trend of Employee Number by Level



We strictly abide by the State Council's *Regulations on the Prohibition of Child Labor* with strict review of the information and data of job seekers during the recruitment process so as to eliminate the use of child labor or forced labor. For the proposed personnel to be employed, we verify their identity and ensure the signing of labor contract on a voluntary basis. If violations are found, we will immediately suspend relevant personnel. During the reporting period, we led into the human resources management system of Big Data to help manage employees' information and avoid unnecessary employment risks. During the reporting period, no use of child labor and forced labor occurred within the Group.

4.2 Health and Safety

Security is productive forces. The occupational health and safety of employees is always the focus of our daily production operations. We strictly abide by relevant laws and regulations such as the *Safety 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 formulated a series of safety production management regulations as well as a safety management structure. There are also safety management personnel deployed to factories and branch offices, 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.

Production Safety Management

In terms of production safety management, we strictly abide by relevant laws and regulations including the *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. In addition, in order to strengthen the Company's independent production safety management, we continuously optimize the production safety management procedures from multiple levels and have formulated a series of safety accident emergency plans, and issue institutional documents for each store, franchise store security inspection for standardized management. We also strictly control the entry and exit of outsiders to protect the personal safety of employees and avoid property losses.

During the reporting period, in order to prevent traffic accidents and raise employees' safety awareness, the Company conducted statistics on the use of non-motorized vehicles and motorcycles in factories, distributed reflective vests and reflective car stickers to employees, and require them to wear helmets. Reflective vests and helmets are checked when employees driving non-motorized vehicles and motorcycles come in and out.

We also optimize work accident handling process. Once a work accident occurs, it must be immediately reported to the director on duty. Work accident report should be submitted to the Safety Management Department within 24 hours. Safety Management Department will organize investigation and generate an accident investigation report to minimize uncertainty in the subsequent handling. During the reporting period, 1 work injury incident occurred in the Group, which was caused by an employee slipping and falling while working. After the accident, we applied for work-related injury determination in strict accordance with relevant law, so that the employee was entitled to full work-related injury treatment. Meanwhile, taking this as a warning, we optimize operation process to ensure employees' health and safety. The safety of the site environment must be checked before the operation; work routes are improved; employees in relevant positions are rearranged to ensure their physical quality can meet the standard to manage relevant operational risks.

The Group continues to attach importance to fire safety, abides by fire laws and regulations, and optimizes a total of 13 safety management systems, including the Doorpost Management System and Electrical Safety Management System. The Group carried out a series of emergency drills and exercises to help employees to improve safety awareness and accident response ability, and reduce hidden dangers, and health & safety risks during production.



Confined space operation drill

During the reporting period, we conducted 3 safety drills, with participation of 281 person times.

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*. It strictly implemented the specific articles of the above law concerning the design of the facilities for prevention and control of occupational diseases, occupational health pre-assessment, and occupational health acceptance assessment.

During the reporting period, the Company conducted a comprehensive inspection of occupational health & safety risks in Wuhan Industrial Park. The inspection aims 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.

Health and Safety Training

Among all safety control measures, employees' safety awareness promotion is the most direct method. The Group provides various theme training including health and safety training, traffic safety training and fire equipment training to improve employees' safety awareness and operation skills, thus avoiding or minimizing accidents and occupational hazards.



Fire equipment training

High-temperature work training



First-aid training

4.3 Career Development

The Group has been consistently following an employment strategy of “cultivating talents in accordance with the survival of the fittest.” Zhou Hei Ya is committed to employee capacity building through diversified and well-tailored training and effective incentive mechanisms. 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.

