



2016³

Environmental, Social and Governance Report

Zhou Hei Ya International Holdings Company Limited

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



Content

Chairman Statement	02
About this Report	04
Summary of Key Performance on ESG in 2016	05
Business of "Food"	06
1.1 Company Profile.....	07
1.2 Financial Performance.....	09
1.3 Corporate Governance.....	10
Responsible Zhou Hei Ya: Communication with Stakeholders	12
2.1 Development Background of ESG.....	13
2.2 Industry Responsibility.....	14
2.3 Stakeholder Communication.....	17
2.4 ESG Materiality Analysis.....	18
National Zhou Hei Ya: Revitalizing the National Industry	20
3.1 Philosophy of Development.....	21
3.2 Development Planning.....	22
Conscientious Zhou Hei Ya: Safeguarding Food Safety	23
4.1 Food Safety.....	24
4.2 Sustainable Innovation.....	28
4.3 Healthy Food.....	29
4.4 Communication with Customers.....	30
Green Zhou Hei Ya: Practicing Environment Protection	33
5.1 Strengthening Environmental Management.....	34
5.2 Reducing Resource Consumption.....	34
5.3 Reducing Emissions.....	36
Warm Zhou Hei Ya: Building a Harmonious Relationship	38
6.1 Overview of the Employees.....	39
6.2 Employee Welfare.....	40
6.3 Employee Training.....	41
6.4 Occupational Health and Work Safety.....	42
Contribution of "Food" : Enhancing Social Value	45
7.1 "More Entertainment, More Fun"	46
7.2 Rewarding the Society.....	47
Appendix: ESG Content Index	49
8.1 HXEX ESG Reporting Guide Content Index.....	49

Chairman Statement

"As for running an enterprise, if we are greedy for profits it leads to failure, while if we perfect products it earns popularity." Once a small stall in the beginning, Zhou Hei Ya has now become a leading brand and retailer of casual braised food in China. In the last decade, the Company has long adhered to its core value of "customer-first" and single-mindedly produced "food with conscience". We strive to become a global leading brand of casual food by establishing a competitive edge in terms of product quality, brand image, operational standards and management model.

The year of 2016 is a milestone for the Zhou Hei Ya in its history. On November 11, 2016, Zhou Hei Ya was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKEX"), achieving full access to the international capital market. As a result, we have gained a wider development space and been given new momentum. It also motivates us to continually improve our governance structure, focus on promoting quality of product and service, and invest more in research and development and innovation. Meanwhile, we need to make further efforts to fulfill our environmental, social and governance (ESG) responsibilities and communicate with the relevant stakeholders with an aim to achieve a long-term, healthy and sustainable development of the Company.

Therefore, Zhou Hei Ya has kept a close watch on environmental, social and governance risks in operation by establishing an ESG working committee to integrate its required ESG responsibilities into the overall process of its operation. Then, Zhou Hei Ya has published its first ESG report with reference to The Environmental, Social and Governance Reporting Guide of HKEX, releasing the relevant information on fulfilling of responsibilities from the following four aspects.



We adhere to the quality first and safeguard food safety.

Since its first day in business, Zhou Hei Ya has long persisted in its "Food" Character Theory and "conscience" of food producers as well as set "securing food safety" as its moral limit, code of conduct and the foundation of its business. We adopt an industry-leading quality management model, establish a quality assurance system that monitors the overall process from the supply of raw materials to store sales and services, create a strictest quality operating procedure and control every step of production, delivery and sales, so as to trace the whole process from the supply of raw materials to the finished products. Up to now, our two processing plants have earned ISO9001:2008 quality management system certification and ISO22000:2005 food safety management system certification. Only in 2016, the Company invested a total of RMB 5.65 million Yuan in food safety. Meanwhile, we have continually improved products and services, promoted the health performance of its product composition, introduced the MAP packing technology. We proposed a brand philosophy of "More Entertainment, More Happiness" so that consumers can enjoy delicious products trustingly and experience more fun.

We advance energy saving and emission reduction, and protect eco-environment.

Eco-environment is fundamental to the sustainable development of Zhou Hei Ya. Therefore, we work from different aspects to follow the guideline of "green production". We have continued to strictly carry out the environmental management system after receiving the environmental management system certification and clean production certification. In 2016, the Company's wastewater, air emission and noise control had been up to all standards. In the meantime, we continued to reduce the impact of its producing process on environment by increasing investment in environmental protection, such as adopting new equipment, new technology and recycled packaging materials. In addition, the Company set a general goal on energy saving and emission reduction, and demanded the energy consumption like natural gas and electric power should fall by 0.1% every year.

We facilitate our employees' development and help them achieve their dreams in their career.

We attach great importance to the dreams of every employee and work very hard to integrate their individual dreams into Zhou Hei Ya's dream of development by adhering to "people-oriented" concept, creating a professional development environment for employees with a sense of belonging and cohesion, and providing quality learning opportunities and a wide personal growth space for them, so that all the employees can make their dreams come true in Zhou Hei Ya.

We work for public welfare and philanthropy, deeply rooting in society.

Zhou Hei Ya's "Tree-Roots" Culture reminds us all the time that an enterprise can "only be leafy while deeply rooted". The "root" of the enterprise should be taken in a vast society. Therefore, Zhou Hei Ya has long persisted in rewarding the society through its philanthropy initiatives for years. Our employees play an active roles in disaster reliefs, targeted poverty alleviation, helping poor children to school and caring for elders.

Looking forward, we, as always, will not forget our original intention with hard work spirits. We try to make Zhou Hei Ya a sustainable "century-aged enterprise" and "world brand" by adhering to the conscience of food safety, persevering in green development, caring for employees, rewarding the society and reinvigorating the national industry.

ZHOU Fuyu
Chairman

About this Report

Overview

This report is the first Environmental, Social and Governance (ESG) Report of Zhou Hei Ya International Holdings Company Limited. It focuses on disclosure of the Company's economic, social and environmental performance and relevant information for the reporting period from 1 January to 31 December 2016. Some information is sourced from historical relevant performance before 2016.

Reporting Reference

This report was prepared with reference to The Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited, which was amended on December 2015.

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.

Scope of the Report

All policies, statements, data disclosed in this report were collected from the headquarters of the Company and its subsidiaries("the Group").

Reporting Specification

For the convenience of expression and reading, Zhou Hei Ya International Holdings Company Limited is referred to as, "Zhou Hei Ya", "the Company" or "We".

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 May 31, 2017 after it had been confirmed by board.

Access and Feedback to the Report

This report is also published in Traditional Chinese, the electronic one is available both under the "Financial Statements / ESG Information" headline at the website of The Stock Exchange of Hong Kong Limited and the website of the Company.

We value stakeholders' opinions. Readers are welcomed 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.

Telephone: 400 1717 917

Email address: IR@zhouheiya.cn

Address: No 8-1, Huitong Avenue of Zoumaling, Dongxihu district, Wuhan city, Hubei Province

Summary of Key Performance on ESG in 2016

Economy

- ◉The total revenue: RMB 2,816.5 million Yuan , increased by 15.8% from 2015.
- ◉The total tax: RMB 247.8 million Yuan.
- ◉0 Corruption case.
- ◉Received 27 honors and awards.
- ◉Participating in formulation of 1 industry standard.
- ◉Investigating stakeholders on ESG, the company had collected more than 500 valid questionnaires and made phone call or face-to-face interviews with more than 30 stakeholders from different sectors.

Products

- ◉In 2016, the total investment of the Company to guarantee food safety reached RMB 5.65 million Yuan.
- ◉100% of our suppliers have signed environmental protection agreements with the Company.
- ◉115 of our suppliers attended our Supplier Conference.
- ◉0 product has been recalled.
- ◉11 Researchers have been employed, and the cumulated capital investment was RMB 1.65 million Yuan.
- ◉The company holds 36 patents, 18 authorized copyrights and 228 trademarks.

Environment

- ◉In 2016, the total electric power consumption was 31,201,546 kWh, and the comprehensive electric power consumption was 110.78kWh per ten thousand Yuan revenue.
- ◉In 2016 Greenhouse gas emission (Scop I) amounted to 12,610 tons, and greenhouse gas (Scop II) was 20,675 tons; greenhouse gas emission per ten thousand Yuan revenue was 0.118 tons.
- ◉The total water consumption in 2016 was 467,454.57 tons, and the water consumption per ten thousand Yuan revenue was 1.65 tons.
- ◉There was 0 excessive emission of waste water and exhaust gas.

Employees

- ◉As of December 31, 2016 there had been 3,998 employees in the Company.
- ◉The turnover rate of employees in 2016 is 17.25%.
- ◉In 2016, the Company trained 24,512 people and times with total 67,913 hours.
- ◉The Company carried out 6 safety drills with 1,350 participants and 100% coverage.

Community

- ◉Total donation is RMB 390,000 Yuan in 2016.
- ◉During May 17 Foodie Festival, there were 311,350 people participated in prize draw, 15.494 million reading from media and 50,000 interaction.
- ◉“Global Journey for ‘The Belt and Road Initiative’ "lasted three months with 12 foreign countries crossed and more than 20,000 kilometers' westbound journey taken, in which the Company demonstrated to the world the Chinese traditional delicious food culture.
- ◉During the activity of "School-enterprise Cooperation to Motivate Innovation" the Company launched 12 speaking tours in college with 5,000 students participated in.

Business of "Food"



Words from investors

"Zhou Hei Ya has 700 self-operated retail stores up to now. It seems that there is still relatively large space for growth. It has high profits with a low valuation, which deserves our attention."

——Sina Finance

"With excellent business model, brand safeguard and accelerated expansion of channels, the long-term growth of Zhou Hei Ya shows a wide imaginary space."

——China Securities Journal

Key performance



Total revenue amounted to
RMB **2,816.5**
million Yuan



paid total tax of
RMB **247.8**
million Yuan



Total revenue increased by
15.8% from 2015



0
corruption case



778 the self-operated
retail stores

Company profile of Zhou Hei Ya

As for running an enterprise, if we are greedy for profits it leads to failure, while if we perfect products it earns popularity. 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 love and esteem.

Enterprise program

Striving for rejuvenation of Chinese national industry.

Value

Customer first, team second and shareholder third.

Mission

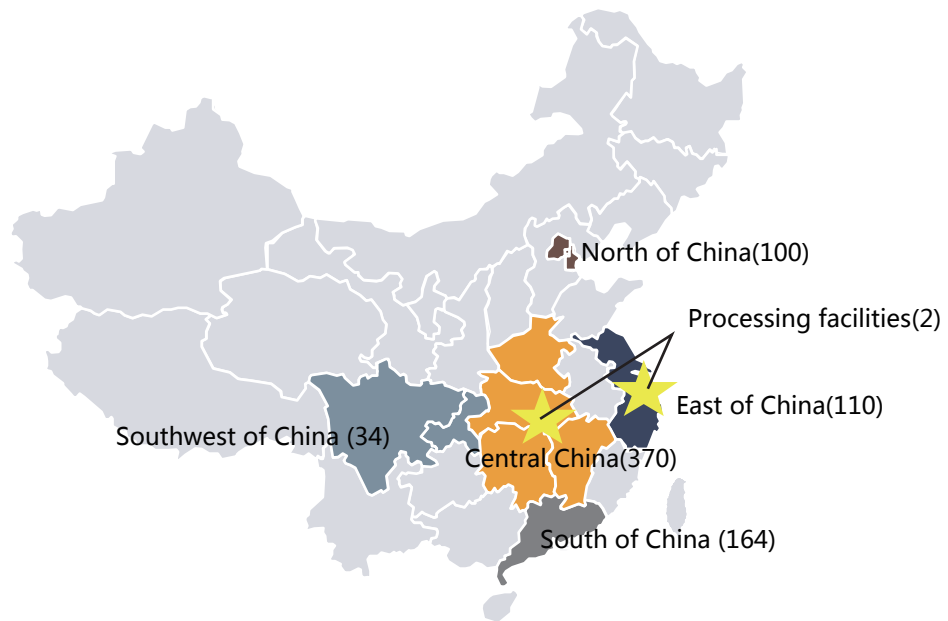
Let products bring a healthy life for customers let service bring a happy life for customers.

1.1 Company Profile

Company History

The founder, Zhou's family, opened the first store in Wuhan in 2002. After more than 10 years of growth, Zhou Hei Ya developed from a startup company at the early stage to a steady developing enterprise, and successfully listed on the Main Board of the HKEX on November 11, 2016, which is a significant milestone in the Company's history.





As of December 31, 2016, we had 778 self-operating retail stores in Beijing, Shanghai, Tianjin, Chongqing, Wuhan, Guangzhou, Changsha, Hangzhou, Zhengzhou, Nanjing, Nanchang and other provincial capital cities. Meanwhile, we owned two large-scale modern production centers in Wuhan and Shanghai. In order to support the constantly expanding retail network and the continuously developing online channels, we are planning to build new production centers in Central and South of China.

