



Xiabuxiabu Catering Management (China) Holdings Co., Ltd.
呷哺呷哺餐飲管理(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 520



2021
Environmental, Social and
Governance Report

ABOUT THIS REPORT

REPORTING PERIOD

This report covers the period from 1 January 2021 to 31 December 2021, with some information and figures tracing back to earlier years beyond the stated reporting period.

PUBLICATION CYCLE

This report is an annual report.

ORGANIZATIONAL SCOPE

For information regarding the reporting scope, please refer to the organizational structure chart of Xiabuxiabu Catering Management (China) Holdings Co., Ltd..

COMPILATION GUIDELINES

This report has been prepared with reference to the *Environmental, Social and Governance Reporting Guide* (the “ESG Guide”) issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), as well as the *GRI Sustainability Reporting Standards* issued by the Global Sustainability Standards Board (GSSB) and the *Guidance on Fulfillment of Corporate Social Responsibility by Chain Stores & E-Commerce Platforms* (《實體連鎖企業／互聯網消費平台社會責任實施指南》) (2021 Edition) issued by the China Chain Store & Franchise Association (CCFA).

ESG REPORTING PRINCIPLES

Materiality: In compliance with the materiality principle of the Stock Exchange, this report makes disclosure on the ESG related issues considered by the board of directors (the “Board”) of the Company and the ESG Working Group, stakeholder communication, identification process of materiality issues and the matrix of materiality issues, details of which are set out in the respective section below.

Quantitative: Statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators herein and source of conversion factors are all explained in the annotations of the report.

Balance: This report shall provide an unbiased picture of the performance of Xiabuxiabu Catering Management (China) Holdings Co., Ltd. and its subsidiaries (the “Group”) during the reporting period and shall avoid selections, omissions or presentation formats that may inappropriately influence the readers’ decisions or judgment.

Consistency: The statistical methodologies applied to the data disclosed in this report shall be consistent.

DATA SOURCE

All the data in this report are derived from the official documents and statistical reports of Xiabuxiabu Catering Management (China) Holdings Co., Ltd..

REFERENCE

In order to facilitate the presentation and reading, the words “Xiabuxiabu”, “the Company” or “we” in this report refer to “Xiabuxiabu Catering Management (China) Holdings Co., Ltd.”. Unless otherwise specified, the currency unit “Yuan” used in the report refers to “RMB”.

ACCESS TO THE REPORT

The electronic version of the report is available at the Company’s website (<http://www.xiabu.com/>) and the website of the Stock Exchange (<http://www.hkexnews.hk>).

This report is published in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

ESG GOVERNANCE STATEMENT FROM THE BOARD

xiabuxiabu Catering Management (China) Holdings Co., Ltd. undertakes that the Company strictly complies with the disclosure requirements under the Environmental, Social and Governance Reporting Guidelines issued by the Stock Exchange. This report has been considered and approved by the Board for publication. In FY2022, the Board will further advance its ESG governance system to promote continuous improvement in its ESG performance.



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Mr. Ho Kuang-Chi
Chairman of the Board



CHAIRMAN'S MESSAGE

In 2021, the global fight against the pandemic has ushered in the post-pandemic era. Although we continued to face challenges and complex situations in terms of pandemic prevention and control, due to the combined effect of the accurate and effective pandemic prevention and control measures implemented by the PRC government and the high vaccination rate, the catering industry in China gradually recovered. Faced with the opportunities and challenges, Xiabuxiabu is full aware that innovation and reform is the only solution to address the current issue for a brighter future. As a well-known catering enterprise in China, we make strenuous efforts to facilitate innovation and refine services for better quality, and adhere to green and low-carbon operation, care for our employees and give back to the society, in an effort to create sustainable value for the society.

With its outstanding operation management and mature capabilities throughout the industrial chain, Xiabuxiabu achieved positive progress in innovation and reform in 2021, with an aim to establish a more stable and efficient operation mode. As at the end of 2021, we owned and operated 841 Xiabuxiabu restaurants in 132 cities over 21 provinces and autonomous regions and in 3 centrally administered municipalities namely Beijing, Tianjin and Shanghai in China, and also owned and operated 183 Coucou restaurants in 42 cities over 19 provinces and in 3 centrally administered municipalities namely Beijing, Tianjin and Shanghai as well as in Hong Kong SAR in China. In 2021, we opened 95 new restaurants, including 52 Xiabuxiabu restaurants and 43 Coucou restaurants. As at the end of the reporting period, Xiabuxiabu recorded a revenue of RMB6,147.3 million, representing an increase of 12.7% over 2020.



CHAIRMAN'S MESSAGE

We attach great emphasis to food safety and quality, with an aim to introduce a healthy and fashionable lifestyle. We implement stringent supplier selection criteria which enable us to ensure product quality from the source and control ingredient quality throughout the process from farm to dining table, in an effort to guarantee food safety for consumers. We continued to explore the hybrid business operation of “hotpot and tea”, and launched set meals and new menu with higher cost performance, providing consumers with more novel, stylish and interesting dining experience and diverse options. Looking forward, we will launch new model for restaurants such as Xiabu X and bistro, and fulfill our corporate mission of “offering more people with healthy, nutritious, delicious food and stylish dining environment”.

We uphold the low-carbon development concept, in an effort to protect our green eco-home. In an active response to the national initiatives of “carbon peaking and carbon neutrality”, we are committed to implementing green low-carbon operation, promote green office, green production, green construction and efficient use of resources, facilitate refined management of various types of wastes, and adopt proactive measures to reduce pollutant discharge, so as to mitigate impact of climate change and pursue the harmonious coexistence of enterprises and environment.

We care for the health and safety of our employees, and are dedicated to promoting career development for the employees. Upholding the people-oriented principle, we make continuous efforts to build a diversified staff team, respect the interests and rights of the employees, care for their physical and mental well-being, and create a harmonious work environment. We continue to improve our training system for the employees, and provide our employees with diverse career development path, offering a platform for the employees to leash their enthusiasm, exhibit their talent and realise their self-worth.

We are dedicated to the needs of the country and society, and promote economic development to improve people's livelihood. We are committed to fulfilling our corporate social responsibility, and proactively participate in social welfare activities, volunteer services, rural revitalization, the fight against the pandemic, natural disasters relief and other activities. The Group provided living supplies to the frontline workers in the fight against the pandemic, and donated RMB1 million for the flood disaster relief activity in Henan Province, in an effort to improve the well-being of the public and share our development achievements with the society.

Staying true to our original inspiration, we make relentless efforts to overcome challenges ahead for a brighter future. Looking forward, we will push forward the implementation of the five core strategies, constantly improve our ESG governance system, pursue high-quality development for strong synergetic effects, and forge ahead with courageous commitment, with an aim to create new growth drivers and achieve new breakthroughs at the new start-up of the new journey in the new era. We will join hands with all stakeholders and spare no efforts to achieve our corporate mission of becoming the leading Chinese catering company.



ESG MANAGEMENT

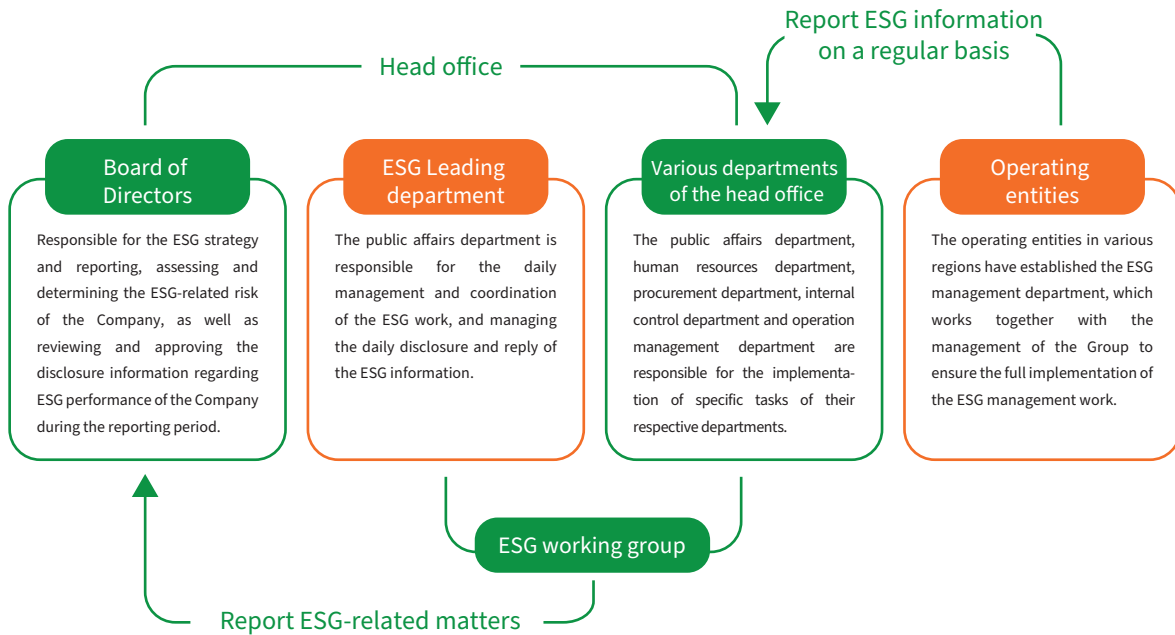
Xiabuxiabu believes that continuous improvement of ESG management lays a solid foundation for the sustainable development of the Company. During the reporting period, we also continued to push forward the ESG management, and improved and refined the management mechanism and responsibilities of our ESG working group. The Company also enhanced the ESG management works in respect of its corporate governance, provided ESG training for the directors, and strengthened the promotion and implementation of the ESG-related concept. Meanwhile, we took active measures to maintain smooth communication with our internal and external stakeholders, reviewed the key ESG-related topics and made proactive response to the concerns and expectations raised by all parties. We are committed to creating more sustainable values to various stakeholders and promote healthy development of the Company and the society.