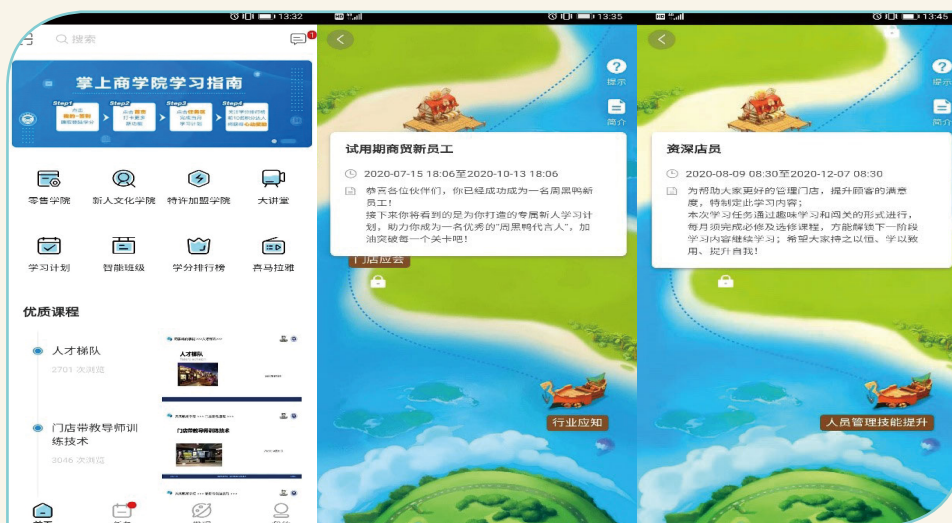
Employee Training

Adhering to the concept of perseverance, learning for practice and self-improvement, Zhou Hei Ya values the development and training of employees. We continuously strives to improve its employees’ professional knowledge and management skills through training programs that are tailored for all levels of employees, delivered in a variety of training methodologies and topics, and facilitated by internal and external trainers. The Company formulates reasonable and personalized development plans according to Zhou Hei Ya ability models and employees’ needs. Training sessions aiming at improving employees’ professional knowledge and management skills are actively carried out.

In order to further improve the talent ladder training system, the Group launched five training camps, providing tailored learning platforms for managers at different levels, in order to empower managers in the new era of Zhou Hei Ya and inject new vitality into the Company’s “three-step” strategy.

Zhou Hei Ya Pocket Business School

Zhou Hei Ya Pocket Business School is open to the Company’s all retail employees and new recruits. Using mobile Internet tools, the platform aims to create a more professional, systematic, open and convenient online home of learning for everyone. The platform has ten special functions. High-quality micro-courses with diverse, interesting and informative content have been carefully selected. The platform consists six modules: basic industry knowledge, career start, backbone leader, market and brand, sales skills, and Zhou Hei Ya Business School internal professional courses, which are pushed according to employees’ needs and encourage systematic learning and aimed to motivate active learning and sharing.



Talent echelon training program

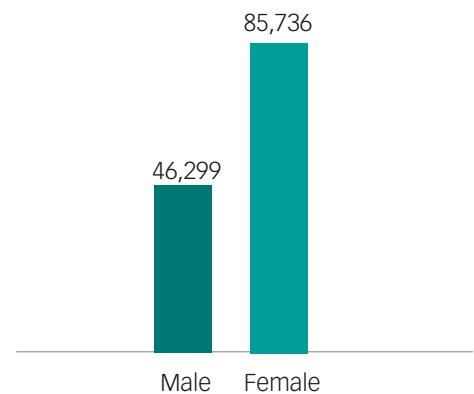
The talent echelon training program was born in the “three-step” strategy in the Group’s third venture, aiming to empower managers in the new era of Zhou Hei Ya and allow all Zhou Hei Ya managers to complete a real transformation on the Company’s tailored learning platform. During the reporting period, Zhou Hei Ya launched five training camps for senior managers, manager acceleration, sales directors, store managers and team leaders, covering more than 700 middle and grassroots managers nationwide.



In order to improve the quality of the Group’s after-sales service and effectively address the needs of customers, the Group carried out after-sales tactics training and after-sales scenario training, in order to reply to and deal with customers’ questions after purchasing products and improve the Group’s customer satisfaction.

During the reporting period, Zhou Hei Ya has achieved an employee training participation rate of 95%, a training pass rate of 95%, a training satisfaction rate of 95% and a total of 132,035 training hours.

Employee training hours



Performance Evaluation and Promotion

Meanwhile, we have formulated differentiated evaluation indicators, methods, and cycles for rank-and-file employees, grass-roots management personnel, and middle & senior management personnel. The evaluation results are used as the reference basis for training, salary adjustment, annual merit appraisal, post adjustment and dismissal to ensure that employees are fairly and equitably evaluated and rewarded for their hard work.