Products Category

Zhou Hei Ya specializes in the production, marketing, and retail of casual braised food, especially the braised duck and duck parts. Our duck parts products mainly include duck necks, duck wings, duck clavicles, duck tongues, duck palms and others. We also supply other products, including: braised red meat, braised vegetables, and other braised poultry. According to the way of packaging, the products are categorized as lock fresh boxes, individual packages and casual packages. In addition, we sell self-made canned flavor sauce.

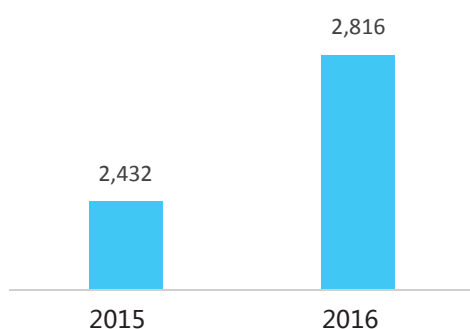


1.2 Financial Performance

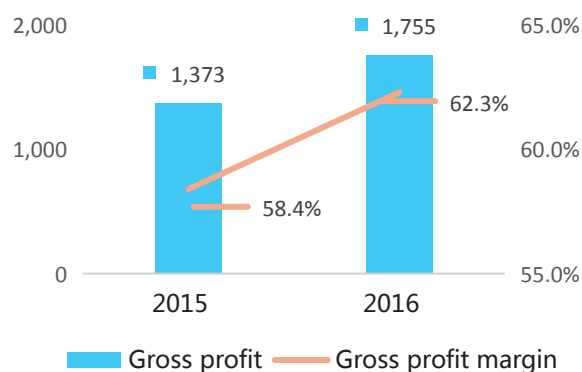
The year of 2016 was an extraordinary year for Zhou Hei Ya. We successfully listed on the HKEX, which opened a larger space for our development. Despite sluggishness of the overall consumer goods industry in China, in 2016 we managed to achieve remarkable revenue growth in our history by leveraging our products with stable quality, expanding sales network, and increasing brand influence.

In 2016, the Group's total revenue amounted to RMB 2,816.5 million Yuan, which increased by approximately 15.8% from RMB 2,432.0 million in 2015. The gross profit and annual overall revenue were RMB 1,755.1 million Yuan and 766.22 million Yuan respectively, which increased by 27.8% and 36.7% compared to 2015.

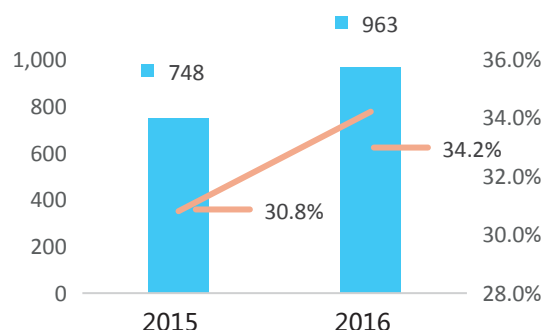
Revenue (Million Yuan in RMB)



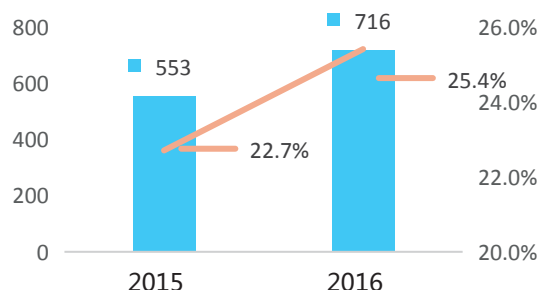
Gross Profit (Million Yuan in RMB)



Profit before tax (Million Yuan in RMB)



Profit for the Year (Million Yuan in RMB)

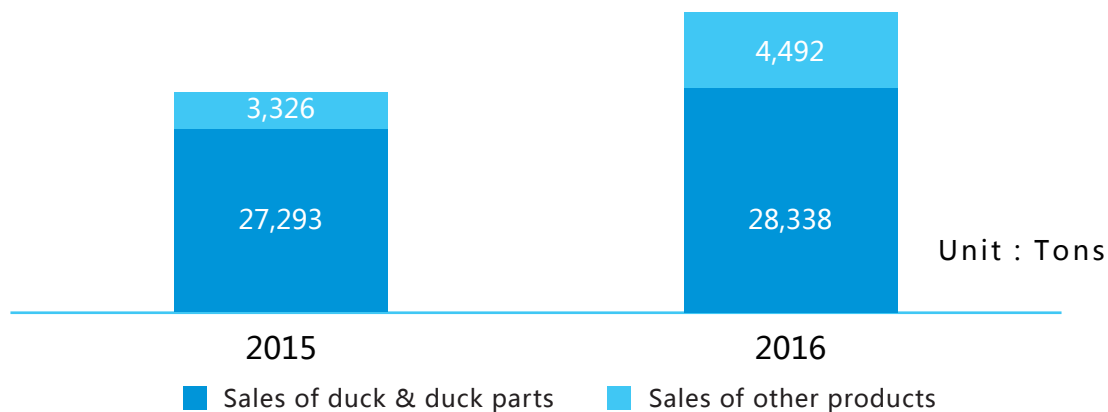


Profit before tax Profit margin before tax

Profit for the year Profit margin for the year

In 2016, we continued to implement the production capacity expansion plans with the sales constant growth. The phase II of Wuhan processing plant commenced commercial operation by the end of 2016 and started to contribute additional production capacity. Designed annual production capacity of the phase II of Wuhan processing facility amounted to approximately 88,300,800 boxes, or 22,000 tons per year.

Total Sales Recent Two Years



While maintaining the leading business operation capability and capital operation capability of the industry, we have never forgotten to make contribution to the society as we can. In 2016, we made a total donation of RMB 390,000 Yuan to help the groups in need, and paid the total tax of RMB 247,755,000 Yuan as required.



RMB 390 thousand Yuan

Donation



RMB 247.8 million Yuan

Tax paid

1.3 Corporate Governance

The successful listing in the Stock Exchange in 2016 has given us a stronger impetus and motivated us to continue to improve the Company's governance structure, thus laying a solid foundation for a long term and healthy development of the Company.

The Company's Governance

Since it has long believed that a high-level corporate governance could only be achieved through a focus on integrity, accountability, transparency, independence, conscientiousness and justice, Zhou Hei Ya has formulated and implemented good governance policies and measures, in which, the Board of Directors is responsible for fulfilling corporate governance. The Board of Directors will continue to examine and supervise the corporate governance status of the Company and thus maintain high-level corporate governance in accordance with Corporate Governance Code (the Code) in the Appendix 14 of Listing Rules.

For more information about corporate governance, please see the Corporate Governance Report in the Zhou Hei Ya's 2016 Annual Report.

Anti-Corruption

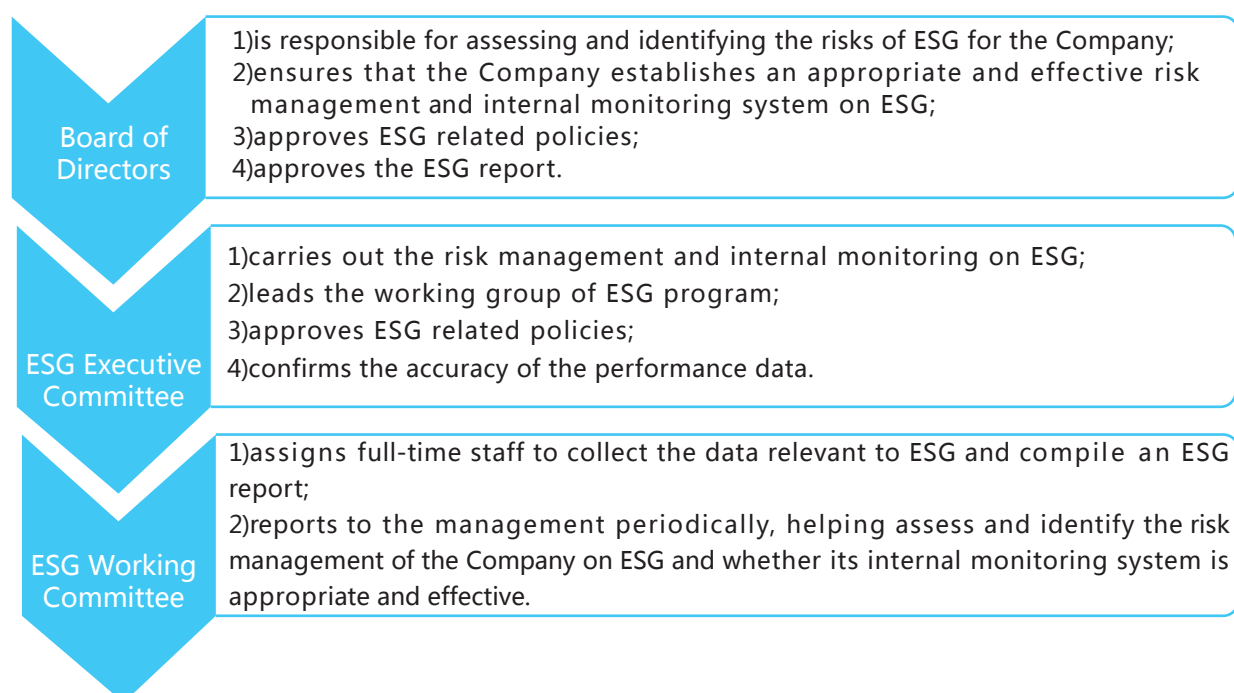
In order to firmly push forward its anti-corruption and anti-bribery campaign in commercial activities and strengthen its internal control mechanism, the Company specifically formulated an Anti-corruption Working System to intensify its system of supervision, promote its system of anti-corruption, strengthen its supervision and management of key staff holding key positions in corruption-prone key points to ensure that all the employees commit to not offering/receiving bribery in commercial activities and the principle of fair competition be strictly followed, while leading the Company's management and relevant stakeholders (such as clients, suppliers) to act by law, be honest and trustworthy, and conscientiously resist bribery giving and receiving, deception, fraud and other corruptions.

The Discipline Inspection Committee of the Company—a supervision and administration department responsible for anti-commercial bribery commitment system—works in the company for the following issues: 1) implementing in-house anti-commercial bribery campaigns in accordance with the relevant national policies, laws, regulations and regulatory framework; 2) exercising its duties on discipline inspection and supervision according to laws to strengthen its supervision and management of key staff in key departments and key points; 3) carrying out the Article of the Discipline Inspection Committee of Zhou Hei Ya to strengthen its prevention and governance from the source, address both the symptoms and root causes, improve its system, make authentic records of the clean work by key staff in key departments and key points, and be responsible for following on and supervising the implementation of the relevant systems.

During the reporting period, there have been no corruption cases reported.

ESG governance

During the reporting period, Zhou Hei Ya has set up an ESG working committee, composed of staff from relevant departments, in which, full-time staff have been assigned to collect the data relevant to ESG and compile an ESG report. The ESG working committee would periodically report to the executive committee, helping assess and identify the risk management of the Company on ESG and whether its internal monitoring system is appropriate and effective. The roles and duties of each department are as following:



Responsible Zhou Hei Ya:

Communication with Stakeholders



Words from the media

"As for quality, Zhou Hei Ya seems to have an almost crazy insistence. All measures we take such as the selected ingredients and secret recipe for braising as well as the advanced controlled atmosphere storage technology and transportation with special ice bags and incubators, are to ensure that we provide consumers with fresh and delicious food, just as written on the Zhou Hei Ya's package box— 'Lock Fresh'."

—— Hua Sheng Morning News

"Incorporating entertainment into Zhou Hei Ya, our brand choice positions the casual snacks and positions young people who have the most entertainment spirit. The success of Zhou Hei Ya lies in its successful brand shaping. An excellent brand needs effective coordination and cooperation among product positioning, channel construction, and brand promotion. Zhou Hei Ya has a clear positioning for its products."

——Tencent Finance

Key performance



Received **27**
honors and awards



The company has collected more than **500** valid questionnaires from stakeholders.