ESG MANAGEMENT MECHANISM

Xiabuxiabu has established an interlinked ESG management mechanism to ensure that our ESG efforts are carried out in an orderly manner. The Board is responsible for the development of ESG strategy and reporting thereon, and is also responsible for reviewing and making decisions on the material ESG-related issues of the Company. Our ESG working group, which consists of various departments involved in employees, food safety, public welfare and other ESG issues, takes the responsibility of reporting ESG matters to the Board of Directors.

The public affairs department of our head office which acts as the leading department of the ESG working group is responsible for the coordination and arrangement of the ESG work, while other departments of the head office are responsible for the implementation of specific tasks as well as maintaining and reporting the annual ESG information regarding the issues handled by the respective departments, coordinating the task implementation and information reporting by each operating entity, and assigning a contact person for the ESG work who is responsible for the coordination and management of the issues handled by the department that he works for. The relevant departments of local operating entities carry out the implementation of specific tasks in accordance with the requirements of the head office and report the ESG information on a regular basis, so as to establish an effective system for synergetic effect and coordination.

ESG MANAGEMENT

**Case: ESG management training for the Board of the Company**

In order to help the directors of the Company to have a better understanding of the ESG concept and keep abreast of the latest development in ESG policies and market conditions, the Company engaged a third party professional agency to conduct ESG management training for the member of the Board in August 2021, which was grouped into three categories including an overview on the new ESG regulations issued by the Stock Exchange, involvement in the ESG management by the Board and ESG environmental goals. The agency explained the background information, content and key indicators regarding the new regulations issued by the HKEX, clarified the responsibilities and role of the Board in the ESG management and how to conduct ESG management at the directors level, and stated the importance, background information and methodology of the ESG environmental goals for the members of the Board. The training further enhanced the understanding of the Board on the ESG concept and improved the future ESG management of the Company.

ESG MANAGEMENT

STAKEHOLDER COMMUNICATION

Maintaining active communication with various stakeholders is a key approach to understand the expectations of stakeholders and review the development of the Company. During the reporting period, Xiabuxiabu maintains its communication with stakeholders, establishes diverse communication channels, continuously listens to the expectations and demands of stakeholders, and responds to their opinions in a timely manner. While operating in accordance with laws and regulations, we also fulfil our society responsibility and create value for the stakeholders.

From the perspective of sustainable development, the Company organizes and develops a communication table on stakeholders to provide a basis for the identification of its materiality issues.

Stakeholders	Communication mode	Expectations and aspirations	Our response
Government and regulatory authorities	<ul style="list-style-type: none"> • Daily communication • Submission of information • Meetings and workshops 	<ul style="list-style-type: none"> • Compliance operation • Stringent internal control and risk management 	<ul style="list-style-type: none"> • Enhancing compliance operation • Fulfilling tax obligations • Strengthening risk management
Investors	<ul style="list-style-type: none"> • Regular information disclosure • General meetings • Daily communication • Official website 	<ul style="list-style-type: none"> • Satisfactory operating results • Sustained and steady growth • Operation with integrity and transparency 	<ul style="list-style-type: none"> • Constantly improving our ability to create value • Enhancing corporate risk management • Promoting transparent and open information disclosure • Enhancing investor management
Consumers	<ul style="list-style-type: none"> • Complaint hotline • Message interaction through official Weibo account and WeChat account • Customer satisfaction survey 	<ul style="list-style-type: none"> • Food safety • Efficient and quality service • Nutritious, healthy and diversified product mix • New brand building 	<ul style="list-style-type: none"> • Directly-operated chain stores • Implementing strict control over food procurement • Adopting centralised distribution approach • Elaborately preparing ingredients • Researching and developing new products • Optimising dining environment • Safeguarding consumers' rights and interests

ESG MANAGEMENT

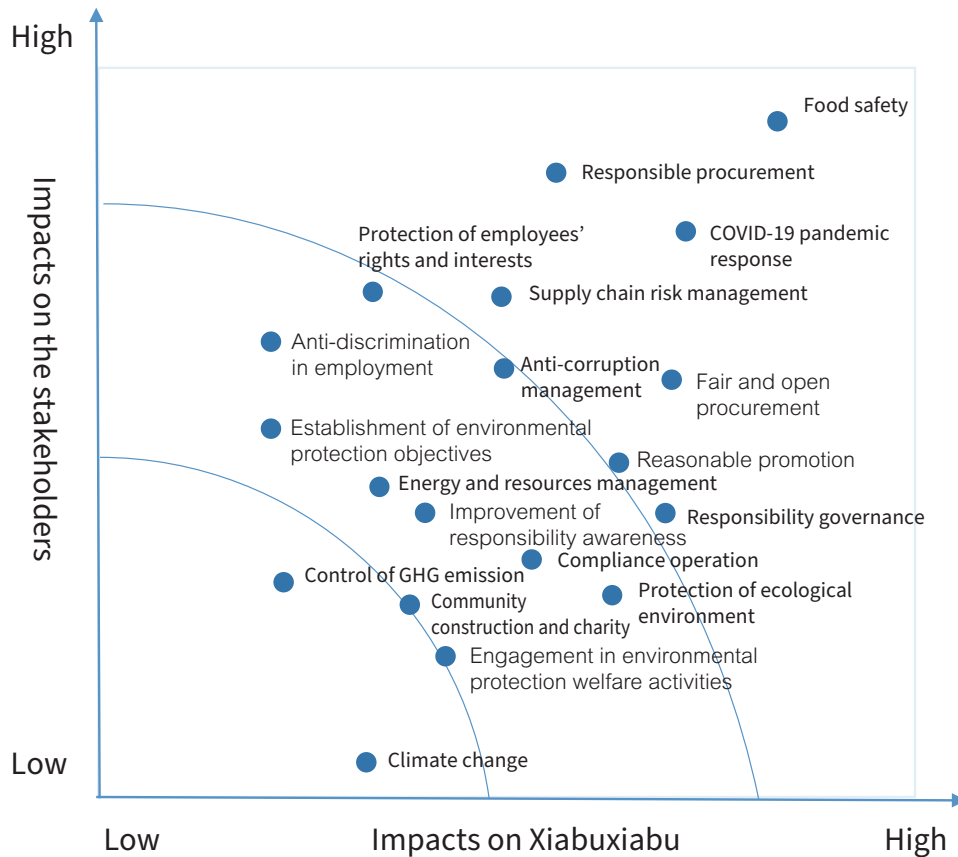
Environment	<ul style="list-style-type: none"> • Advocating the concept of environmental protection • Adhering to the strategy of sustainable development • Disclosure of environmental information 	<ul style="list-style-type: none"> • Supporting energy conservation and emission reduction, and promoting low-carbon lifestyle • Emission of greenhouse gas (GHG) • Kitchen wastes generated • Energy consumption • Resource conservation • Sticking to the strategy of green sustainable development 	<ul style="list-style-type: none"> • Promoting environmentally friendly and low-carbon restaurant operation • Strictly managing treatment of kitchen wastes • Garbage sort-out • Reducing use of plastic products and generation of wastes • Advocating the concept of green office
Employees	<ul style="list-style-type: none"> • Training exchange • OA platform announcement • Team building activities • Workshop communication • Performance management mechanism 	<ul style="list-style-type: none"> • Protecting the legitimate rights and interests of the employees • Remuneration and benefits • Providing fair and equal employment opportunities • Providing diversified development and promotion opportunities 	<ul style="list-style-type: none"> • Implementing fair recruitment practice • Providing diversified training and study programs • Providing smooth career development path • Organising staff activities to promote a healthy work-life balance
Suppliers and business partners	<ul style="list-style-type: none"> • Supplier assessment • Cooperation agreements • Regular visits 	<ul style="list-style-type: none"> • Fair procurement policy and fulfillment of promises • Ensuring food quality and safety • Local procurement 	<ul style="list-style-type: none"> • Enhancing procurement management • Implementing “farm-to-table” project • Implementing global procurement • Implementing fair and open procurement
Community	<ul style="list-style-type: none"> • Community activities • Community services 	<ul style="list-style-type: none"> • Promoting safety compliance operation • Organising activities for community charity to promote community harmony • Implementing green operation 	<ul style="list-style-type: none"> • Opening restaurants in communities • Enhancing restaurant safety management • Organising public welfare activities

ESG MANAGEMENT

MATERIALITY ISSUES ANALYSIS

With reference to the *Environment, Social and Governance (ESG) Reporting Guide* as set out in Appendix 27 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and the international standards, Xiabuxiabu carried out assessment and analysis on the ESG-related issues through questionnaire survey, interview, communication and other means led by the ESG Working Group based on their respective importance to the stakeholders and the Company, and sorted out and prepared the below ESG materiality matrix. Details on the management of the material ESG issues identified will be disclosed in this report.