In order to further improve the Company's personnel appointment standards and enrich promotion channels for employees, during the reporting period we optimized *Promotion and Advancement Management System*. By adhering to the principle of giving equal importance to virtue and performance, combining gradual promotion with skip-level promotion, supplementing vertical promotion with interdepartmental promotion, and being able to both promote and demote, we strengthen the standards of performance assessment and promotion, solidify promotion standards and time, and increase the diversity of employee promotion modes.

4.4 Employee Care

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.

We provide employees with welfare including social insurance and housing provident fund as required by law. Regulations on work hours management are formulated. Employees are provided with paid annual leave, sick leave, wedding leave, maternity leave, and allowances for transportation, meals, and overtime work. We set welfare standards for employees, equips high-quality living facilities, and provides special benefits on special days such as festivals and employees' birthdays.

Employee needs are an important basis for Zhou Hei Ya Group's decision making. Zhou Hei Ya employees are encouraged to participate in the Group management by voting, through which their diverse needs can be collected and their demands on a better career life can be effectively met. During the reporting period, we conducted a number of votes on store clothing styles, favorite movies and cultural life needs, by which employees' demands were reasonably expressed.

We have always been advocating the brand philosophy of “more entertainment, more fun”, and is committed to be a creator and transmitter of happiness. Every year, we hold a variety of corporate cultural activities, including monthly birthday parties, theme reunions and other series events on employee care, constantly enriching employees’ life.



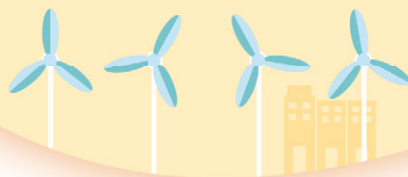
Monthly birthday parties



Team building activities

During the epidemic, the Group formulated the *Zhou Hei Ya Guide for Resumption of Work* for employees, making detailed guidelines for commuting, office work, meetings and dining, helping them work healthily and scientifically. We purchased immunity-boosting supplements for employees nationwide and arrange them with nucleic acid and serum tests. Both factories and offices are disinfected in a timely manner to reduce the chances of COVID-19 infection. During the period when the employees were detained in the factory, we promptly arranged meal delivery for the employees and offered online mental health courses, relieving their psychological stress caused by the detention.

Evergreen Enterprise Rooted in Society



Only by rooting deeply in the ground, can an enterprise stand straightly, prosper, fight against the storm and keep the business evergreen. As a national enterprise, Zhou Hei Ya integrates sustainable development into corporate culture by actively participating in community construction and charitable causes to give back to the public, advance together with society, and build an evergreen enterprise.

Community Support

The Group adheres to the corporate philosophy of “being a creator and transmitter of happiness” and is committed to passing on happiness and warmth through society. During the reporting period, we provided a charitable fund for Wuhan University, paid visits to military troops, and gave Zhou Hei Ya presents to hard-working rural residents. Meanwhile, 41 of our employees participated in the fight against local floods by working shifts to guard the dikes over the Xiang River.

Shift watch over the dam of the Xianghe River

41

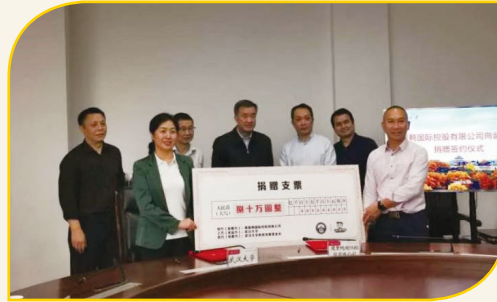
Employees involved
Fight local floods

The infographic features a large, light orange, irregular shape containing the number '41' in a bold, orange font. Above the number, the text 'Shift watch over the dam of the Xianghe River' is written in a smaller, orange font. Below the number, the text 'Employees involved' and 'Fight local floods' is written in the same orange font. To the right of the main shape is a smaller, solid yellow circle.



Community Support

In order to help poor students realize their dreams, Zhou Hei Ya in September made a donation of 800,000 yuan to Wuhan University's "Luoji Library Project".



In July, in order to extend our regards to local soldiers, we sent 100 boxes of iced black tea to military troops around the industry park, hoping to relieve the summer heat for the soldiers who have been protecting the people's lives and properties.