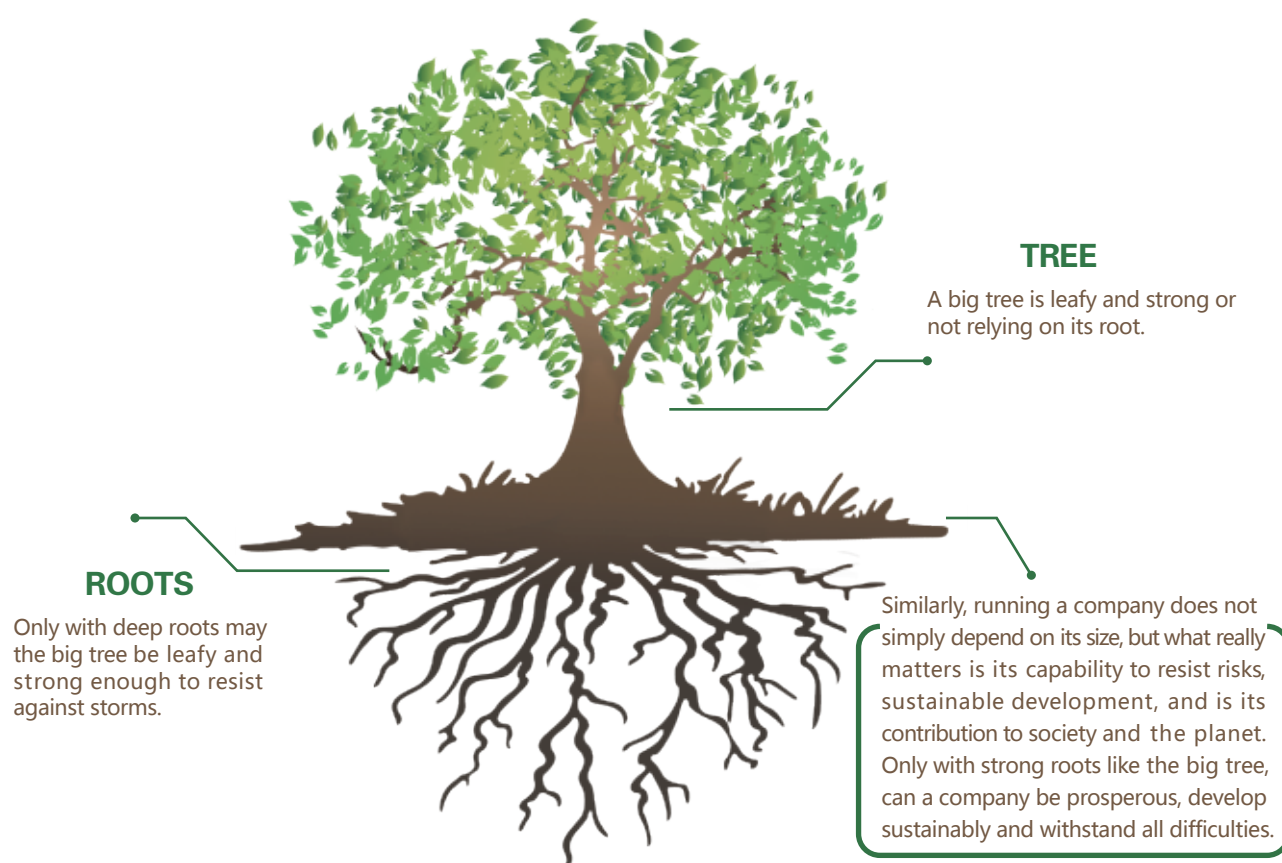
Participating in
formulation of
1 industry standard



The company made phone calls or face-to-face interviews with more than **30** stakeholders.

2.1 Development Background of ESG

"The ancients created Chinese characters with very profound meanings. The Chinese character 'Food' (食) can be split into two parts—the above one "Ren (人)" which means "People" and the below one "Liang (良)" which means "Conscience". The character can be understood as people making food should keep conscience and should not abandon it for money." Said Mr. Fuyu Zhou, the Chairman and the Founder of Zhou Hei Ya.



Based on this understanding, Zhou Hei Ya has formed its unique corporate culture, i.e. "Food" Character Theory; and thus from it derived "Tree-Roots" Culture, i.e. A big tree is leafy and strong not relying on its height but relying on the depth of its roots. Only with deep roots may the big tree be leafy and be strong enough to resist against storms. Hence, we believe doing business is similar, so is living a life. Only with deep roots may the big tree be leafy and strong enough to resist against storms.

With this belief, we continue to strengthen the integration of food safety, environmental protection and social responsibility into our development strategy, achieve the simultaneous growth of enterprise scale and its social responsibility, and therefore ensure Zhou Hei Ya's sustainable development.

2.2 Industry Responsibility

Leader of Casual Braised Food

Zhou Hei Ya is a leading retailer and brand-owner in the industry of casual braised food, devoting to steering the changes and transformation of China's casual braised food industry.

Our Achievements Include

- ⊙ Upgrading a general retail model to the brand chain retail model.
- ⊙ The first enterprise in the industry that has completely upgraded the unpackaged products to MAP products.
- ⊙ Introducing the advanced processing and packaging technology to achieve large-scale development.
- ⊙ Upgrading the braised food from table to snack food.
- ⊙ Improving the simple product sales to the cultural promotion of "More Entertainment, More Happiness".

Our Leading roles

- ⊙ Revenue ranking the second in China.
- ⊙ Sales ranking the second in China.
- ⊙ Owning the second largest self-operating store network.
- ⊙ Online revenue ranking first in China.

Note:

information from the Frost & Sullivan Industry Report and interviews with more than 2,000 consumers in 20 cities in China as of the first 12 months prior to June 30, 2016.

Participation in formulation of Industry Standards

As an industry leader, we actively participated in formulation of various industry standards for the braised food industry. We developed the local food safety standard DBS42 008 - 2015 Cooked Braised Food Controlled Atmosphere Packaging Requirements of Hubei Province, which was implemented on December 15, 2015. The Standard stipulates and gives detailed description for cooked braised food production plant, controlled atmosphere packaging equipment, materials before packaging, and requirements of products as well as the recommended requirements for package, storage, transportation and sale of cooked braised food. Through the establishment of standards, our experience and standards/requirements were spread and shared, which drove development and progress of the entire industry.

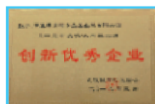
Honors and Awards

In 2016, Zhou Hei Ya received a total of 27 honors and awards as well as reorganization. The details are as follows:

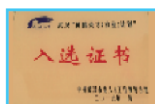
January 2016



Commemoration for Enterprise with Annual Tax over 100 million in 2015



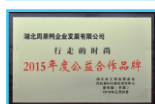
Innovation Outstanding Enterprise of Light Industry in Wuhan in 2015



Certificate of Wuhan "Huang He Talents (Agriculture) Plan"

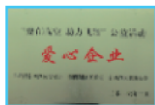


Certificate of group membership of China Chain Store & Franchise Association



Public welfare cooperation brand with "Fashion Walk" in 2015

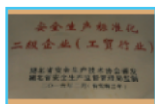
February 2016



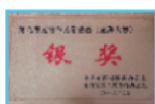
The Charitable Company of "Supporting Teenager' Education and Love in Airport Economic Zone"



Excellent Enterprise of Informationization Progressing in Wuhan in 2015



Grade II Enterprise of Safety Production Standardization (Industry and Trade Sectors)

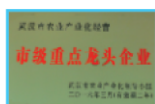


Silver Award of "On-Street Dragon and Lion Dance Competition" in Ninth Folk Customs Activity of Lantern Festival

March 2016



Outstanding Award of Integration of Informatization and Industrialization (Applied to Quality Management) in 2015



Municipal Key Leading Enterprise of Agricultural Industrialization Management in Wuhan



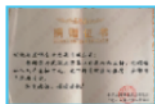
The Most Potential Enterprise with outstanding Employers in 2015

April 2016



Youth league of "May 4th Red Flag" in Wuhan

July 2016



Donation Certificate From China society for promotion of the Guangcai Program(RMB 100 thousand Yuan, for earth quake relief efforts)



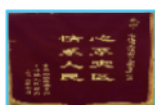
2016 Credit Authentication by Baidu



The Banner with "Love and Kindness in Flood Disaster Relief "
(From Macheng city)



The Banner with "Caring for the disaster area and caring for the people"
(From Qichun county Datong town)

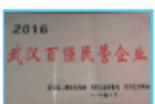


The Banner with "Caring for the disaster area and caring for the people"
(From Sanxi town)



The Banner with "Caring for the disaster area and caring for the people"
(Macheng city Shunhe town)

August 2016



Top Hundred Private Enterprises in Wuhan in 2016

October 2016



Advertiser Award·China Advertising Great-wall Awards in the 23rd (2016)
China International Advertising Festival



Annual Case of Brand Building by China Advertising Association(CAA)



National Key Leading Enterprise of Agricultural Industrialization

November 2016



Excellent Cooperation Award of Urban Rail-Transportation Resource Management



Silk Road Medal



Authorized Letter of Global Travel for the Belt and Road Initiative"

2.3 Stakeholder Communication

We have always been committed to the establishment of various channels of communication with stakeholders. We believe that the two-way, transparent and regular communication helps to maintain a harmonious relationship with all parties and to strengthen mutual trust and respect. At the same time, it could lay a solid foundation for the sustainable development of Zhou Hei Ya. We identified several key stakeholders who have decision-making power, influence, or close relationship to Zhou Hei Ya, including the following groups:

- ➔ Shareholders/investors
- ➔ Government
- ➔ Suppliers
- ➔ Employees
- ➔ Community members
- ➔ Media
- ➔ Consumers

We actively communicate with different stakeholders in order to understand the issues they are concerned about. We regularly review in terms of the effectiveness of actions to improve communication channels and to reflect the views of stakeholders. The following table listed material issues concerned by different stakeholders.

Stakeholders	Concerned Major Issues	Communication Channel/ Feedback Approach	Frequency/ times
Shareholders/Investors	- Operating performance - ESG governance philosophy	- General meeting of Shareholders - Investors meeting - Performance conference - Press release/ announcements - On site investigation	- Annual general meeting of Shareholders - Temporary general meeting if required - Irregular investors meeting and on-site investigation
Government	- Green production - Food Safety	- On site investigation - Meetings - Spot checks - Business management	- Irregular
Suppliers	- Supply chain management - Food Safety	- On site investigation - Supplier assessment - Quality communication meeting - Telephone/ written correspondence	- Annual suppliers meeting - Quarterly quality communication meeting for raw materials, accessories and packaging materials
Employees	- Employment and labor - Remuneration and benefits	- Training report - Satisfaction questionnaire - Class interview - Telephone interview - QQ meeting	- 1-2 times a month - 1 time per class - Irregular - Once a week during the training and development projects - Once a month during the training and development projects
Community members/ Organizations/ Non-government organizations	- Green production - Food safety	- On site investigation - Meeting	- Irregular
Media	- Community investment - Food safety	- Press releases/ announcement - Interview - Conference	- Irregular
Consumers	- Food safety - Green production	- Online promotion and announcement - Live exhibitions and promotions - Telephone - WeChat/ Weibo	- Irregular

2.4 ESG Materiality Analysis

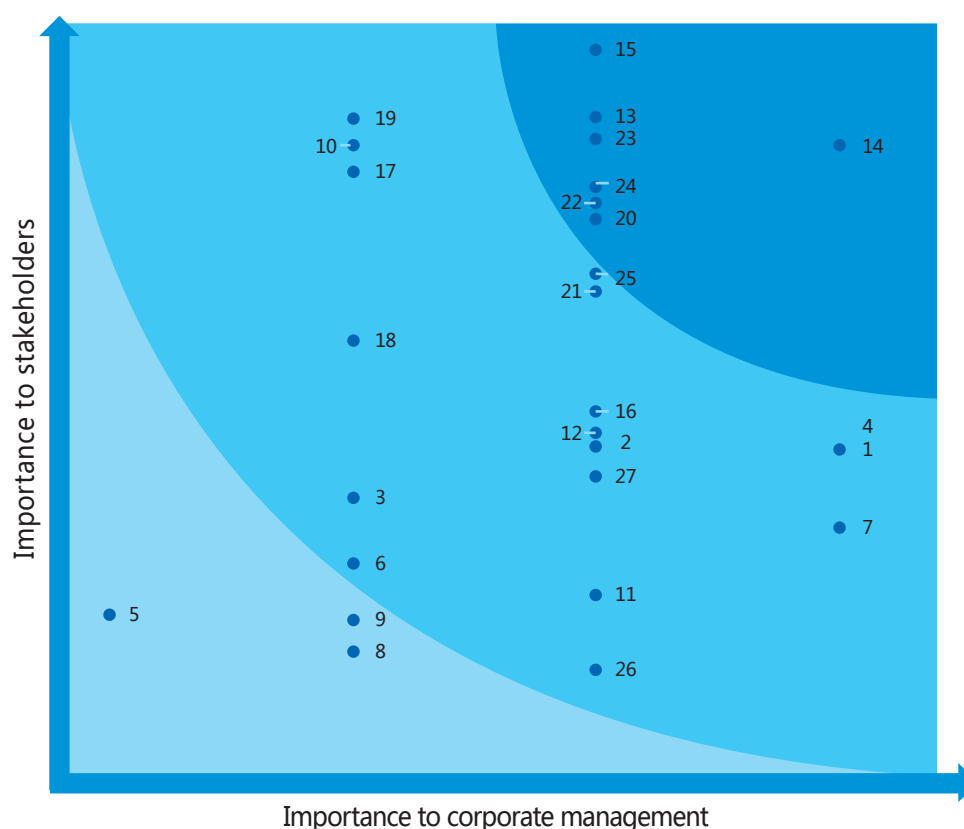
During the reporting period, we developed an ESG questionnaire and to conduct interviews with different stakeholders in order to understand stakeholders' expectations and concerns about the disclosure in response to the environmental, social and governance issues of Zhou Hei Ya. It provided a strong basis for the Company to make its long-term ESG strategy. We had collected more than 500 valid questionnaires and conducted telephone or face-to-face interviews with more than 30 stakeholders from different sectors.