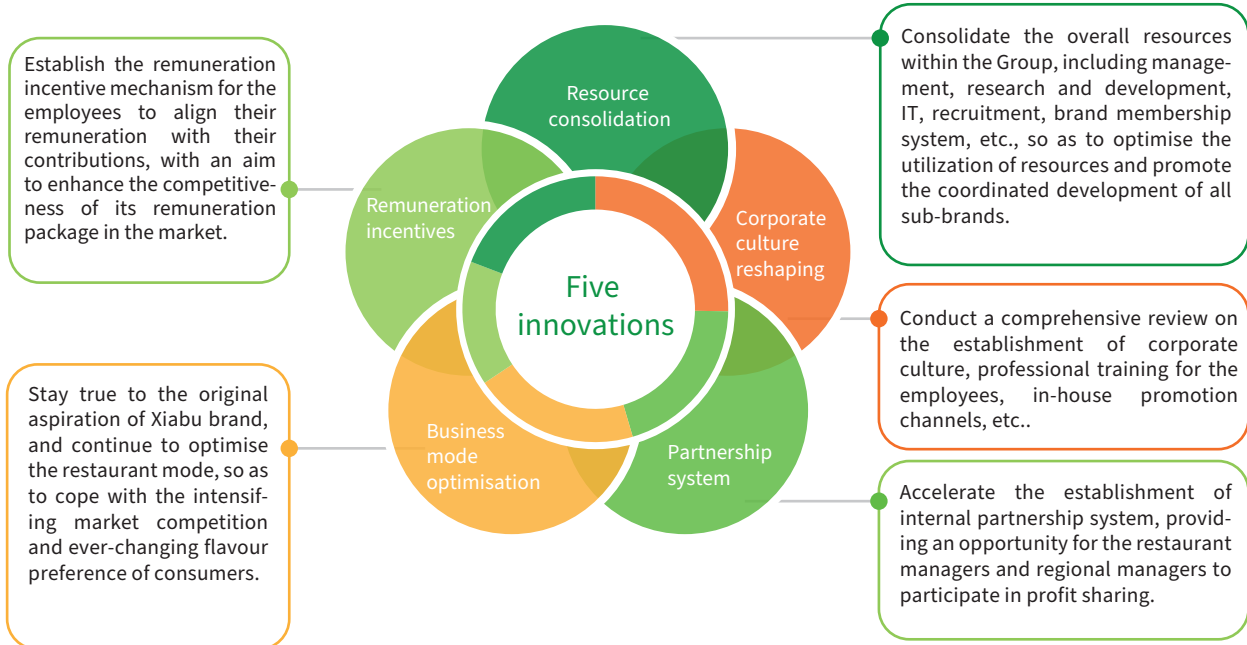
During the reporting period, the Group, on one hand, sorted out the concerns over the Company by the stakeholders of various department during the daily operation, and on the other hand, handed out questionnaires to the stakeholders such as the government and regulatory authorities, investors/shareholders, the Board, employees, consumers, suppliers, business partners, peer companies, the public, non-governmental organisations, the experts, and received 225 completed questionnaires. The survey results from communication with external stakeholders served as the basis for the preparation of ESG-related issues focused by the stakeholders, while the survey results from communication with the management such as the senior management of the Company served as the basis for the determination of issues that are important to the Company. We developed the ESG materiality matrix of the Group through assessment, identification and sort-out of these issues and made detailed disclosure in respect of such issues.



THEME: INNOVATION AND REFORM - UPGRADING OF THE FIVE CORE STRATEGIES

In 2021, with the pandemic containment being the new normal and the sporadic outbursts of local cases, the lingering impact of the pandemic continued to hamper the overall development of the catering industry. Nevertheless, opportunities and challenges coexisted amid the new situation. Under this background, Ho Kuang-Chi, the founder of the Group, took over the role of CEO of the Group and led Xiabuxiabu in its campaign to deal with the current crisis by slowing down its pace in restaurant opening and improving its operation and management capability. Through business review and self-reform, the Group launched five core strategies with a focus on resource consolidation, remuneration incentives, business mode optimisation, partnership system and corporate culture reshaping, in an effort to pursue high-quality development and maintain growth momentum in such challenging environment.

FIVE CORE STRATEGIES



PROMOTE DEVELOPMENT THROUGH REFORM

• Resource consolidation

In order to promote brand resource sharing and facilitate mutual development, we intend to consolidate the membership system of its brands including Xiabuxiabu, Coucou and Xiaubu Food, so as to enable interconnection of membership and IP systems and increase the number and royalty of members. In addition, the Group will consolidate the respective research and development systems, incorporate all R&D teams into the Group to build an elite R&D team, and carry out resource allocation and innovation in respect of various brands, with an aim to improve its overall operation efficiency. Subsequently, we will facilitate coordinated development of various brands in terms of restaurant opening, digital back office system and talent development.

THEME: INNOVATION AND REFORM – UPGRADING OF THE FIVE CORE STRATEGIES

• Remuneration incentives

In order to motivate the work enthusiasm of the employees, we systematically enhanced the alignment between the incentive mechanism and operating profit to provide performance-linked remuneration. Since 2021, we adjusted our operation structure and explored the possibility to implement the “Profit Distribution Mechanism”. By implementing such mechanism, the priority of the restaurant was shifted from sales to operating profit. Meanwhile, an incentive system has also been developed for the R&D staff, under which the ingredient costs, customer satisfaction and hit rate are used as appraisal indicators, with an aim to motivate the R&D team to launch more popular products. Looking ahead, we will also introduce a share option incentive system to further enhance employee cohesion.

• Business mode optimisation

In 1998, Xiabuxiabu introduced the bar-style mini hotpot to Beijing, China whose classic dining mode of “choosing your own pot” enables customers earning a living in bustling metropolises to enjoy fresh and convenient catering products and services that are up to their value. In 2021, we decided to return to our original aspiration of the brand and promoted the mode of “individual hotpot” under Xiabuxiabu brand, so as to redirect our focus to the mass market and continue to explore the mini hotpot market. The new generation of restaurants also adopt the mode of “individual hotpot” and “bar-style mini hotpot”, and continue to optimise dining experience with simplistic and bright-colour decoration style.

In addition, we continued to facilitate rapid development of our high-end hotpot brand Coucou, and accelerated the establishment of business presence in the coastal cities. Looking forward, we also plan to launch a mid-end hotpot brand “Xiabu X” which will be complementary to its diverse brand portfolio, and continue to optimise our own products and restaurant modes, with an aim to satisfy the diverse needs of the consumers.



Xiabuxiabu restaurant



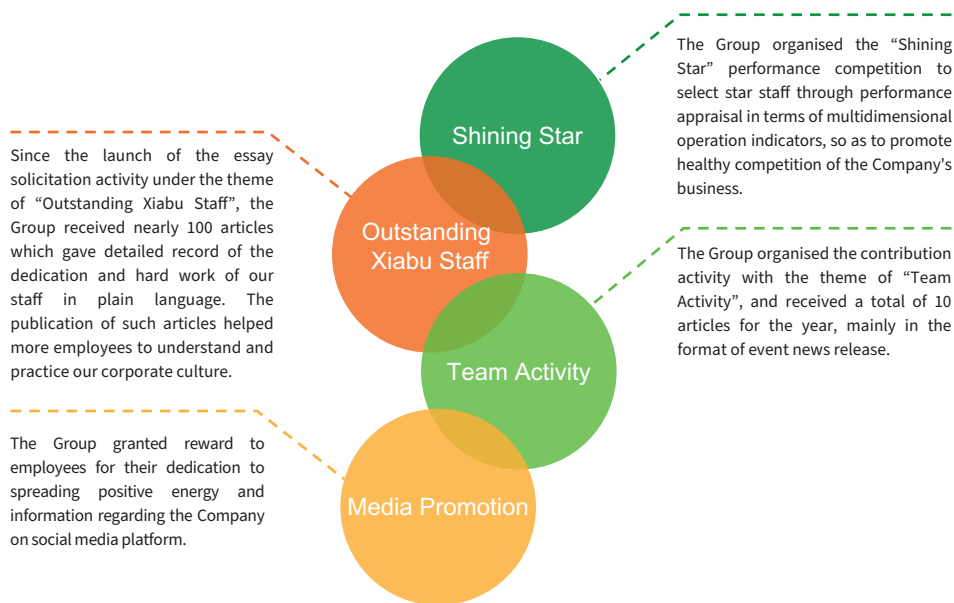
• Partnership system

We will explore the implementation of an internal franchise partnership system, under which the restaurant managers and regional managers will be entitled to profit distribution, so as to motivate the employees to make greater efforts in managing the restaurants and carry forward the sense of ownership and to promote mutual development of the employees and the enterprise.

THEME: INNOVATION AND REFORM – UPGRADING OF THE FIVE CORE STRATEGIES

• Corporate culture reshaping

Corporate culture is the soul of an enterprise, and is the driving force for long-term development of the company. In order to strengthen corporate culture heritage, we proactively carried out team building programs for the employees to accelerate team integration with the corporate culture as guidance. In August 2021, we officially launched the corporate culture incentive program of Xiabu Group, which consisted of four elements including “Shining Star” (閃亮之星), “Outstanding Xiabu Staff” (卓越呷哺人), “Team Activity” (團隊之聲) and “Media Promotion” (傳播先鋒). In addition, we pay greater attention to the frontline operation and management cadres, provide promotion and career development opportunities for the large number of frontline staff, and have made significant progress in talent identification, talent cultivation and talent retention.



Staff team building

1 ABOUT US



ABOUT US

1.1 COMPANY PROFILE

Xiabuxiabu Catering Management (China) Holdings Co., Ltd. owns two major brands, i.e., “Xiabuxiabu” and “Coucou”. Xiabuxiabu, originated from Taiwan, is a well-received mini hotpot brand with stylish features. Founded in 1998 in Beijing, Xiabuxiabu is among the Top 10 Hotpot Brands in China and Top 100 Restaurant Brands in China, and was listed on the Main Board of the Stock Exchange on 17 December 2014. As a flexible adaptor to changes in consumption patterns and from the catering market, Xiabuxiabu adheres unwaveringly to its core mission of satisfying consumer needs and builds its business upon friends and family gathering-oriented consumption.

In order to adapt to changes in the market and consumer needs, Xiabuxiabu launched a mid-to-high end brand “Coucou” in Sanlitun, Beijing on 30 June 2016, introducing the perfect fusion of Taiwanese-style spicy hotpot and Taiwanese-style hand-shaken tea, which was an instant success among consumers. In the meanwhile, Xiabuxiabu established its food companies to sell Xiabuxiabu product series including condiments, soup bases and dipping sauces mainly via channels such as e-commerce platforms and supermarkets, so as to satisfy the consumers’ need of a meal accompaniment. In August 2019, Xiabuxiabu fully acquired Xilin Gol League Yishun Halal Meat Co., Ltd., which helped to establish its presence in upstream supply chain, ensuring the stable supply of core ingredients for the rapid development of the Group.