During the reporting period, Zhou Hei Ya sent products with equivalent worth of 150,000 yuan to Xiping Village in Yuxiaokou Township, Changyang County, and Caihua Township, Wufeng County, to celebrate the Dragon Boat Festival with local people and help them get out of poverty. For instance, the Company prepared a Zhou Hei Duck colored-package gift for each of the 515 households in Kuzhuping Village and more than 700 households in Xiping Village.



Fight Against the Pandemic

The impact of the pandemic on the community has not yet disappeared. As a corporate citizen, Zhou Hei Ya has always been maintaining a high sense of responsibility. While ensuring the continuous supply of high-quality products, Zhou Hei Ya is duty-bound to shoulder the corporate social responsibility and fight against the pandemic together with the whole country. In January 2020, the Company donated 10 million yuan to Wuhan Charity Association to fight against the pandemic. In order to protect college students from the pandemic, the Company donated 100,000 masks and three tons of alcohol to Wuhan University of Light Industry, helping students concentrate on their studies. Furthermore, in cooperation with Xinchao Media, Bicheng Media, NetEase Mail and local media in different cities, the Company placed public-interest advertisements such as “Wuhan, Fighting!” to deliver the community’s spiritual support to Wuhan.



Appendix

6.1 HKEX ESG Disclosures Index

Environmental, Social and Governance Areas, General Disclosures and KPIs			In Chapter
Environmental			
A1: Emissions	General Disclosure	Information on: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.3 Emission Control
	A1.1	The types of emissions and respective emissions data.	3.3 Emission Control
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	3.3 Emission Control
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	3.3 Emission Control
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	3.3 Emission Control
	A1.5	Description of measures to mitigate emissions and results achieved	3.3 Emission Control
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.3 Emission Control
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	3.2 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).	3.2 Use of Resources
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	3.2 Use of Resources
	A2.3	Description of energy use efficiency initiatives and results achieved.	3.2 Use of Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.2 Use of Resources
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.2 Use of Resources

Environmental, Social and Governance Areas, General Disclosures and KPIs			In Chapter
Environmental			
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3. Low Carbon and Environmental Protection for National Economy and People's Livelihood
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Low Carbon and Environmental Protection for National Economy and People's Livelihood
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 Career Development
	B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1 Employee Profile
	B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Employee Profile
B2: Health and Safety	General Disclosure	Information on: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer related 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.	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 have been 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.	4.3 Career Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.3 Career Development
	B3.2	The average training hours completed per employee by gender and employee category.	4.3 Career Development

Environmental, Social and Governance Areas, General Disclosures and KPIs			In Chapter
Social			
B4: Labour Standards	General Disclosure	Information on: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer related to preventing child and forced labour.	4.1 Employee Profile
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Employee Profile
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Employee Profile
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.2 Responsible Supply
	B5.1	Number of suppliers by geographical region.	2.2 Responsible Supply
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.2 Responsible Supply
B6: Product Responsibility	General Disclosure	Information on: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer related to health and safety, advertising, labeling, and privacy matters relating to products and services provided and methods of redress.	2. Food Safety as the Bottom Line
	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 were dealt with.	2.2 Responsible Supply
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.1 Quality First
	B6.4	Description of quality assurance processes and recall procedures.	2.1 Quality First
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.3 Thoughtful Service

Environmental, Social and Governance Areas, General Disclosures and KPIs			In Chapter
Social			
B7: Anti-corruption	General Disclosure	Information on: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer related 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, how they are implemented and monitored.	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. Evergreen Enterprise Rooted in Society
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5. Evergreen Enterprise Rooted in Society
	B8.2	Resources contributed (e.g. money or time) to the focus area.	5. Evergreen Enterprise Rooted in Society