Our materiality analysis is divided into four phases. As shown below, we first identified material issues of environmental, social and governance which could impact on Zhou Hei Ya's business or stakeholders. And then we prioritized those issues, and verified the results with the management team. Finally, we reviewed the assessment process of materiality analysis.

Materiality Analysis Process

1	Identifying potential material issues	We identified potential material issues of environmental, social and governance, which could impact on stakeholders or Zhou Hei Ya's business through detailed review, including internal publications, media analysis, peer benchmarking and other related documents.
2	Prioritizing potential material issues	We have developed stakeholder communication plan, conducted a comprehensive questionnaire survey and interviews, understood the prioritized issues of the stakeholders who are concerned, finally made the materiality matrix, and identified the real material issues from the matrix.
3	Verifying the results with the management team	We have submitted the results of the matrix to the management team, and have confirmed the identified material issues in terms of their influence on Zhou Hei Ya both internally and externally. We will faithfully reflect Zhou Hei Ya's performance on relevant issues in the report.
4	Review	To check the content of the report whether or not it could provide a reasonable description of the impact and sustainability of Zhou Hei Ya, and to make sure whether or not the process of preparing the report could be in accordance with the reporting principles, we will invite stakeholders to advise on above matters.

7 most important, 17 important and 3 moderate important ESG issues of Zhou Hei Ya were identified through the above assessment process. For the most important issues, we will disclose the detailed information in this report.



#	Material Issues	#	Material Issues
1	Business performance	15	Child labor and forced labor
2	Corporate governance	16	Environmental and social screening code of conduct for suppliers
3	Water and electricity consumption	17	Food safety management of suppliers
4	Waste water treatment	18	Food nutrition
5	Greenhouse gas emission	19	Food safety
6	Exhaust fume treatment	20	Product traceability
7	Solid waste treatment	21	Food recall
8	Resources usage	22	Customer service and communication
9	Packaging materials usage	23	Customer information and privacy
10	Employees remuneration and benefits	24	Intellectual property right
11	Diversified employees and equal opportunities	25	Anti-corruption and anti- bribery
12	Reduce Staff turnover rate	26	Community contribution
13	Safe and comfortable working environment	27	Philanthropy and donation
14	Employee development and training		

Through understanding and concerning stakeholders' expectation of environmental, social and governance issues on Zhou Hei Ya and investigating the material issues, we will respond to the issues concerned (stakeholders' demands, fulfillment the relevant environmental, economic and social responsibilities, and etc) by stakeholders, and take them as a strong basis to develop a long-term strategy for the Company.

National Zhou Hei Ya :

Revitalizing the National Industry



Dialogue with management

"What is the pursuit of Zhou Hei Ya?"

"Zhou Hei Ya does not blindly pursue profits, but focus on products and service. We pursue to continuously improve the products, meet the growing demands of consumers, and revitalize the national industry."

"How does Zhou Hei Ya treat the competition among peers?"

"The real competition does not come from the peers, but from the consumers' trust on the industry. Zhou Hei Ya and peers should work together to remove the impression stains of the industry in consumers' mind to rebuild consumers' confidence in the entire industry. Only in this way, the potential of market will be greater."

—Chairman
Zhou, Fuyu

key performance



1 Enterprise Program
Striving for rejuvenation of
Chinese national industry



1 Mission
Let our products bring
customers a healthy life
and let our service bring
customers a happy life



5 Levels
Strategic Planning



1 Value
Customers first , team
second and shareholders
third.



8 Business Philosophy
Brand | Manage | Service |
Quality | Cost | Talents |
Learning | Safety

3.1 Philosophy of Development

During over ten years of development, Zhou Hei Ya has long practiced the "Food" Character Theory and "Tree-Roots" Culture to revitalize China's national industry and achieve the goal of "century brand known to the world". Therefore, Zhou Hei Ya has kept the chain management model and concepts of "quality first, reputation first, maintaining the characteristics, and sustainable development", and used the modern technology and marketing tools to make the traditional Chinese food culture and techniques popular, make Young people appreciate the Chinese food culture, and enhance the national cultural pride.

In recent years, we have promoted the youth-oriented brand strategy and establish a brand philosophy "More Entertainment, More Happiness". We strived to become young, dynamic national brand with both cultural heritage and life taste. Relying on the delicious, healthy, and convenient products, Zhou Hei Ya keeps providing more fun and better experience for consumers, and has won a certain reputation and popularity among consumers, especially among the young white-collars and students.

Enterprise program

Striving for rejuvenation of Chinese national industry.

Enterprise value

Customer first, team second and shareholder third.

Brand philosophy

More entertainment, more fun.

Mission

Let our products bring customers a healthy life, and let our service bring customers a happy life.

Business philosophy

Quality and reputation first, as well as maintaining characteristics and sustainable development.

Service philosophy

Service makes value.

Quality philosophy

Quality makes brand.

Cost philosophy

Things won't come easily.

Talents philosophy

Cultivating talents in accordance with the survival of the fittest.

Learning Philosophy

Persistence, Flexibility, and Promotion.

Safety Philosophy

Safety is productive forces.

3.2 Development Planning

According to the operation of the Company and the overall opinions and expectations of stakeholders of Zhou Hei Ya, we have formulated the future development strategy for five aspects. We will continue to strengthen the regional distribution of self-operated retail stores, promote our brand concept of " More Entertainment, More Happiness ", increase investment in new products according to consumers' needs, expand online sales channels, and enhance the operational efficiency. We hope to promote the brand of Zhou Hei Ya and traditional Chinese braised food to the world through our efforts to make the brand be the nation's pride.



To further penetrate the existing market and expand to new areas in a strategic way.

To further enhance the brand equity and promote the unique culture and lifestyle.

To develop new products and introduce new technologies to improve consumer's satisfaction.

To further expand online channels to attract young customers.

To increase investment in human resources and improve operational efficiency.

Conscientious Zhou Hei Ya: Safeguarding Food Safety



Dialogue with customers

"What are your comments on the products and service of Zhou Hei Ya?"

"The products of Zhou Hei Ya are various, delicious, spicy optional, without additives, and healthy. All my friends and I like them. The service attitudes of both direct-sale stores and online shops are friendly; its official Weibo is active to respond our questions, so all our young people like Zhou Hei Ya."

"What's special about Zhou Hei Ya?"

"Products of Zhou Hei Ya have unique taste; the lock fresh package with the technology of controlled atmosphere makes food safer and is convenient to carry. The brand image is lovely and vivid which brings an excellent promotion effect!"

Key performance



In 2016 the total investment in food safety amounted to RMB **5.65** million Yuan.



115 of our suppliers participated in the supplier conference.



11 researchers have been employed, and the cumulated capital investment was RMB **1.65** million Yuan.



100% of our suppliers signed environmental protection agreement with the Company.



0 product was recalled.



The company holds **36** patents and **18** authorized copyrights and applied for **228** trademarks.

4.1 Food Safety

The Chinese character "Food" can be split two characters— "people" and "conscience". The "Food" Character Theory tells us that every food producer must have conscience, and otherwise they do not deserve the qualifications to produce food. Zhou Hei Ya, as a conscientious food enterprise, views food safety as its moral bottom line, code of conduct, and theoretical foundation. We adhere to the concept of "quality makes brand", and focus on the guarantee of food quality. In 2016, the total investment for guaranteeing food safety reached RMB 5.65 million Yuan.

In order to ensure the food safety, we adopt advanced quality control model, and have established the quality assurance system for the whole process from the supply of raw materials to the sales and service. We strictly control the supply of raw materials, and every link of the production, distribution, and sales to create the most stringent quality operation procedures. The two current processing plants have both obtained the certifications of ISO9001: 2008 quality management system and ISO22000: 2005 food safety management system to ensure the food safety and quality.



The certification of quality management system



The certification of food safety management system

Whole Process Quality Assurance System



Comprehensive Food Quality Test

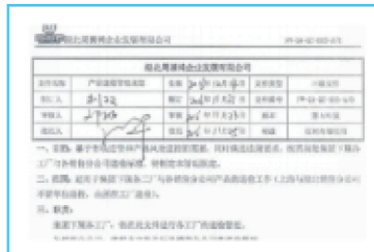
In order to clarify the acceptance criteria for raw materials and products, Zhou Hei Ya has formulated the Acceptance Criteria for Raw Materials, Acceptance Criteria for Packaging Materials, Product Inspection Regulations; specified the external raw materials and packaging material suppliers, and the product inspection standards of the internal subsidiaries and sales offices of the Group; and made detailed requirements for the inspection plan, inspection cycle, inspection standards, inspection agencies, inspection products, requirement of inspection samples, and management of inspection work and documents about raw materials, packaging materials and products.



Acceptance Criteria for Raw Materials



Acceptance Criteria for Packaging Materials



Products Inspection Regulations

Raw and Auxiliary Materials

Ensure the purchase, inspection, and quality monitoring

- Set up responsibility system consisting of purchasing staff, purchasing manager, QC personnel, QC director, and QA manager

Packaging Materials

Ensure the quality of packaging materials meets the relevant national technical requirements

- Strictly monitor the purchase standard of packaging materials, incoming materials inspection and suppliers' quality inspection.
- Set up responsibility system consisting of QC manager, QC director, IQC leader, QC commissioner, production operations center manager, purchase manager, and purchase commissioner.

Products

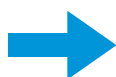
Strictly manage product inspection

- Plants submit the Inspection Plan for next year to QA Center before December 20 annually; and branches submit the Inspection Plan to patrol quality managers before December 20 annually.
- The Headquarters makes the Inspection Plan of the Group according to the above plans of plants and branches, and releases it in early February of that year.

Strengthening Food Safety Control

For the overall food safety control, the system is the foundation to guarantee the food safety standardization. In order to strengthen the level of control, we have upgraded techniques and equipments. We have enhanced the quality and efficiency which strengthen the food safety control by using advanced modern production facilities and safety protection measures.

Technology Upgrading



- Defrost products with microwave thawed tunnel, which shorten the time and reduce the microbial reproduction compared to traditional immersion thawing
- Rapid cooling equipment is used for braised products to shorten time for microbial reproduction
- Introduce modified atmosphere packaging equipment to extend shelf life by filling in nitrogen after vacuuming the boxes.
- Adopt vacuum rolling and rubbing machine to realize the low-temperature knead-salting in order to inhibit microbial reproduction

Safety Protection



- Temperature of modified atmosphere products should be controlled at 2-10°C with Refrigerator.
- Vacuum products and consumption should be placed on pallets
- Develop contingency measures for emergencies
- All employees have to provide health certificates to ensure food safety
- Strengthen food security, develop a system to eliminate external safety risks



Production lines

Safety Purchasing:

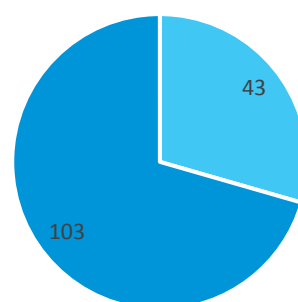
The supply chain management system of Zhou Hei Ya applies unified central administration for all major operational data of purchasing, processing, logistics, inventory, and store sales. Our ERP and POS system tracks the store inventory level and adjusts the product supply in self- operating retail stores through the intelligent replenishment system in a real-time manner. We guarantee the safety and quality of products from the source, direct purchase from the domestic leading poultry processing enterprises according to relevant laws, purchase the spices from the origin areas, and locally purchase the packaging materials, dried tofu, and other fresh ingredients as much as possible. We have formulated Supplier Management Procedure and Control Procedure for External Supply of Products and Services. The supply chain center is responsible for organizing the review of new suppliers to ensure fair and objective of selection, evaluation, and reevaluation of suppliers, in order to enhance the daily management and quality assessment for suppliers. The recheck for the qualified suppliers is conducted every year to ensure that their product quality, delivery, and service meet the requirements.



With regard to choosing suppliers, Zhou Hei Ya takes its social responsibility performance into account and has required suppliers to fulfill their environmental protection and labor compliance. We sign environmental protection agreement with 100% of our suppliers, which requires them to comply with environmental protection laws and regulations, and take active preventive and continuous improvement measures for environmental pollution to ensure the standardized emission and reduce the negative impact on the environment during the service delivery process.

Our suppliers mainly provide raw and auxiliary materials for production. Under the premise of quality assurance of raw materials, localized procurement is encouraged. During the reporting period, Zhou Hei Ya has 146 raw material suppliers, including 43 local suppliers located near our factories and 103 non-local suppliers.

Number of suppliers



- Local suppliers
- Non-local suppliers

We regularly hold the Supplier Conference to thank the partners for their long-term friendly cooperation. In April 2016, 115 suppliers, covering four major areas including Hubei, Shanghai, Guangzhou&Shenzhen and Beijing, participated in the conference. We are grateful to our suppliers for providing solid foundation and guarantee for the long-term development of the Company. And we took this opportunity to advocate integrity to the suppliers, in order to improve anti-corruption measures while maintaining the current honest situation and eliminate the possibility of ruining the honest procurement. All our annual partner suppliers, including those who did not attend the Supplier Conference, would sign anti-corruption proposal.