As at the end of 2021, the Group owns and operates 841 Xiabuxiabu restaurants in 132 cities over 21 provinces and autonomous regions and in 3 centrally administered municipalities namely Beijing, Tianjin and Shanghai in China, and also owns and operates 183 Coucou restaurants in 42 cities over 19 provinces and in 3 centrally administered municipalities namely Beijing, Tianjin and Shanghai as well as in Hong Kong SAR in China. In 2021, we opened 52 Xiabuxiabu restaurants and 43 Coucou restaurants.

Xiabuxiabu always sticks to stringent standards and makes relentless efforts to provide customers with the best hotpot cuisine. Over the years, Xiabuxiabu has been implementing a complicated production process that consists of dozens of procedures to produce its exclusive condiment products from a secret recipe. More than 20 varieties of spices are selected to develop our delicious soup bases. With direct delivery from origin sources to each restaurant, we are able to provide customers with fresh vegetables and quality meat, offering them unique and better taste. In response to seasonal changes and consumers’ needs, we constantly introduce new high-quality products.

Upholding the motto of “high quality from persistent efforts”, Xiabuxiabu remains true to its original aspiration of providing quality food for its customers.

ABOUT US

Xiabuxiabu remained true to its original aspiration of providing quality food for its customers for more than twenty years

- 1998 ▶ Xiabuxiabu introduced the bar-style mini hotpot to Mainland China, whose classic dining mode of “choosing your own pot” enables customers earning a living in bustling metropolises to enjoy fresh and convenient catering products and services that are up to their value
- 1999 ▶ The first restaurant of Xiabuxiabu – the Restaurant at Pearl Xidan, Beijing was opened
- 2003 ▶ Xiabuxiabu became a well-known hotpot brand in Beijing with its distinctive business mode of “choosing your own pot”
- 2008 ▶ Xiabuxiabu attracted the attention of investors with its rapid expansion, and gained financial support from Actis (a global emerging market private equity fund)
- 2009 ▶ Xiabuxiabu entered into the rapid development stage and was ranked as one of the top 100 restaurant brands in China
- 2010 ▶ Xiabuxiabu entered into Shanghai market and achieved rapid growth in business size
- 2013 ▶ Xiabuxiabu had become one of the major chain catering enterprises in China with a total of over 400 restaurants
- 2014 ▶ Xiabuxiabu was successfully listed in Hong Kong, making it the first listed chain hotpot brand in China
- 2016 ▶ Xiabuxiabu launched the mid-to-high end restaurant brand “Coucou”, which has been expanded from Beijing to Shanghai and Shenzhen
- 2017 ▶ The Company launched the household condiment product line under the brand of Xiabuxiabu which are sold in supermarkets and e-commerce platforms
- 2019 ▶ The Company launched the dual-pronged strategy of “hotpot and tea”
- 2020 ▶ The Company delivered an outstanding performance in pandemic containment and carried out brand upgrading by reshaping its brand image and proposition, launching a new fashionable and dynamic operation mode and improving product quality. By implementing the dual-pronged strategy of “hotpot and tea”, the Company focused on the Millennials and Generation Z who are the major groups of consumers nowadays with emphasis on strong personality, distinctive characteristics and quality of life
- 2021 ▶ The Company successfully turned its negative performance by adjusting its business plan, while the founder of the Company resumed the role of CEO and reset its business strategy to boost market confidence

Development Milestones of Xiabuxiabu Brand

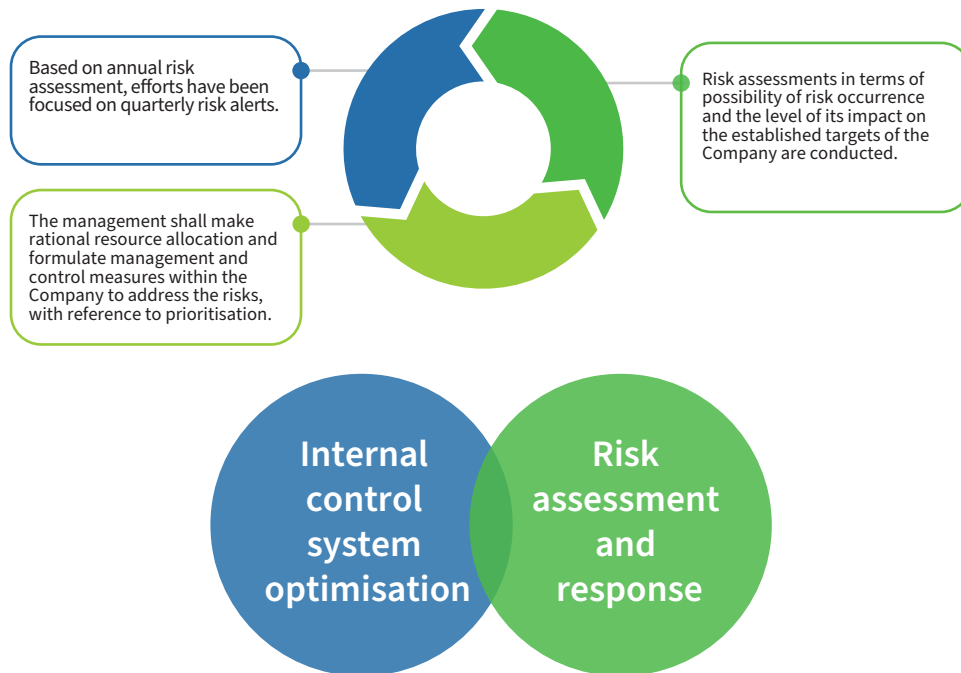
ABOUT US

1.2 COMPLIANCE OPERATION

Compliance management is an inherent element of the Company's stable operation and also fundamental to the prevention and mitigation of risks, and plays a key role in maintaining effective corporate governance. Xiabuxiabu strictly complies with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the relevant regulations of the domestic and overseas securities regulatory authorities. The Company makes continuous efforts to optimise its internal control system, optimises risk assessment and response mechanism, and improves its anti-corruption management, so as to ensure the effective coordination and virtuous cycle of development of all management processes and promote the sustainable development of the Company based on compliant operation.

• Risk management

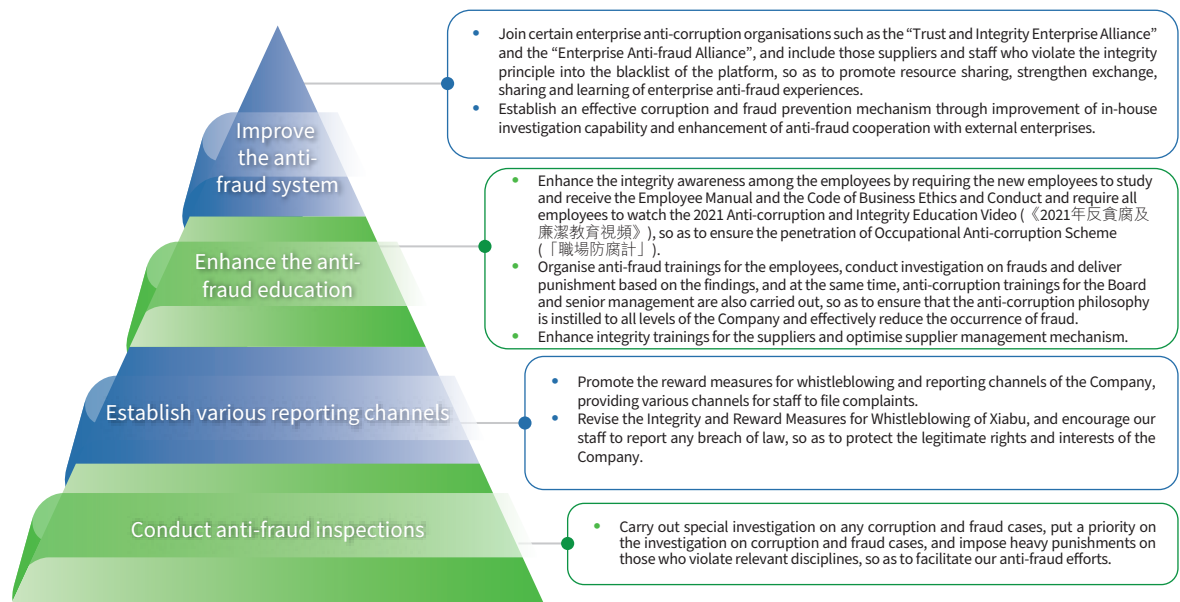
During the reporting period, through continuous improvement of its internal control system and comprehensive optimisation of each management process, the Company achieved the integration of internal control and risk management, enhanced internal circulation of risk management, and gradually developed a comprehensive risk management system which helps to mitigate organisational risk and improve organisational value.