6.2 List of Laws, Regulations and Standards

Laws

1. Constitution of the People's Republic of China
2. Food Safety Law of the People's Republic of China
3. Product Quality Law of the People's Republic of China
4. Standardization Law of the People's Republic of China
5. Metrology Law of the People's Republic of China (Revised Edition)
6. Animal Epidemic Prevention Law of the People's Republic of China (Revised Edition)
7. Law of the People's Republic of China on Quality and Safety of Agricultural Products
8. Advertising Law of the People's Republic of China
9. Trademark Law of the People's Republic of China
10. Criminal Law of the People's Republic of China
11. Law of the People's Republic of China Against Unfair Competition
12. Contract Law of the People's Republic of China
13. Environmental Protection Law of the People's Republic of China
14. Environmental Protection Tax Law of the People's Republic of China
15. Law of the People's Republic of China on Air Pollution Prevention and Control
16. Law of the People's Republic of China on Water Pollution Prevention and Control
17. Law of the People's Republic of China on Environmental Noise Pollution Prevention and Control
18. Law of the People's Republic of China on Solid Waste Pollution Prevention and Control
19. Law of the People's Republic of China on Soil Pollution Prevention and Control
20. Law of the People's Republic of China on the Promotion of Clean Production
21. Law of the People's Republic of China on Environmental Impact Assessment
22. Law of the People's Republic of China on Energy Conservation
23. Intellectual Property Law of the People's Republic of China
24. Labor Law of the People's Republic of China
25. Labor Contract Law of the People's Republic of China
26. Law of the People's Republic of China on Occupational Diseases Prevention and Control
27. Safety Production Law of the People's Republic of China
28. Fire Control Law of the People's Republic of China
29. Other applicable relevant laws

Regulations, Ordinances, and Rules

<i>1. Regulations on the Implementation of the Food Safety Law of the People's Republic of China (2016 Revision)</i>
<i>2. Regulations of the People's Republic of China on the Administration of Production License of Industrial Products</i>
<i>3. Measures for the Implementation of the Regulation on the Administration of Production License of Industrial Product</i>
<i>4. Regulations on the Implementation of the Trademark Law of the People's Republic of China</i>
<i>5. Measures for the Administration of Food Production License (2017 Revision)</i>
<i>6. Regulations on the Administration of Food Labeling</i>
<i>7. Measures for the Administration of Food Recall</i>
<i>8. Measures for Investigation of Internet Food Safety Violations</i>
<i>9. Regulations on the Administration of Environmental Protection of Construction Projects</i>
<i>10. Measures for the Implementation of Successive Punishment by the Day by Competent Departments of Environmental Protection</i>
<i>11. Measures for the Implementation of Seizure and Distraint by Competent Departments of Environmental Protection</i>
<i>12. Measures for the Implementation of Production Limitation and Suspension for Rectification by Competent Departments of Environmental Protection</i>
<i>13. Measures for Investigation and Handling of Sudden Environmental Incidents</i>
<i>14. Measures for the Administration of Emergency Response Plan for Sudden Environmental Incidents of Enterprises and Institutions (Trial)</i>
<i>15. Opinions of the General Office of the State Council on Strengthening the Administration of Waste Oil and Kitchen Waste</i>
<i>16. Administrative Measures for Occupational Health Surveillance of Employers</i>
<i>17. Technical Specifications on Occupational Health Monitoring</i>
<i>18. Administrative Measures for Occupational Health Inspection</i>
<i>19. Regulations on Prohibition of Child Labor</i>
<i>20. Other applicable relevant Regulations, Ordinances, and Rules</i>

Product Standards

1. GB2726-2016 National Food Safety Standards for Cooked Meat Products
2. GB/T23586-2009 Seasoned and Braised Meat Products
3. GB10136-2015 National Food Safety Standards for Aquatic Animal Products
4. GB/T22106-2008 Non-fermented Soy Products
5. GB2714-2015 Pickles
6. GB/T23970-2009 Marinated Eggs
7. GB2749-2015 Eggs and Egg Products
8. GB2712-2014 National Food Safety Standards for Soy Products
9. GB7096-2014 National Food Safety Standards for Edible Fungus and Its Products
10. GB10133-2014 National Food Safety Standards for Aquatic Seasonings
11. Q/HZHY0001S-2017 Marinated Vegetarian Products
12. Q/HZHY0002S-2017 Marinated Squid Products
13. Q/HZHY0003S-2018 Seasoning Powder
14. Q/HZHY0004S-2018 Food Flavorings
15. Q/HZHY0005S-2017 MAP Braised Meat Products
16. Q/HZHY0006S-2017 Semi-solid Seasonings
17. Q/HZHY0007S-2016 Marinated Vegetarian Foods
18. Q/HZHY0008S-2016 Braised Eggs
19. Q/HZHY0009S-2016 Cooked Crayfish
20. Other applicable relevant product standards



Zhou Hei Ya International Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1458