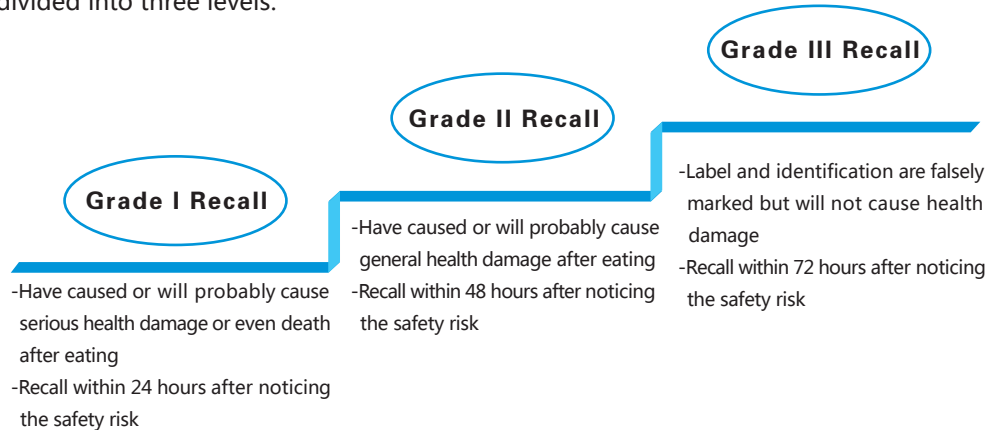
Food safety emergency measures

Each store made corresponding emergency measures for possible unexpected situations in order to respond to the situation, for example, temperature anomaly caused by power outage. The specific measures are as follows: in the store where the power can be restored within half an hour, the relevant personnel need to move all the controlled atmosphere products outside the refrigerator immediately into the refrigerator (the store without refrigerators should transfer the products to the nearby store); the stores where the power outage lasts longer than half an hour, need to contact the relevant department for a power generation equipment within half an hour.

Food Traceability and recall

Zhou Hei Ya is one of the few domestic casual food companies which could realize the finished product to be traced back to the main raw materials. According to the Product Identification and Retroactive Control Procedures, the product could be traced back to the relevant products and the inventory if the sales and the suppliers find some problems about the finished product, as well as the inventory of raw materials, accessories and packaging materials, relevant data of its use or sale. In addition, it can verify the adequacy and effectiveness of retrospective and recall system through the simulation exercise of recall.

To avoid harm to consumers' health and specify the required control for the recall of unsafe products, we formulated the Unsafe Product Recall Procedure, in which the responsibility of each department was clarified, and regulations about the recall product category, the recall procedure and review, and the formulation, implementation and review of the recall plan were made. Based on the serious and urgent degree of food safety risks, the food recalls were divided into three levels:



In addition, we simulate recall annually to evaluate whether the recall procedure sufficient enough, to know our own ability to deal with emergencies, and to regularly assess our ability to communicate with the public in response to food recall events.

As of December 31, 2016, Zhou Hei Ya has never conducted any product recall caused by food safety problem. No legal cases have occurred realting to relevant advertising, labelling laws and regulations.

4.2 Sustainable Innovation

We uphold the concept of "Perseverance, Learning for Practice, Self-Promotion", and believe that technology and innovation are the driving forces to promote the development of Zhou Hei Ya. We have a professional research team dedicating to product innovation and taste upgrade. Innovations in four aspects of product category, packaging technology, expansion of online e-membership and production technology are continuous. In recent two years, the Company actively engaged in development of product technology by involving 11 persons, including research engineers, research director, research specialists, and investing a total of 1.65 million to purchase testing instruments and equipment.



Expansion of product category

- ◉ Keep modifying and developing products. Further develop other types of products except for duck goods (such as other meat products, vegetables, dried tofu, eggs and seafood).



Innovation of packaging technology

- ◉ The first one introducing MAP packaging technology to braised food industry, which influence the establishment of standards.
- ◉ Continually accelerate the packaging automation to improve the cost structure and productive efficiency.



Expansion of online e-membership

- ◉ Introduce mobile payment to increase the service quality and consumption frequency.



Modification and innovation of production technology

- ◉ Introduced microwave thawing technology to more effectively maintain the nutrition compared to water thawing.
- ◉ Keep improving the automation of equipment, including adoption of automatic warehousing system and automation and informatization of production management system.

Intellectual property protection

Zhou Hei Ya attaches great importance to the transformation and application of innovation achievements and the protection of intellectual property rights. Up to now, Zhou Hei Ya has applied for a total of 62 patents, including 36 authorized patents and 6 key patent projects, and filed 18 applications for copyright, all of which were authorized. Zhou Hei Ya has also filed 228 trademark applications.

Key patent projects

- ◉ A microwave equipment for defrosting
- ◉ A pretreatment system and method for braised food processing
- ◉ Film stretching controlled atmosphere packaging machine
- ◉ Packaging line for automatic packaging, packing and palletizing of braised food
- ◉ A packaging method to extend shelf-life of cooked braised food
- ◉ A packaging method with Micro GARD 730 to extend shelf-life of cooked braised food

The Company has been striving for anti-counterfeiting activities and setting up protection threshold for brand maintenance. We crack down on counterfeit Zhou Hei Ya products by three different ways:

- ⊗ Actively communicate with the local administration.
- ⊗ Prosecute the infringers for their infringements.
- ⊗ Ask the local public security departments to carry out administrative penalties.

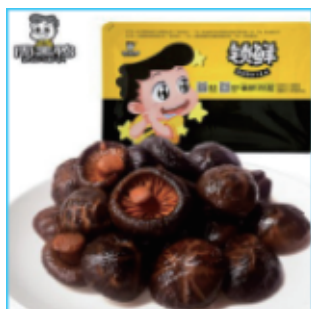
Zhou Hei Ya's Action in Safeguarding Right

In 2016, the Company together with the Hubei Industry and Commerce Bureau, carried out the special action of protecting "Zhou Hei Ya" trademark, in which more than 1,700 stores were investigated and 107 fake stores were investigated. The knock on the counterfeit Zhou Hei Ya stores reduced the consumer complaints from more than 80 times to around 20 times per month.

4.3 Healthy Food

Zhou Hei Ya believes the casual food industry in China will continue to grow rapidly. At the same time, consumers demand more on healthy casual food. We pay attention to the health of our products while we fulfill the consumers' requirements on tastes. Therefore, our products do not contain any additives, and all the raw materials are medicine food homologous, and tonic, although taste spicy. We have been trying to provide consumers with low-sugar and low-sodium healthy food without additives, in order to offer more healthy diet to consumers.

Without changing the taste, we consistently develop measures to reduce spicy to decrease the amount of sodium and sugar in the products, thus attracting more consumers. In recent years, we have introduced vegetarian products, including mushrooms, dried tofu, lotus root, and peanuts and so on, hoping to balance the consumers' diet with nutrition, and advocating for a more healthy way of life.



4.4 Communication with Customers

As a retail business operator, Zhou Hei Ya regards consumers as our core values. By adhering to the corporate culture of customer first we try to understand the customer's preferences and meet their varying needs and expectations. We adapt measures not only to better meet the consumers' traditional requirements for the quality, tastes and convenience of casual food but also to better meet their emotional requirements.

Internet Marketing Through Social Media

The Group has increased customer loyalty through the mainstream internet social media platform including Weibo, WeChat, and so on, actively interacted with customers, dedicated marketing plan and a number of innovative store activities. Deeply understand consumer preferences, and accurately grasp market requirement.



New Membership Program

In 2016, Zhou Hei Ya launched e-membership card, together with the existing membership program, to help us with the integration of online and offline resources, and the establishment of comprehensive customer database. We have a specialized member center responsible for the construction and extension of the center, member event planning and membership information management, thus to enhance customer loyalty and further facilitate our collection of customer data, and provide foundation for grasping customer needs and conducting precision marketing.



We actively organize offline activities for consumers. In September, 2016, "Zhou Hei Ya Journey of Taste in Wuhan" activity in the Guangzhou-Shenzhen area kicked off with totally 28 members gathered from the store and local media. They were invited to visit the factory in Wuhan to deeply understand the brand and food safety supervision. Meanwhile, the customers spread Zhou Hei Ya brand culture while learning about the Zhou Hei Ya factory and manufacturing process.

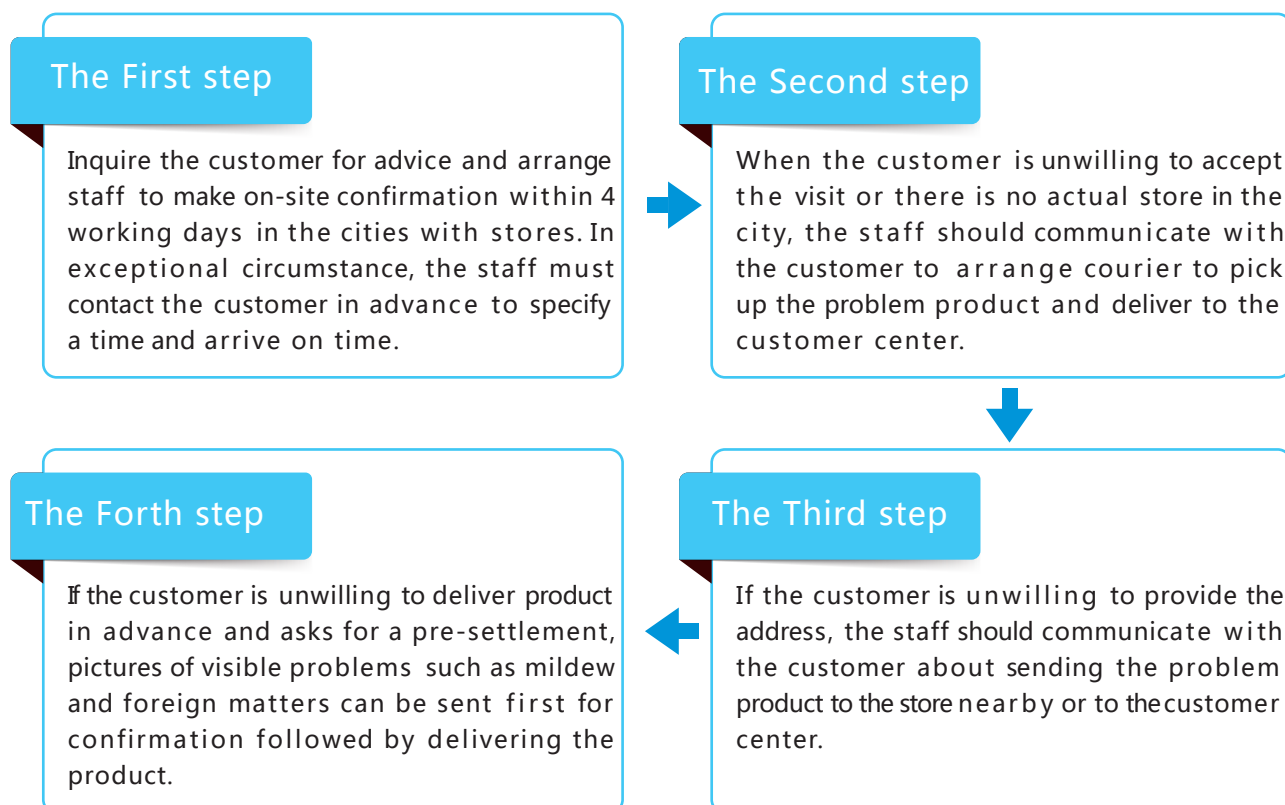


Listen to customers

We accepted consumer comments and complaints through all the channels such as telephone, e-mail and online public opinion monitoring. We contacted the consumers as soon as possible to understand the detailed demands and follow the processing. According to the type of complaint, we divided them into four groups: service complains, quality complaints, activity complaints and internal complaints. And we assigned the main handling department and assistance department for different types of complaints, who would handle complains according to the corresponding complaint handling procedure. Consumers can offer us advice and complaints in the following ways:



Procedures for handling with customer complaints



Zhou Hei Ya devotes to providing consumers with high-quality service, for which we offer various theoretical and practical training for staff to strengthen the service process theory, service awareness and practical ability. We regularly organize seminars to discuss suitable solutions for frequent service problems, establish effective performance management system for service issues, and solve problems in time, so that the service capability and consumer experience can be improved. According to a consumer survey conducted by Frost & Sullivan in 20 cities of China in 2015, Zhou Hei Ya ranked first among all brands of braised food in terms of popularity and customer satisfaction.

Based on our internal statistics in 2016, the total number of complaints was 669, of which 232 were about services; 437 were about quality. The complaint rate of quality was 2.56 ppm, while that of service was 4.62 ppm.

Notes:

Quality complaint rate is the proportion of quality complaints to total production. Service complaint rate is the proportion of service complaints to total numbers of sales.

ppm: 1 millionth

Privacy protection

Zhou Hei Ya has established a comprehensive management method for member system, cooperating with the implementation of other relevant reports and documents about member management of the customer service department, in order to protect the safety of customer personal information and membership cards to ensure all the members' private information for internal use only, hence, the information leakage even for commercial use is strictly prohibited. Meanwhile, it is strictly forbidden to copy the documents without authorization, and provide business, technical information and service for the peers and customers. The Group will terminate the labor contract with employees who disclose confidential information, for example, customer information.