- ▶ The internal control department of the Company carried out comprehensive optimisation of the OA system process for group structure reorganisation and operation structure adjustment, so as to promote comprehensive optimisation of the OA system process and interface for the function department and operation of the Group: to carry out review of the peer to peer process and rebuild the process according to business needs, rebuilding and optimising a total of 36 new processes;
- ▶ The Company reviewed and rectified the process of design and engineering companies;
- ▶ The Company enhanced the verification of weight difference identified during logistics inspection;
- ▶ The Company carried out special audit works against various function departments, and issued nine special audit reports including the Special Audit on the Market Department (《市場部特案審計》), Periodical Special Audit on the Phase III Project of Xiabu (《呷哺三期項目階段性專項審計》), Settlement Audit on the Phase III Office and R&D Building Project of Xiabu (《呷哺三期辦公研發樓項目結算審計》), Audit on Weight Difference from Logistics Inspection (《物流驗收重量差異審計》);
- ▶ The Company developed, improved and reviewed the Company's systems: revised the Integrity and Reward Measures for Whistleblowing of Xiabu (《廉潔呷哺舉報獎勵制度》), pushed forward the amendments to and review of the Company's core systems including the Fruit and Vegetable Pricing System (《果蔬定價制度》), Local Ingredients and Food Safety Management Rules (《地採物料食品安全管理規定》), Leftovers Management System (《餘料管理制度》), Staff Promotion Management Measures of Xiabu Group (《呷哺集團人員晉升管理辦法》), Guideline on Construction Management of New Restaurant Projects (《新開店項目施工管理指導書》), Guideline on Engineering Survey Operation (《工程勘察作業指導書》) and Amendments to Recipe Management Measures of the Group (《集團菜品配方管理辦法修訂》), reviewing a total of over 21 systems.

• Anti-corruption

The Company strictly abides by the Company Law of the People’s Republic of China, the Criminal Law of the People’s Republic of China, the Criminal Procedure Law of the People’s Republic of China, the Anti-money Laundering Law of the People’s Republic of China and other laws and regulations in China. In addition, the Company continued to perfect its internal management system, stepped up efforts in the establishment of anti-fraud system, enhanced the education of integrity culture, optimised the reporting and reward policies and strengthened in-depth anti-fraud cooperation with external parties. In addition, the Company has built an independent risk-oriented internal control system featured with the separation of decision-making, execution and supervision to identify fraud risks and carry out investigation on issues reported. A prevention-oriented approach with complementary efforts of cracking down has been in force to root out any corruption and fraud. No legal proceedings were filed against the Company in relation to corruption cases in 2021.



ABOUT US

• Intellectual property rights protection

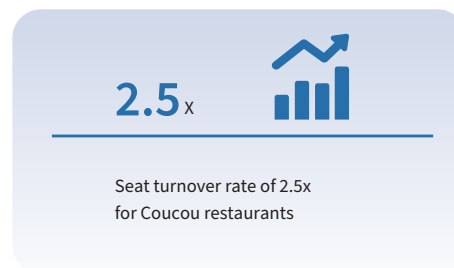
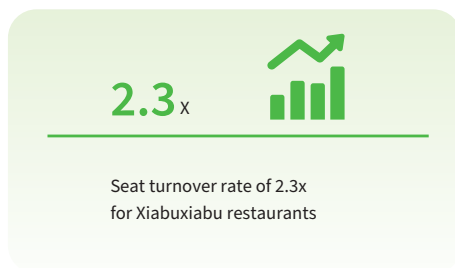
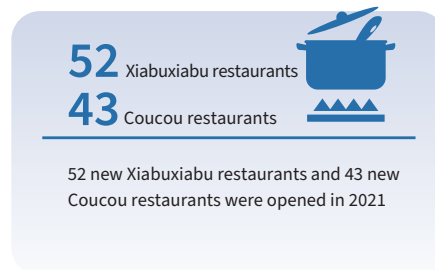
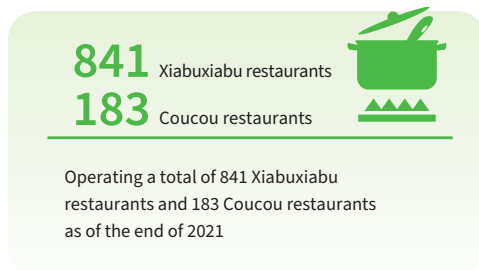
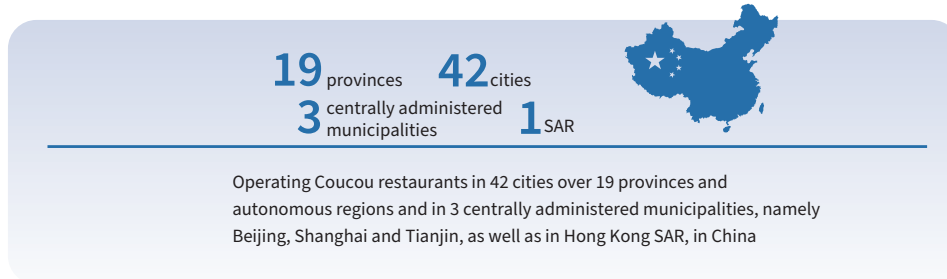
Xiabuxiabu strictly abides by the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Law on Anti-unfair Competition of the People's Republic of China, the Implementation Regulations of the Trademark Law, the Implementation Rules of the Patent Law and other laws and regulations. We also attach great emphasis to intellectual property rights protection, adhere to the management philosophy of promoting healthy development of its own brand and implementing punishment against infringement, enhance management over the Group's brand trademark registration, expand the use and influence of the trademarks and reinforced protection of intellectual property rights such as trademarks. In addition, we take active actions against all kinds of intellectual property infringements to defend our rights. We take actions to guarantee our intellectual property rights and strive to safeguard our legitimate rights and interests by various means such as application for trademark invalidation and issuing infringement notice letters to the infringers as well as (if necessary) filing lawsuits.

In 2021, the Company continued to enhance management over trademark registration, and successfully applied for a number of its own brand trademarks, expanding the company trademark reserve of the Group. Meanwhile, we took active initiatives to fight against intellectual property infringements, and successfully prohibited infringements with maliciously registered imitated trademarks through trademark invalidation. For example, we filed lawsuits against the maliciously registered trademarks such as "Xiabuxiaoxiang" and "Coucoutuan", thus safeguarding the rights and interests of the Company's brands as China National Intellectual Property Administration ruled that the "Xiabuxiaoxiang" and "Coucoutuan" trademarks were invalid trademarks.

ABOUT US

1.3 REVIEW OF OPERATING RESULTS

In 2021, by introducing the five innovations, we overcame the challenges brought by the pandemic and other factors and implemented business innovations to ride through this difficult time. We continued to facilitate brand building and quality upgrade, and pushed forward the implementation of the dual-pronged strategy of “hotpot and tea”, so as to maintain stable development and continue to create value for all stakeholders.



ABOUT US

1.4 HONOURS AND AWARDS

While promoting company development, Xiabuxiabu has earned recognition from the industry and won preference and high praises from vast consumers. Xiabuxiabu has been recognised as one of the “Top 100 Restaurant Brands in China” for over ten consecutive years, and was awarded a number of honours. Xiabuxiabu has been awarded a number of titles such as “Top 50 Most Valuable Enterprises in China”, “China Corporate Social Responsibility Summit – Outstanding Company”, “Top 10 Hotpot Brands in China”, “Beijing Specialty Cuisine”, “Top 50 Catering Enterprise (Group) in Beijing”, “Top 10 Business Brands in Beijing” and “Top 100 Catering Enterprise (Group) in Beijing” since 2010.



ABOUT US

Awards ¹	Issuing bodies
2020 Top 100 Restaurant Brands in China — Xiabuxiabu Catering Management Co., Ltd.	China Cuisine Association
2020 Top 100 Restaurant Brands in China — Coucou Catering Management Co., Ltd.	China Cuisine Association
Advanced Model of 2021 Beijing Catering Conference — Xiabuxiabu Catering Management Co., Ltd.	Beijing Cuisine Association
Advanced Model of 2021 Beijing Catering Conference — Coucou Catering Management Co., Ltd.	Beijing Cuisine Association
Top 10 Catering Brands in Beijing	Beijing Cuisine Association
Top 10 Hotpot Brands in China of 2021 Red Carp Award (2021年度紅鯉獎中國火鍋十大品牌)	Organizational Committee of China Catering Marketing Power Summit
2021 Top 10 Business Brands in Beijing: Xiaubuxiabu Mode Innovation Award	Beijing Municipal Commerce Bureau
2021 Corporate Social Responsibility Summit — Corporate Social Responsibility Edelweiss Award of Xiabuxiabu (呷哺呷哺企業社會責任絨花獎)	Economic Media Association of China
2021 CCFA Innovation Case of Chain Restaurants: Xiabu Operation Academy Online Learning Platform Project (2021年度CCFA連鎖餐飲創新案例：「呷哺運營學院」線上學習平台項目)	China Chain Store & Franchise Case
2021 CCFA Innovation Case of Chain Restaurants: Xiabuxiabu Choose Your Own Pot Innovative Marketing Project (2021年度CCFA連鎖餐飲創新案例：呷哺呷哺「神仙計劃鍋底自由」營銷創新項目)	China Chain Store & Franchise Case

¹ As the 2020 awards set out in the table were granted in 2021, they are included in this report.

ABOUT US

1.5 LEADING INDUSTRY DEVELOPMENT

As a council unit or member unit of China Cuisine Association, China Chain Store & Franchise Association, Beijing Cuisine Association and Beijing Food and Beverage Industry Association, Xiabuxiabu demonstrates its innovation strengths as an industry leader, and also is committed to fulfilling its social responsibility and promoting sustainable development, and takes an active part in the formulation of the Guidance on Fulfillment of Corporate Social Responsibility by Chain Stores & E-Commerce Platforms (《實體連鎖企業／互聯網消費平台社會責任實施指南》) (2021 Edition) by the China Chain Store & Franchise Association, making contributions to the promotion of regulated operation and sustainable development of the industry. In addition, as the deputy chairman unit of Beijing Association of Taiwan Investment Enterprises and the Association of Taiwan Investment Enterprises on the Mainland, Xiabuxiabu joins hands with these associations to promote economic exchange and cooperation between Beijing and Taiwan, in an effort to promote the peaceful development of the Cross-Strait relationship.

Name of associations	Positions
China Cuisine Association	Standing council
China Chain Store & Franchise Association	Standing council
Beijing Cuisine Association	Deputy chairman
Beijing Food and Beverage Industry Association	Deputy chairman
Beijing Association of Taiwan Investment Enterprises	Deputy chairman
Association of Taiwan Investment Enterprises on the Mainland	Deputy chairman

2 COMMITMENT TO GOOD QUALITY WITH FUSION OF HOTPOT AND TEA



Commitment to Good Quality with Fusion of Hotpot and Tea

Over the past twenty-three years, Xiabuxiabu has been committed to the motto of “good ingredients, good cooking techniques and good flavours” and upheld the principle of good craftsmanship, making constant innovations according to market demands. In recent years, Xiabuxiabu has completed brand upgrading by implementing the dual-pronged strategy of “hotpot + tea”, offering the consumers with more options and attracting major groups of the new generation consumers. We continued to comply with the Food Safety Law of the People’s Republic of China and other laws and regulations and are committed to ensuring food safety and good quality by establishing stringent supplier selection criteria and a sound quality inspection and direct distribution system. We also make continuous efforts to develop new dishes and products, and are dedicated to offering customers with a more interesting and comfortable dining environment and friendly services. We are dedicated to fulfilling our corporate mission of “offering more people with healthy, nutritious, delicious food and stylish dining environment”.

2.1 ENSURING FOOD QUALITY FROM THE SOURCE

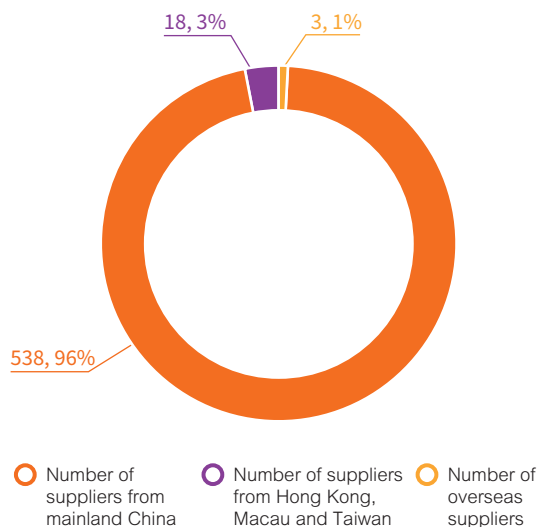
Xiabuxiabu always considers food safety essential to the survival of the Company. Complying with the Food Safety Law of the PRC and other laws and regulations, the Group adheres to the stringent supplier selection criteria and refuses to conduct business with suppliers with serious food safety issue and serious illegal and dishonest acts so as to control ingredient quality from the source, and improve its quality management throughout the process covering incoming goods quality inspection, logistics, transportation, storage and food serving to ensure ingredient safety.

• Regulated procurement process

The supplier management system of Xiabuxiabu sets out the criteria for various processes covering supplier entry, supervision during cooperation, post-cooperation assessment and other aspects. The Company conducts procurement activities with the principle of “openness, equality and fairness”, adopts various bidding approaches for procurement of products within different bands of value according to the requirements of the bidding documents, and determine winning bidders through multi-department participation, several rounds of quotation appraisals, review and assessment, and repeated bid evaluation and price bargaining, with an aim to select quality suppliers.

Details on the suppliers in cooperation with the Company as at the end of the reporting period are as follows:

Indicator	Unit	FY2021
Total number of suppliers	Number	559
Number of suppliers implementing such practice	Number	559



Distribution of suppliers by geographical regions

Commitment to Good Quality with Fusion of Hotpot and Tea

• Selection and review of suppliers

We implement strict control over the selection and review of suppliers, and give preference to the leading or top-ranked enterprises of the industries from which we procured products. During the reporting period, Xiabuxiabu implements strict supplier entry criteria, and has revised and perfected the Supplier Quality Management Process (《供應商質量管理程序》), On-site Review Rules (《現場審核細則》) and Supplier Quality Entry Management Criteria (《供應商質量准入管理準則》). We have developed a quality control plan for major ingredients such as meat and tea beverages, give priority to first-class suppliers of the industry, and only suppliers that have passed our qualification review, sample inspection and on-site assessment will be accepted to conduct business. In addition, we adjusted the review approach for the first-class suppliers of the industry in a flexible manner in light of the pandemic by switching to online review.

Admission qualification

Suppliers are required to present business licenses, food production permits and comprehensive inspection reports prepared by third parties. For suppliers engaged in special industries, they are also required to obtain the specific qualification certificate required for the industry.

On-site assessment

According to the relevant laws and regulations, and in light of the quality characteristics of Xiabuxiabu products, the quality management department of the Company has developed review criteria for different types of suppliers. Only suppliers that have passed the assessment conducted by our dedicated inspectors will be admitted as qualified suppliers.

Sample inspection

Suppliers are required to provide samples, so that the Company may inspect such samples according to its product standards. For tailor-made products, in addition to sample inspection, the suppliers are also required to conduct a pilot test on the tailor-made products, and the sample products will only be accepted as qualified products if the sample passes the pilot test.

Case: Improve management over supporting suppliers for Xiabu X and Coucou Bistro

In 2021, following the launch of new restaurant modes such as Xiabu and Coucou, and in order to ensure food safety of purchased products of these restaurants such as ingredients for tea beverages and food contact products, the quality management department of the Company reinforced management over ingredients for tea beverages and suppliers of tableware and utensils during the reporting period. In addition, suppliers that provide food contact products such as additional paper cups and tableware are subject to admission review, so as to ensure that all suppliers have the ability to guarantee persistent product quality.

Commitment to Good Quality with Fusion of Hotpot and Tea

• Supplier visit and inspection

Xiabuxiabu pays regular and irregular visits to the suppliers and pay great attention to food safety, product quality and environmental conditions of production or operation sites of the suppliers. The Company carried out onsite visit and inspection to have a better understanding of the supply and service capacity of the suppliers. During the reporting period, the procurement department of the Company carried out 10 inspections of vegetable bases and 30 inspections of producers, and conducted 50 market surveys. Inspectors are assigned to supervise the lamb slaughtering processes for quality inspection for over two months. In addition, the Company carried out centralised visit and inspection of qualified suppliers and suppliers with large business scale based in Shanghai, Shandong and Guangdong regions. The quality management department of the Company visited 71 existing suppliers and 151 new suppliers.



Inspection of vegetable bases

• Supplier assessment

Xiabuxiabu conducts regular assessment and review on the suppliers which mainly consists of timeliness of delivery, accuracy of delivery and quality deficiency. Such assessment includes quarterly assessment of existing suppliers, performance rating by scores, annual summary and other methods. Through supplier assessment, the Company improved timeliness of good delivery, product quality and accuracy of good delivery, selected quality suppliers by eliminating unqualified suppliers and established stable long-term cooperation relationship with quality suppliers.

During the reporting period, the Company has developed a sound supplier assessment mechanism by formulating seven new documents on management and control process in relation to supplier cooperation and assessment, and carried out improvement on supplier assessment management. The procurement department of the Company downloaded supplier assessment results from the supplier management system on a quarterly basis and implemented follow-up procedures according to the management plan under the relevant process documents based on the assessment scores. Effective rewards and punishment were granted to the suppliers through supplier rating, so as to give incentives to quality suppliers and reduce suppliers with frequent quality deficiency. Supplier rating is also used as reference and indicator for supplier review, which can effectively instruct and cultivate suppliers to become business partners that meet the Company's requirements.

Commitment to Good Quality with Fusion of Hotpot and Tea

• Responsible procurement

Under the new catering consumption environment, more and more customers place increasing emphasis on the sustainability of healthy diet and food. In selecting suppliers, Xiabuxiabu takes environmental and social risks into consideration and gives priority to suppliers who are committed to their social responsibility and sustainable development, with an aim to mitigate the environmental and social risks caused by the suppliers. Xiabuxiabu also purchases from supplier with relevant certifications in terms of sustainable aquaculture and fishing practice. The farmed seafood products we procured overseas are equipped with the Best Aquaculture Practices certification², which guarantees that best practices in terms of environmental and social responsibility, animal welfare, food safety and traceability have been implemented during the production process, while the harvested seafood are equipped with the certification issued by the Marine Stewardship Council³, which certifies that the products from such suppliers originate from sustainable fishery. In an active response to the capital market concern, Xiabuxiabu also completed the CDP's forest questionnaire on a voluntary basis and conducted assessment on the impact on the forest resources by its business operation.