The Group thinks highly of protecting consumer complaint data. The head of the department and the person in charge of the complaint will take full responsibility for data leakage. If the branch office needs the complaint data, a contact letter signed and confirmed by the leader of department is needed. To avoid the leakage of customer information, Customer Service Department should replace the customer contact information with * when sending complaint data.

Green Zhou Hei Ya:

Practicing Environment Protection



Dialogue with suppliers

"What do you think of your client Zhou Hei Ya?"

"Zhou Hei Ya is our most vigorous and forward-looking big customer, who is the first one to adopt the controlled atmosphere packaging to eliminate the food safety danger of the unpackaged products. Higher requirement, higher standard, and higher performance for packaging materials are the common pursuit of both Bemis and Zhou Hei Ya, as well as the driving force for our long-term steady cooperation. We maintain diversified communication, steady friendship and cooperation foundation with Zhou Hei Ya. We will accelerate the speed of our localization development in China with the help of Zhou Hei Ya, and work together to promote the standard specification and quality of packaging materials to enhance the innovation, environmental protection and the progress of industrial chain."

— Mr. Leng, Bemis, East China regional director

Key performance



In 2016, The total electricity consumption was **31,201,546** kWh, and the comprehensive electricity consumption was **110.78** kWh per ten thousand Yuan revenue.



In 2016, Greenhouse gas emission (Scope I) amounted to **12,610** tons, and greenhouse gas (Scope II) was **20,675** tons; greenhouse gas emission per RMB ten thousand Yuan revenue was **0.118** tons.



In 2016, The total water consumption was **467,454.57** tons, and the water consumption per RMB ten thousand Yuan revenue was **1.65** tons.



In 2016, There was **0** excessive waste water discharge and air emission.

5.1 Strengthening Environmental Management

We attach great importance to the implementation of environmental responsibility to promote environmental sustainability while ensuring the enterprise development. The Group has established an environmental management system in the headquarters' level. It developed the environmental management program as well as environmental target indicators management program and required each processing factory and store to strictly obey. The processing plant in Wuhan has passed ISO140001: 2004 Environmental Management System Certification and Clean Production Certification.

Through various measures, we strengthened the environmental management and enhanced staff awareness of saving and reducing cost while increasing efficiency. In the office area, we use energy-saving lighting equipment and make sure to turn them off before leaving. To use air conditioners, each department should obey the rules that air conditioners can be used only when the room temperature is above 28 °C in summer or below 10 °C in winter; The use of air conditioners in production department is according to the relevant temperature control requirements.



Certificate for Environment management system

5.2 Reducing resource consumption

Reducing energy consumption

In order to strengthen the energy management, to properly use energy sources and to reduce energy consumption, we established an enterprise energy management organization, which carries out unified management of energy measurement, statistics and management work, and sets up the enterprise energy management objectives assigned to various environment works and promotes the development of energy conservation.

Our plants were originally designed with the concept of energy conservation. The Zhou Hei Ya plant in Wuhan was designed as "—" shape from southeast to northwest, which can effectively combine the procedures to reduce the transportation distance of raw materials and products in the plant, the ineffective transport and the energy consumption. In addition, the Group adopted multiple measures to reduce energy consumption, including the use of LED lamps in the production area, the regular maintenance of equipment using electricity or gas, and the improvement of the first pass yield of products to reduce the inner consumption in order to achieve energy saving goals.

During this reporting period, the energy usage of the Company is as follows:

Electricity power consumption

Electricity	Unit	North of China	Central China	South of China	East of China
Consumption	kWh	1,331,821	25,129,909	295,326	4,444,490
In total	kWh	31,201,546			
Comprehensive consumption per RMB ten thousand Yuan revenue	kWh /10 thousand Yuan	110.78			

Note: The power consumption in Central China and East China includes that of Shanghai and Wuhan processing plants, respectively, while the rest are from the stores.

Consumption of gasoline, diesel and nature gas

Energy consumption	Unit	Wuhan plant	Shanghai plant	In total
Gasoline	Liters	997,763	109	997,872
Diesel	Liters	62,614	96,000	158,614
Nature gas	Tons	3,012	331	3,343

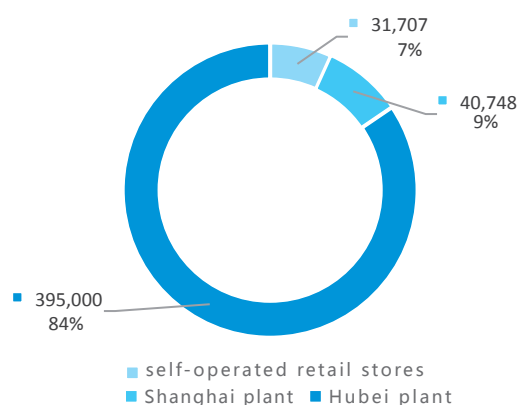
In 2016, the greenhouse gas emission (Scope I) generated from the direct fossil fuel combustion amounted to 12,610 tons, and that generated from power consumption (Scope II) was 20,675 tons. The greenhouse gas emission was 0.118 tons per RMB ten thousand Yuan revenue.

Water resources management

We attach highly of water resources management. To reduce the water consumption, on the one hand, we strengthened the water-saving transformation and strictly prohibited the leakage problems of water, On the other hand, we conducted the workshop assessment to realize the water control during the production, and prohibited waste. The Group set the objective for reducing the consumption of water per product, and implemented the detailed actions.

During this reporting period, the total water consumption of Zhou Hei Ya was 467,454.57 tons, and that of per RMB ten thousand Yuan revenue was 1.65 tons. Composition and proportion of general water consumption are as follows:

Composition of Total Water Consumption of Zhou Hei Ya in 2016



Consumption of packaging materials

The use and management of packaging materials is an important part among resource management of Zhou Hei Ya. Our packaging materials are mainly controlled atmosphere film, vacuum inner packaging, vacuum outer packaging, thin film, cartons, and plastic boxes and so on. We keep developing environmental-friendly packaging materials, and take plenty of measures to reduce the waste of packaging materials aiming at the promotion of resource conservation and environmental protection. Take product logistics as an example, circulation boxes were used instead of cartons for the vacuum product logistics and storage internally. In Hubei and Hunan Province, through the recycling use of plastic boxes, the use of cartons was decreased in the lock fresh transport and storage.

In 2016, the processing plants in Shanghai and Wuhan consumed 2,577.94 tons of film in total.

Packaging material Consumption of two processing plants in 2016

	Unit	Film
Shanghai plant	tons	2,003.02
Wuhan plant	tons	574.92
In total	tons	2,577.94

5.3 Reducing Emissions

Management of wastewater discharge

The wastewater from the two processing plants mainly includes the production wastewater, domestic sewage and water for fire-fighting purpose. The production wastewater flows into the sewage treatment plant in the factory area after the local pre-sedimentation treatment, the canteen sewage is discharged into the sewage station after the process of oil-separation. The factory sewage flows into the municipal pipe network after passing through the treatment plant and meeting the first class standard of Discharge Standard of Water Pollutants for Meat Packing Industry (GB13457-92).

Since the end of 2014, we have began to transform the sewage treatment plant by improving the treatment of COD, animal and vegetable oils and phosphorus on the basis of the original process. After the sewage treatment plant was operating, it showed efficient pollutant removal effect and strong resistance to impact load. Sewage water could be discharged steady and eligibly, which to a certain degree, reduced the pollutant discharge and the harm to the environment, and the local water quality was further improved. Hence, it has great environmental benefits.

In 2016, the BIOPAQ IC (internal recycling) reactor dedicated to wastewater anaerobic treatment was applied in Wuhan plant, which produced biogas while disposing wastewater and COD. The treatment capacity of IC anaerobic reactor on the COD reached more than 90%. Its daily production of biogas was 2,000m³, and the IC anaerobic effluent was steady at approximately 700mg/L. Therefore, energy was generated while dealing with the pollutants.



We regularly entrust a third party for wastewater discharge monitoring. The test result in 2016 showed that none of the indicators exceeded the standard.

The wastewater discharge of the two processing plants in 2016 is as follows

Wastewater discharge	Unit	Wuhan plant	Shanghai plant	In total
Waster water discharge	Tons	326,700	65,700	392,400
COD emission	Tons	16.34	2.63	18.96
Ammonia nitrogen emission	Tons	0.33	0.23	0.56

Waste management

We strictly comply with the laws and regulations to carry out the waste management. We formulated the Solid Waste Management Procedure to clarify the treatment methods, process as well as division of powers and responsibilities.

The classified collection and unified management of solid waste are carried out, and recycling or other dispose is adopted according to the nature of the waste. We set up waste storage boxes (barrels) in the workshops to collect the waste which will be treated by qualified processor. The hazardous waste such as waste oil and waste medicament will be recycled by the Quality Assurance Center and temporarily stored in hazardous waste room. Afterwards they will be regularly processed by a qualified hazardous waste disposal department. Non-hazardous waste will be disposed by the Department of Sanitation. During this reporting period, the waste in the Group was properly handled as required.

During this reporting period, the solid wastes of the two processing plants are as follows:

Types of emissions		Wuhan Plant	Shanghai Plant	In total
Total amount of industrial solid waste (non-hazardous)	Packaging waste (tons)	135	370	505
	Other industrial waste(tons)	3.6	2.0	5.6

Air emission management

Zhou Hei Ya attaches great importance to the management of air emission. The air emission from production mainly includes the gas from boiler, sewage treatment plants, braising procedure and the canteen fumes in the factory area. For each type of emission, we formulated corresponding and appropriate control measures to reduce the impact on the surrounding environment. We abide by the requirements about the total discharge of pollutant issued by government regulators, and strictly implement the emission standards such as Emission Standard of Cooking Fume (Trial) GB18483-2001 and Emission Standard of Air Pollutants for Boilers to control the pollutant concentration. For the pollution discharge declaration monitoring of the first and second half of 2016, the test results are all up to the standard.

Air emission control measures

From boiler	Use natural gas as fuel and discharge the Exhaust fume through the 9m high chimney.
From Sewage treatment plants	Put up cover plate with vent holes for the anaerobic treatment pool of sewage treatment stations where the greenbelt is set around, so that the odor gas can be absorbed by the surrounding plants after overflowing through the vent holes.
From braising procedure	Use mechanical ventilation to discharge.
Canteen exhaust fume	Treat with the fume purification equipment, and then discharge from the top floor of the canteen through the exhaust shaft.

Warm Zhou Hei Ya:

Building a Harmonious Relationship



Dialogue with employees

"Could you please talk about some of your experience in Zhou Hei Ya?"

"I am an ordinary employee in one of the Zhou Hei Ya's stores, and the Company has provided a variety of benefits for us. As a migrant worker in a big city, I am deeply moved and feel very secure."

"Zhou Hei Ya is one of young, energetic international companies with an emphasis on team work. I feel honored to work here and learn a lot of advanced international management skills from this international platform."

"The Company has attached great importance to work safety of the frontline staff. There are many workshops on the work safety issues every year. As more and more advanced technologies have been introduced, our work safety risks have been significantly reduced."

Key Performance



As of December 31, 2016 there had been **3,998** employees in the Company



The turnover rate of employees in 2016 is **17.25%**.



In 2016, the Company trained **24,512** person-times with total **67,913** hours



The Company carried out **6** safety drills with **1,350** participants and **100%** coverage

To make their dreams true, the team of the Company must trust each other, work and strive together. Zhou Hei Ya has long adhered to its talents philosophy of “cultivating talents in accordance with the survival of the fittest” and cultivated its talents and team actively and patiently. Zhou Hei Ya is willing to work very hard with all its employees to create a healthy, safe working environment, i.e. a “warm Zhou Hei Ya” .

6.1 Overview of the Employees

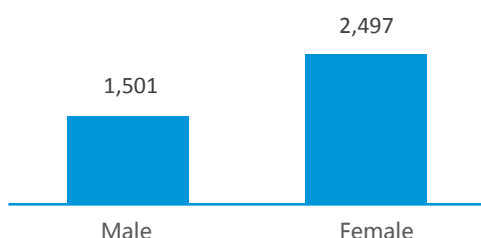
In its recruitment and employees’ management, Zhou Hei Ya aims to promote a harmonious employee-employer relationship and safeguard the legal rights and benefits of both employees and the Company by strictly carrying out its human resources management system and the relevant national laws and regulations. Resolutely, Zhou Hei Ya would not commit any offenses against law such as using child labour, and forced labour. All of the employees of the Company fit in with the minimum legal age of employment required by the Chinese laws. In addition, we arrange employees’ working time in accordance with the Labor Law of the People’s Republic of China.

In the management of its employees, Zhou Hei Ya enables its team to be most competitive by adhering to the policies of diversity and non-discrimination. Zhou Hei Ya cherishes and respects everyone’s differences, including their different background, education attainment, sex, race, nationality, generation, age, work and thinking style, religion, etc. Employees would not be treated unequally due to above mentioned differences.