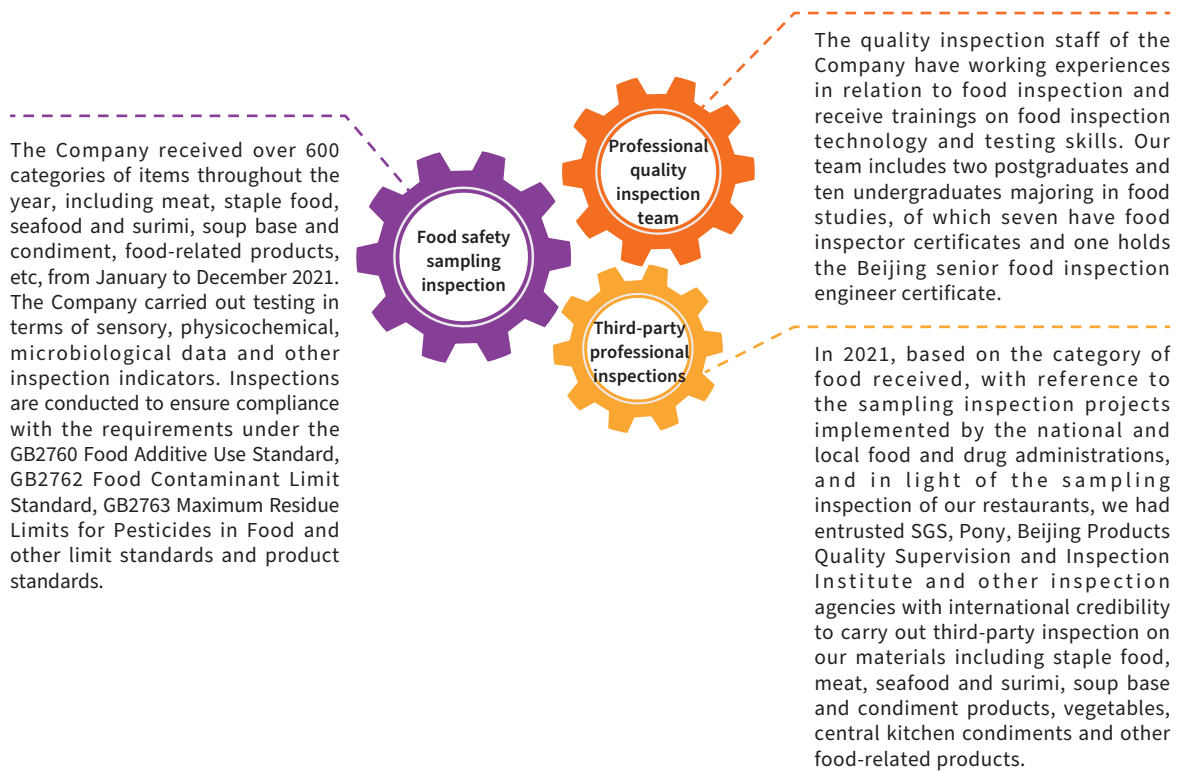
Xiabuxiabu also implements responsible procurement by giving priority to environmentally-friendly products. In an active response to the policy of "restriction on use of disposable plastic products" by the government, we replaced plastic products with degradable products such as paper drinking cup lids, PLA drinking straws, aluminum foil food containers, PLA coated paper cups and PLA packaging bags to minimise environmental pollution by plastic wastes.

Xiabuxiabu attaches great emphasis to animal welfare. Currently, humane slaughter is mainly implemented in the slaughtering of pig and domestic birds in China. As beef and lamb are served as main hotpot ingredients in our restaurants, Xilin Gol League Yishun Halal Meat Co., Ltd., a subsidiary of the Group, complies with the provisions regarding slaughtering practice under the Islamic Sharia.

Commitment to Good Quality with Fusion of Hotpot and Tea

• Stringent quality inspection system

Xiabuxiabu continued to strictly abide by the corporate responsibility requirements under the Food Safety Law and the Regulations for the Implementation of the Food Safety Law of the PRC, and has established a sound system for incoming goods inspection and record. Upholding the principle of “being strict, accurate, prompt and effective” and complying with the national food safety standards and product quality standards of Xiabuxiabu, the Company perfected the inspection process of raw materials and quality control system for the central kitchen, and carried out regular training for and appraisal management of the quality inspection staff, so as to improve the management standard, testing capability and quality inspection of the laboratories. During the reporting period, Xiabuxiabu invested approximately RMB0.6 million in food risk control, which was mainly used to identify food safety risk indicators of ingredients and food-related products and engaged third party testing agencies to conduct inspection and testing, with an aim to ensure food safety.



² The Best Aquaculture Practices (BAP) certification is the voluntary certification program for aquaculture facilities developed by the Global Aquaculture Alliance, and is one of the most stringent certifications in terms of supply safety and sustainable practices for the aquaculture and processing sector.

³ The Marine Stewardship Council (MSC) certification is the most authoritative certification for sustainable fishery in the world. Any fishing company that has obtained such certification may attach the blue eco-label issued by the MSC to the fisheries harvested, which certifies that efforts have been made during the fishing process to ensure the sustainability of target stocks and minimise impact on the environment.

Commitment to Good Quality with Fusion of Hotpot and Tea

• Adhering to the direct distribution approach

Promotion of the “farm-to-table” project

- Since 2008, Xiabuxiabu launched the “farm-to-table” project by establishing the order-based “farm-to-table” bases and adopting direct distribution from origin sources, so as to ensure fresh and healthy ingredients;
- Staff were assigned to supervise the slaughtering process at the slaughtering sites of the lamb suppliers for quality control, so as to ensure rule compliance and food safety from the source.

Optimisation of cold chain management

- Distribution centers have been established in various regions across the country, and the TMS system has been widely applied to achieve real-time monitoring over the temperature of the freezers at each distribution center and the temperature during the transportation, so as to ensure food quality;
- All cold storage warehouses and transportation vehicles are able to meet the temperature requirements for frozen products, so as to ensure the quality of frozen products.

Traceability of cold chain services for imported products

- With normalized management against the pandemic information on the imported frozen products is uploaded to the traceability platform, including the item category, specification, batch number, origin, inspection and quarantine test results, nucleic acid testing results and certificate of disinfection, and an electronic traceability code has been assigned for each batch of the relevant products by the system which was printed and attached to the products, so as to ensure full-process traceability of imported cold chain products.

Improvement of distribution efficiency

- The Company has formulated regulations on transportation process and delivery schedule for each category of ingredients, and categorised the ingredients into various groups including fruits and vegetables with stock, fruits and vegetables with no stock and seafood, meat and condiments subject to frozen storage for separate management, forming a collaborative and efficient work process covering suppliers/central kitchen – logistics and distribution – restaurants.

Commitment to Good Quality with Fusion of Hotpot and Tea

2.2 CONTINUOUS DIVERSIFIED INNOVATIONS

The motto of “high quality derives from persistent efforts” represents the core belief of Xiabuxiabu, under which, Xiabuxiabu adheres to its operating philosophy of “providing nutritious fast-food at a public affordable price with cordial and attentive services while taking hygiene and cleanliness on top of its list”. Under the upgraded service mode featured with diverse options, we offer customers with individual pot that allows customers to choose their own pot as well as shared hotpot to celebrate gatherings with friends and families, demonstrating our persistent commitment to providing customers with superior food quality and attentive services.

• Abundant ingredients

In order to offer the consumers the quality and delicious ingredients around the world, Xiabuxiabu seeks and cherry-picks quality ingredients across the world. Xiabuxiabu also search for quality ingredients around the world, including Netherlands, Spain, Australia, Russia, the U.S.A. and Canada to supplement those purchased in China, in order to present to our customers delicacies of excellence. During the Reporting Period, overseas procurement department of the Company explored and evaluated potential high-grade suppliers of ingredients and prioritised its appraisal on qualified and large-scale suppliers located in the Shanghai area, Shandong area and Guangdong area by paying on-site visits, obtaining information about products, marine resources and marketized quality seafood, and grasping the domestic distribution of seafood, with an aim to establish a mutually beneficial business relationship, so as to ensure abundant supplies of seafood. Meanwhile, the “Xiabu × Lamb of XilinGol” strategic procurement partnership with lamb suppliers of XilinGol will be continuously deepened to solidify and stabilize the domestic source of lamb supply.

Commitment to Good Quality with Fusion of Hotpot and Tea

• Diversified product offerings

The development of diversified product offerings enables us to offer customers with a more novel, stylish and fascinating dining experience and diverse options. In 2021, Xiabuxiabu committed itself to enhancing the quality of existing products, enriching and diversifying the food menu and making its products all the more entertaining. New dishes, soup bases and beverages such as cute & lucky beef tallow broth, chicken tofu pudding, sour and spicy vegetables broth, crisp bamboo shoot, lava meet balls, shake perfume lemon green tea, cream crown mango tea, cream crown peach long jing tea, golden soup with pickled cabbage broth, wine-steeped beef broth, golden leaf-shaped fish roe balls, hippo-shaped fish balls, chewy beef tendon balls and taro, etc., have been added to the menu. Xiabuxiabu also re-established its “value for money” brand image by adjusting its menu, optimizing products with low order rate, creating more set meal and offering free teas/ beverages for set meal, with an aim to offer customers diverse product offerings at an affordable price.

In 2021, Coucou has produced 11 different menus tailored to various regions in Mainland China, as a result of the optimization of the original 9 menus in terms of region and pricing ranges, which better satisfied different taste preference and price ranges of different regions’ populations. Meanwhile, based upon the menu optimization, Coucou also completed the upgrading of its summer and winter menus. Continuous efforts have also been made to enrich and optimize the dish offering to cater to the tastes of different customers. During the Reporting Period, Coucou has developed various staples, such as fresh noodles, fish maw and chicken dumplings and crab roe and pork flavor dumplings; soup bases such as crab roe with yellow croaker broth, meat with pickled cabbage broth and Sichuan and Chongqing traditional hotpot; meat-based foods such as Wagyu chuck roll, Wagyu PLUS and Wagyu short rib; as well as other dishes and beverages such as tribute dish, Fried pork with peppers, deep fried black tiger shrimp rolls, sour vegetable, cat-claw shaped shrimp paste, squid fillet, quality red fish and smoothies, etc. These newly launched products are well received by vast consumers.



Xiabuxiabu new soup base – sour and spicy base with vegetables



Xiabuxiabu new dish – Jidouhua



Xiabuxiabu new beverage – cream crown peach long jing tea



Coucou new food – cat-claw shaped shrimp paste



Coucou new dish – crab roe and pork flavor dumplings



Coucou new soup base – meat with pickled cabbage broth

Commitment to Good Quality with Fusion of Hotpot and Tea

• Diverse business mode

Xiabuxiabu and Coucou continue the exploration of the integrated business mode of hotpot + tea. Our efforts in innovation never cease, and we have embarked on a path towards multiple business mode through multi-dimensional transformations such as upgrading and renovating restaurant mode, and trying an approach of various business modes for different periods of the day. The distinctive “choosing your own pot” model of Xiabuxiabu restaurants allows for more flexible utilization of space, which in turn enables the switch of products and service modes between the afternoon tea break and the nighttime period, so as to extend business hours at our disposal and products and services differentiated from the mini pot model, offering customers with more consumption scenarios and choices. Coucou restaurants have developed the private KTV mode and the Coucou Food + Drinks Bar mode, rendering our customers an overall refreshing dining experience.