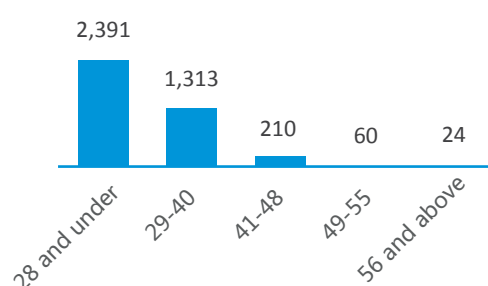
As of December 31, 2016, there had been a total of 3,998 employees in the Company, of which 3,959 had been on-the-job contracted employees, newly hired were 1,413 and 81 were from ethnic minorities. The turnover rate of employees in 2016 was 17.25%, a figure within a normal range.

The Structure of Employees

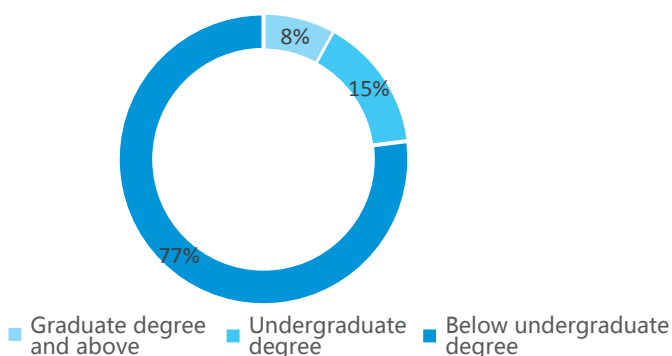
Number of Employees by Gender



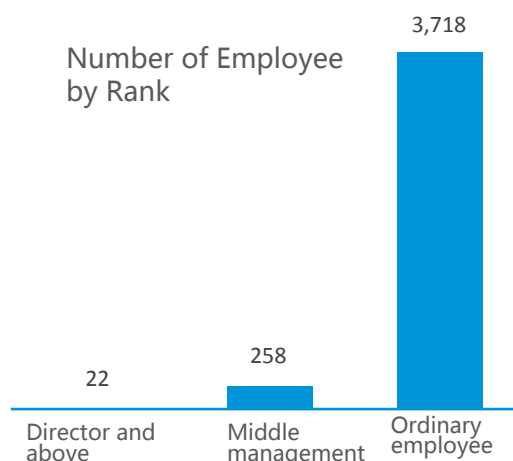
Number of Employees by Age

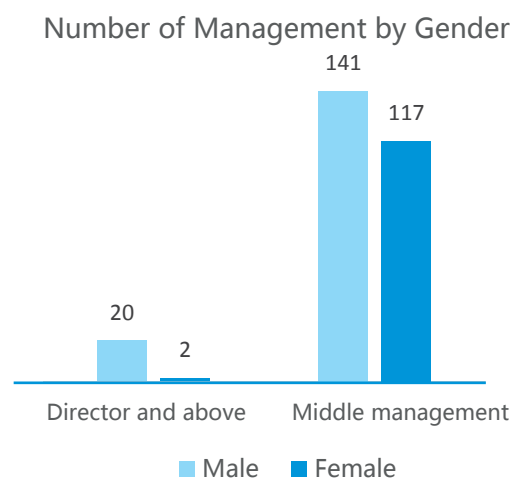
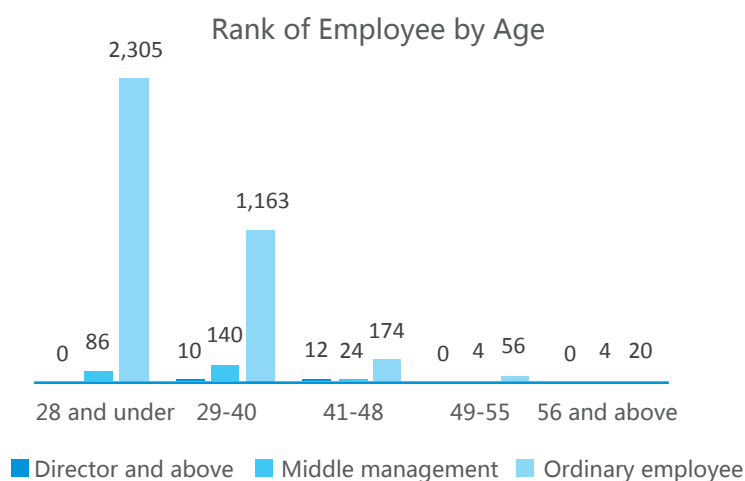


Percentage of Employees by Education Level



Number of Employee by Rank





6.2 Employee Welfare

In its human resources management, Zhou Hei Ya has long placed a high priority on caring for the employees, increasing their sense of recognition, belonging and loyalty to the Company, and improving their working mentality. Zhou Hei Ya has provided a series of benefits for employees to make them grow and develop together with the Company.

Leave	Benefits	Social security
Casual leave	Employees' apartment	Social insurance
Sick leave	Buffet	Medical insurance
Holidays	Fitness center	Housing fund
Paid leave	Internal Internet Cafes	
Marriage leave	Arts and cultural activities	
Maternal leave	Shuttle bus	
Bereavement leave		
Injury leave		

In addition, the Company has launched a "filial piety-oriented benefit cards" initiative, which aims to thank family members of Zhou Hei Ya employees for their contributions made to Zhou Hei Ya. All the formal employees can benefit from this initiative, which not only helps the Company reward the society and fulfill its social responsibility, but also demonstrates that the Company cares for its employees and advocates for filial piety.

6.3 Employee Training

Zhou Hei Ya is dedicated to achieving a joint development with its employees by establishing a department mentor system, in-house trainer system and Zhou Hei Ya business school to provide a variety of job-related training programs for its employees.

Department Mentor System

- To help new employees integrate into the Group's culture quickly, understand their working environment, become familiar with their working procedures, get to know the Company's system, learn to use a variety of tools, and promote their growth.
- To help the old employees (who are transferred to new positions) get to know their new positions as soon as possible, and improve their work skills.
- To lead the employees to learn conscientiously, develop their potentials and inspire their passion for work, while in the meantime improving mentors' abilities to be leaders so as to cultivate and select potential team leaders for the Company in the future.
- To help the potential first-level in-house trainers become familiar with their work quickly.

In-house Trainer System

- To strengthen communication and exchange of in-house knowledge and experience, and help build a learning organization.
- To further upgrade Zhou Hei Ya's in-house trainer system to lay a solid foundation for the Company's long-term talent training and development by helping its employees communicate with others, providing more space for self-development for its employees, creating an excellent internal working environment, and refining its in-house knowledge and experience.

Zhou Hei Ya Business School

- To provide access to business wisdom for its employees, help them fix the Company's problems, and open the door of wisdom to them through a systemic, professional and most optimal educational model. Founded in 2010, the School has designed specialized curricula, opened new courses and recruited good teachers to teach its students. As a result, a surge of new thinking, new perspectives and new counter-measures have been rolled out from within the School.

In 2016, there had been a total of **24,512** people participated in training with the training time of **67,913** hours in total.

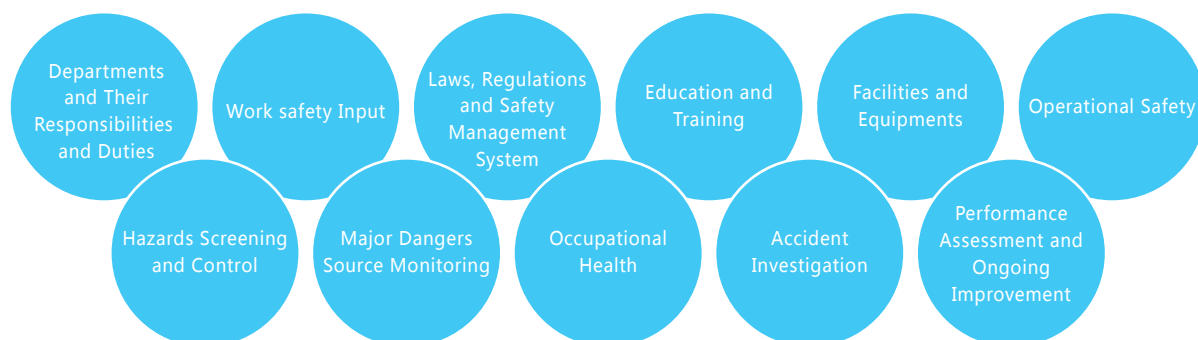
Employees training

Level	Units	Total
Senior management	Person-times	110
Middle management	Person-times	861
Ordinary employee	Person-times	23,541
Total training hours	Hours	67,913

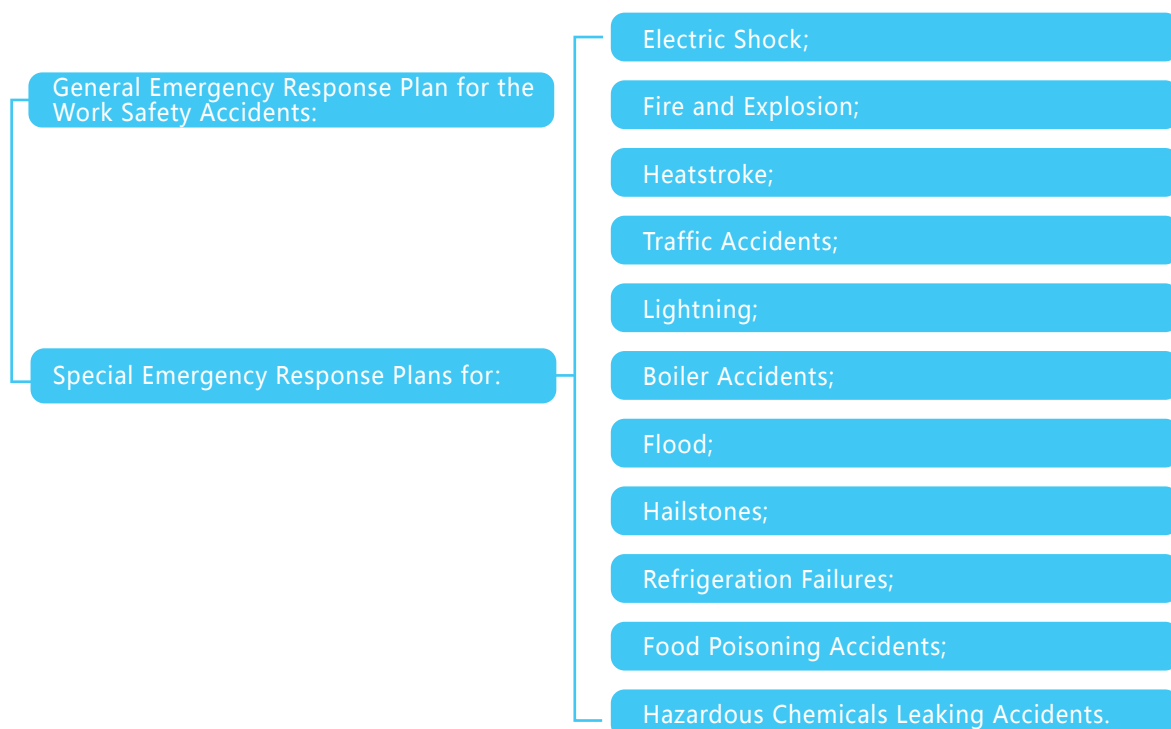
6.4 Occupational Health and Work Safety

Zhou Hei Ya attaches great importance to its employees' health and work safety. The Company, a Grade II enterprise in terms of work safety standardization, sets a series of sound regulations for work safety management, including 57 regulations for work safety management as well as 13 major items and 139 minor items of safety management records.

A series of work safety management regulations include:



While establishing a sound work safety system, Zhou Hei Ya has also made a variety of emergency response plans for possible work safety accidents, including both general emergency response plans and special emergency response plans for 11 potential accidents.



In order to meet the requirements of emergency response plans, the Human Resources Department of Zhou Hei Ya follows on the implementation of these plans and works with the Safety Management Department to plan and hold the Company's annual emergency response training, and then evaluate and appraise the training outcome.

The emergency response training includes diverse knowledge or skills for responding to emergent accidents.

For staff duty-bound to emergency response, the training covers:

- how to identify dangers;
- how to start the emergency warning system;
- how to perform basic operations such as evacuation;
- what measures should be taken to control all kinds of accidents;
- how to use the emergency equipment;
- how to wear personal protective articles.

For the public, the training covers:

- major potential hazards accidents and their consequences;
- the provisions on accident warning and notice;
- the use of fire extinguishers and drills of firefighting;
- basic preventative knowledge;
- the organizing, methods and procedure of evacuation;
- the rules to be complied with when accidents happen;
- the common knowledge of self-help and mutual help.

This year, the Company had held the following work safety training:

Training	Date	Content
First aid	April 2016	The training has helped the employees have some understanding of cardio-pulmonary resuscitation (CPR), trauma care, common emergencies and accidents, and get to know basics of first aid in daily life.
Firefighting knowledge	May 2016	The training on firefighting has helped the employees have a basic understanding of the firefighting law, and get to know some of common knowledge of combustion, fire prevention, fire escape skills, and what potential fire safety hazards in the community are. The participants have basically grasped the fire safety knowledge and could use portable fire extinguishers.
Work Safety Standardization and implementation	June 2016	The training content includes analyses and explanations of the basic content of the work safety standardization, safety management issues, basic norms and detailed grading rules. With all the knowledge, the employees have gained a new understanding of the safety management, which would greatly help implement the work safety standardization system in the community.
Occupational Health	August 2016	The training on occupational health knowledge has raised the employees' awareness of occupational health, helped them get to know the relevant laws and regulations on occupational health, and learned to wear labor prevention articles.
The Safety Management of Plant Areas	October 2016	The main content of this training includes three aspects: 1)basic knowledge of safety management; 2) the plant areas' safety management methods and existing safety hazards;; 3)traffic safety knowledge during commuting. The training has helped raise the employees' awareness of safety, be familiar with the safety hazards in work sites , preventive measures, and tips for commuting.
Firefighting and safety	November 2016	The training has helped the employees understand the national policies and guidelines for firefighting work, and get to know some of basic knowledge of combustion, common knowledge of fire prevention, fire escape skills, grades of fire accidents, and existing firefighting safety hazards in the community.
Three levels of the Safety Education and Training	Irregular	It is held irregularly and targets all the new employees. All the participants will take examinations to demonstrate their attainment on the safety education. Only those who pass the examinations can be allowed to report for work.

In 2016, Zhou Hei Ya' s work safety data was as follows:

Items	Unit	In 2016
Safety accident	Accident	1
Safety drills	Accident	6
Number of participants in safety drills	Person-times	1,350
The coverage rate of work safety drills	%	100
Injury accidents	Accident	5
Injury loss	Hours	1,824

There had been 5 injury accidents this year. The Company had made investigations, and identified the causes of these accidents. As a result, the Company has organized training on work safety, thus strengthening the employees' awareness of work safety.



Firefighting training



Occupational health training



Work Safety Standardization and implementation

Using cutting machine to cut duck neck.

In the past, Zhou Hei Ya's employees cut duck necks manually, however, during the cutting, on the one hand, there were sanitary issues, for example, the duck necks were prone to fall on the floor; on the other hand, it would increase the injury risks for the employees. The introduction and improvement of the duck neck cutting machine has effectively solved above problems by raising the safety of production chain, improving sanitary conditions, as well as reducing times and time of the employees' touch on the produce and their injury risks, and improving their working environment.

Contribution of “Food” :

Enhancing Social Value



Dialogue with the community

“Our Kenong Village has been a poor village in Hubei Province because we have more rural population and a poor economy. Now our village is turning for better gradually not just thanks to the good precise poverty alleviation initiative made by the Party and the State, but also to many enterprises which helps us accelerate our pace to lift out of poverty and get rich, thus improving the villagers’ lives, especially such as Zhou Hei Ya, an enterprise located in our province. Zhou Hei Ya has funded our beautiful village building project. In addition, it gave us a helping hand immediately after the torrential rain and flood hit us, provided food and water for us, and helped us rebuild our homeland. We are very thankful to the enterprises like Zhou Hei Ya for caring for poor villages. I hope that both our village and Zhou Hei Ya can become better with each.”

——Village Leader, Kenong Village,
Husi Town, Hubei Province

Key performance



Total donation is RMB **390,000** Yuan in 2016



Company launched **12** speaking tours in college with **5,000** students participating



“Global Journey for ‘The Belt and Road Initiative’ ” lasted **3** months with **12** foreign countries crossed and more than **20,000** kilometers’ westbound journey taken.

During May 17 Foodie Festival:



there were **311,350** people participated in prize draw,



50,000 times
interaction



More than **15.494**
million readings from media

Zhou Hei Ya tries very hard to promote its brand philosophy of “More Entertainment, More Fun” in hopes that many young consumers can taste its delicious products and spread their fun to more consumers and the whole society.

7.1 “More Entertainment, More Fun”

Zhou Hei Ya’s customers are young people aged 15-35 who love challenges and have good taste. In order to deliver a better service to them, the Company works hard to make Zhou Hei Ya visible in their living scene and spread its branding philosophy of “More Entertainment, More Fun” to the most entertaining young groups by further integrating its on-line and off-line resources, using social media, cooperating with high-speed bullet trains and urban transits, and holding a variety of entertainment activities for young people.

“May 17 Foodie Festival”

From April 27 to May 17, 2016, the Company had launched an official foodie festival nationwide (except for Sichuan branch) to thank consumers for their support and reward them. The festival targets clients with Ali pay. Any Ali pay users who spend RMB 51.7 can have a chance to win a grand prize of outbound travel. Also, in a 10-day activity of sending “password red envelope”, nearly 200,000 red envelopes had been drawn by customers, of which around 50,000 were used—a 26% of write-off rate. In a 20-day prize draw activity, there had been 422,772 purchases with a total of 311,350 customers who were participated in the drawing—a participation rate of 73.64%. During the activity period, total reading times from media had reached to 15.494 million with 50,000 times of interaction.



“Global Journey for ‘The Belt and Road Initiative’ ”

In order to respond to the national strategy of “The Belt and Road Initiative”, the Xinhua News Agency, in partnership with the Chinese Foreign Ministry, China Council for the Promotion of International Trade, National Tourism Administration and other administrations, sponsored a large scale transnational activity— “Global Journey for ‘The Belt and Road Initiative’ ”. During the whole journey, a motorcade of news reporters made “on-going interviews and reports” along the Silk Road (either in the provinces of China or in foreign countries), who explored and recorded social and economic development of these countries and regions, and found their needs of infrastructure construction, investment and development for the purpose of inter-connectivity.



“Global Journey for ‘The Belt and Road Initiative’ ” was launched in Luoyang, Henan Province on June 17, 2016. This activity lasted three months with 12 foreign countries crossed and more than 20,000 kilometers’ westbound journey taken. During the journey, the Company demonstrated to the world the Chinese traditional delicious food culture. The journey ended in Holland on October 12, 2016. Surely this had been a positive experience for Zhou Hei Ya to go abroad and towards the world, as “Zhou Hei Ya ” set its foot on the ancient silk road with an image of “a gift from China” , demonstrating a Chinese traditional food with “both Chinese style and international fashion” to the world.

School-enterprise Cooperation to Motivate Innovation

In the 14th Academy Awards for Chinese College Student Advertising Arts Festival, the Company based on its practical needs called for proposals, which required college students to organize on-campus activities with an aim to keep students in contact with the proposed brands and products. Zhou Hei Ya in its speaking tour sites has successfully made its brand exposed to the students through interactive ways, such as distribution of tickets with “Zhou Hei Ya” logo, posters, advertising sheets and brochure of the proposals, products pile-up, on-site proposal interpretation, scanning the Company’s Wechat public account, etc. In the interactive part of the speaking tour, the speakers guided the students to get to know more of the Zhou Hei Ya’s brand by teaching them how to distinguish authentic Zhou Hei Ya stores from the fake ones and understanding the operational model of its partial chain stores and direct-sales stores. The college students were encouraged to create for the Zhou Hei Ya brand so as to strengthen school-enterprise cooperation. Each of 12 speaking tours had attracted about 400 students with more than 5,000 students in total. More than 19,859 pieces of creative works from students were received by Zhou Hei Ya. Zhou Hei Ya has got the most works in the speaking tour in this Academy Fall Competition.



7.2 Contribute to the Society

Zhou Hei Ya has long believed that the prosperity of an enterprise is like the prosperity of a big tree. Whether the tree is leafy and strong depends on its roots. The deeper the roots are, the leafier and stronger the tree is. Only rooted in the society can an enterprise be prosperous, develop sustainably and withstand all difficulties. In the past decade, we have practiced the "root culture", trying our best to contribute to the society, take up its social responsibilities, support the development of local economy, and pay its tax in accordance with national laws.

The Group conscientiously implements its charity strategy, and has actively worked in the frontline by providing disaster relief, helping poor students, caring for elders, and alleviating poverty, as well as providing funding for social welfare initiatives, and art and culture groups to help them perform better in the rural communities. The Company formulates its charity plan every year.

In 2016, the Company donated a total of RMB 390,000 Yuan.

Donation for Disaster Relief

In July 2016, Hubei Province suffered persistent heavy and torrential rain, a large part of the province had been seriously hit with many villagers forced to leave their houses. Zhou Hei Ya responded to the government’s call and actively fulfilled its social responsibilities, donating water, bread and instant noodles to the rural victims in Kenong Village, Husi Town, Jiangxia District.



Targeted Poverty Alleviation

It is a national strategy and endeavor to lift poor people out of poverty and improve their livelihood. Zhou Hei Ya, in partnership with the Fuzhou Business Association, provided funding for the poverty-alleviation project implemented in Kenong Village, Husi Town. In accordance with the principles of saving, cost-effectiveness, applicability, and durability, the Company focused on building ditches and channels, green flower beds in front of houses, installing road lamps and hardening partial road surfaces in hopes of building a beautiful and civilized village for villagers.



Go for Civilization

In 2015, a large-scale "Go for Civilization" Public Campaign came to an end in Hankou, Wuhan, Hubei Province. In the closing ceremony, Mr. Zhu Yulong, Chairman of Zhou Hei Ya Food Co. Ltd, on behalf of the Company, donated a total of RMB 3.5 million Yuan worth of new year's gift packages to 70,000 taxi drivers in Wuhan, Hubei Province. He also promised that all the Zhou Hei Ya stores, in their opening hours, would provide free water and tea to those taxi drivers.



Brightness and Knowledge Going Hand-in-Hand

The Xinhuanet, in partnership with the Edgar Eye Hospital, launched a "Brightness and Knowledge Going Hand-in-Hand" Public Campaign, which aims to provide educational and medical resources for poor students and educators in Anlu, Hubei Province. Zhou Hei Ya cares for education in rural areas, and as a co-sponsor, donated RMB 3,000 Yuan worth products.



Appendix: ESG content Index

8.1 HXEX ESG Reporting Guide Content Index

KPI	Provisions	Disclosures	Notes
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	5.1 Strengthening environmental management 5.3 Reducing emissions	
KPI A1.1	The types of emissions and respective emissions data	5.3 Reducing emissions	
KPI A1.2	Greenhouse gas emissions in total and, where appropriate intensity.	5.2 Reducing resource consumption	
KPI A1.3	Total hazardous waste produced and, where appropriate intensity.	-	Few hazardous waste produced in operation
KPI A1.4	Total non-hazardous waste produced and, where appropriate intensity.	5.3 Reducing emissions	
KPI A1.5	Description of measures to mitigate emissions and results achieved.	5.3 Reducing emissions	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled reduction initiatives and results achieved.	5.3 Reducing emissions	
Aspect A2 : Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	5.2 Reducing resource consumption	
KPI A2.1	Direct and indirect energy consumption by type in total and intensity.	5.2 Reducing resource consumption	
KPI A2.2	Water consumption in total and intensity	5.2 Reducing resource consumption	
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	5.2 Reducing resource consumption	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	5.2 Reducing resource consumption	
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	5.2 Reducing resource consumption	

Aspect A3 : The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	5.1 Strengthening environmental management 5.2 Reducing resource consumption	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	-	The manufactory and operational activities have no significant impact on the environment and nature resource
B. Social			
Aspect B1 : Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6.1 Overview of the employees	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	6.1 Overview of the employees	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	-	
Aspect B2 : Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6.4 Occupational Health and Work Safety	
KPI B2.1	Number and rate of work-related fatalities.	-	
KPI B2.2	Lost days due to work injury.	6.4 Occupational Health and Work Safety	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	6.4 Occupational Health and Work Safety	
Aspect B3 : Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to vocational training. It may include internal and external courses paid by the employer.	6.3 Employee Training	
KPI B3.1	The percentage of employees trained by gender and employee category.	6.3 Employee Training	Number and times of employee training are disclosed
KPI B3.2	The average training hours completed per employee by gender and employee category.	6.3 Employee Training	Total hours of training are disclosed.
Aspect B4 : Labor Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	6.1 Overview of the Employees	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.1 Overview of the Employees	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.		None of relevant incident occurred.

Aspect B5 : Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.1 Food Safety	
KPI B5.1	Number of suppliers by geographical region.	4.1 Food Safety	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.1 Food Safety	
B6 : Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	4.1 Food Safety 4.3 Healthy Food	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.1 Food Safety	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	4.4 Communication with customers	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.2 Sustainable Innovation	
KPI B6.4	Description of quality assurance process and recall procedures.	4.1 Food Safety	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.4 Communication Customers	
Aspect B7: Anticorruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.3 Corporate Governance	
KPI 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	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.3 Corporate Governance	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7.1 More Entertainment, More Fun 7.2 Contribute to the Society	
KPI B8.1	Focus areas of contribution.	7.2 Contribute to the Society	
KPI B8.2	Resources contributed to the focus area.	7.2 Contribute to the Society	