Coucou hotpot • Bistro

In order to enable our customers to enjoy the excellent experience of fresh and healthy hotpots at any time and any place, Xiabuxiabu Hotpot Delivery has extended our business beyond restaurant dine-in services, offering more hotpot lovers with the same value-worthy and yet more convenient delicacies without leaving home. By leveraging its own advantages in the supply chain and the outlet network, Xiabuxiabu launched its quality delivery brand Xiazhuxiatang in 2017, and has garnered good reputation for its brand with its brand vision of “every pot being prepared separately”, thereby bringing forth brand-new consumption choices to our hotpot delivery lovers. In 2021, Xiabuxiabu has extended its delivery service coverage by providing group meals in platforms such as Fengshi (豐食), meican.com (美餐網) and Pinduoduo, leading to an increase in sales of approximately RMB7 million.

At the same time, through livestreaming and e-commerce platforms as well as supermarkets, the food companies of Xiabuxiabu offer condiments, dipping sauces and other product choices to our customers both online and offline, so that we could offer diversified choices to more customers, who therefore could enjoy Xiabuxiabu products without leaving home particularly against the background of the pandemic prevention measure being the new normal. During the Reporting Period, the food companies of Xiabuxiabu livestreamed in multiple platforms, bringing to our customers more benefits and convenience.

Commitment to Good Quality with Fusion of Hotpot and Tea

2.3 REFINED DINING EXPERIENCE

We are dedicated to offering our customers refined and comfortable dining experience, and heeding our customers' feedbacks to enhance our service standards, with an aim to create an ambience of a home from home. Meanwhile, we also pay close attention to the protection of the rights and interests of consumers. During the Reporting Period, we continued our compliance with relevant laws and regulations such as the Food Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Advertisement Law of the People's Republic of China, and laid stress on the protection of our customers' privacy and rational advertisement. Furthermore, we also pay attention to the follow-up of the products sold. The food companies have formulated product return (recall) procedures and plans, which articulate handling methods for all stages of the whole recall process of "initiation of recall - coordination among departments involved in the recall based on their functions - subsequent treatment and points for attention of the products recalled. Recall drills were conducted during the Reporting Period. During the Reporting Period, no incident of recall was reported to the Company. The percentage of the products required to be recalled due to safety and health reasons to the total products sold or shipped was 0%.

• Improvement of customer experience

Xiabuxiabu restaurants

- The Company produced a video under the theme of Improvement of Service Quality at the Restaurant, updated the service standards and created 8 online learning programs, with a total of 2,543 persons (accumulatively speaking) trained, which significantly improved the service quality at the restaurant, as well as the customers' satisfaction;
- Three courses, namely Bronze Management Course, Silver Management Course and Gold Management Course, were established, under which 24, 15 and 7 learning programs were created respectively, with 347, 223 and 99 persons (accumulatively speaking) trained, respectively. These trainings helped the management personnel of the restaurants grasp more management skills, so as to enhance the comprehensive management standards of the restaurants;
- Restaurant quarterly service appraisal of star staff were planned and organized to incentivize and positively guide our staff to enhance their service quality at the restaurants;
- During the Reporting Period, the total number of complaints against Xiabuxiabu restaurants from all channels was 107. Upon receipt of the complaints, we immediately reached out to our customers to learn about the problem and promptly offered solutions. After appropriate treatments, the customer complaint settlement rate of Xiabuxiabu restaurants during the Reporting Period was 100%.

- Coucou restaurants pursues and upholds the two pronged strategy of tea serving culture combined with Taiwanese-style service. We are fully devoted to the operation philosophy of offering attentive and considerate services without unnecessary interruption. We aim to build a distinctive brand image and offer our customers unique and comfortable dining experience;
- A training course "Service Angel" was organized to promote tea serving culture and the awareness of our customers;
- Restaurant-level training was conducted to strengthen the performance of 22 key areas to improve customers' consumption experience, so as to focus on the key points and achieve excellent performances, in turn bringing more considerate dining experience to the customers;
- The online publicity system of corporate culture of Coucou was preliminarily established, under which a total of 319 videos were produced, including 166 videos on operational standards, 146 videos on corporate culture publicity and 7 videos on tea serving;
- SOP/SOC of all servicing posts were updated and standardized procedures for on-job tutorship were formulated;
- During the Reporting Period, the total number of complaints against Coucou restaurants from all channels was 27. Upon receipt of the complaints, we immediately reached out to our customers to learn about the problem and promptly offered solutions. After appropriate treatments, customer complaint settlement rate of Coucou restaurants during the Reporting Period was 100%.

Coucou restaurants

Commitment to Good Quality with Fusion of Hotpot and Tea

• Protection of basic rights and interests

RATIONAL ADVERTISEMENT AND PUBLICITY

Xiabuxiabu carries out advertisement and publicity campaigns in strict compliance with the Advertisement Law of the People's Republic of China and other laws and regulations, and prohibits false advertising and publicity. All advertisement, documents, promotion pictures and other materials shall be subject to internal approval process before releasing through public channels, under which such materials shall be submitted by the proposer for approval by the supervisors, review by the quality control department, legal department and marketing departments and final approval by the vice president of the marketing department before releasing to the public.

PROTECTION OF CONSUMER PRIVACY

Identity identification

Members are subject to identity identification and verification before exercising membership benefits. Xiabuxiabu adopts dynamic coding system for its membership cards, which provide higher level of security and effective protection of member privacy.



Information protection

Other than exceptional circumstances, Xiabuxiabu shall not disclose members' private data to any third party without prior consent from the relevant members.

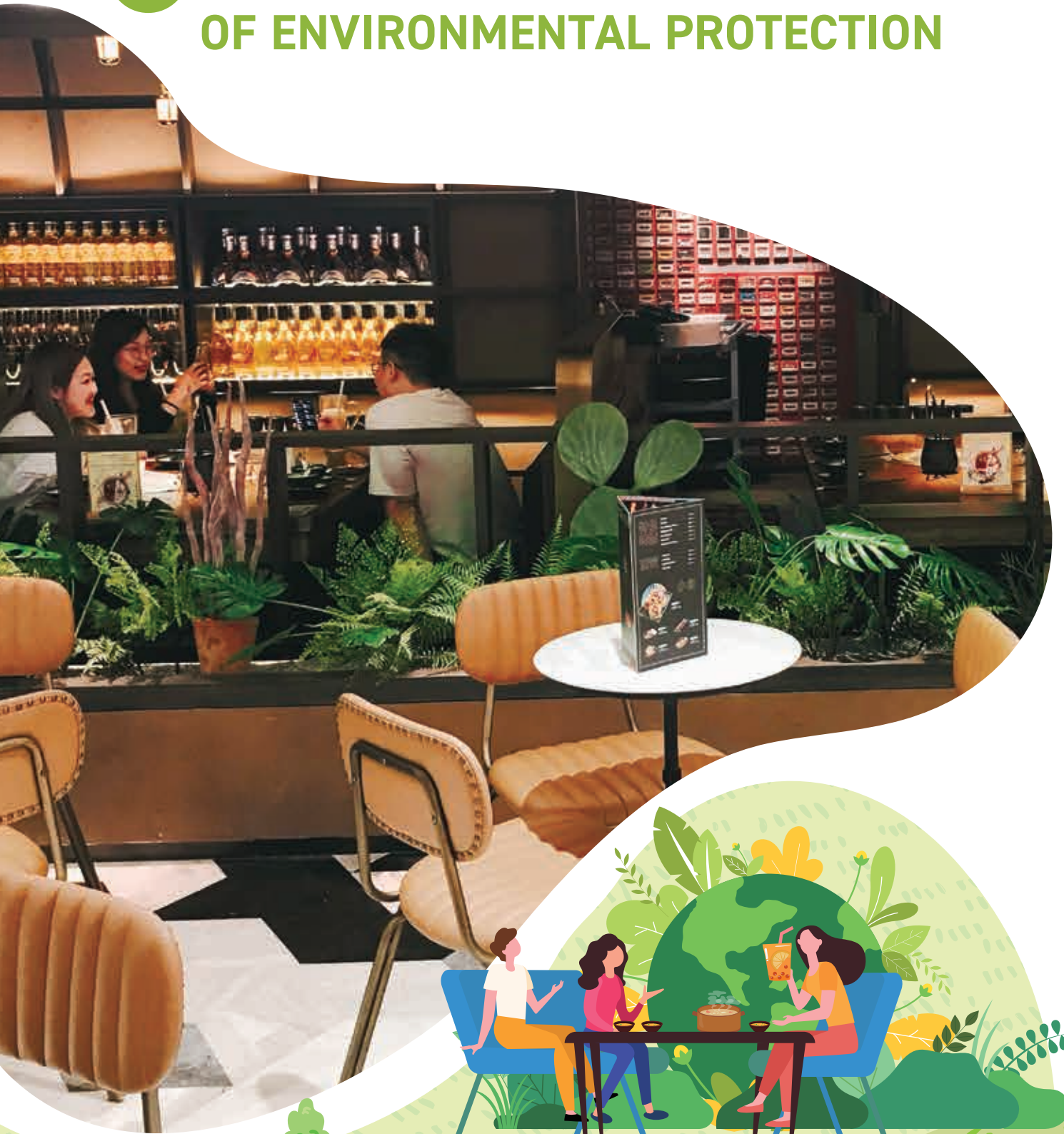


Data management

Xiabuxiabu manages its members' information through the CRM system provided by professional third-party companies, and stores such information on global leading cloud-based service platforms; The third-party companies shall not disclose such data without the consent of Xiabuxiabu. Such companies are also responsible for data maintenance and backup to ensure safe storage of such data.

As for customers of the delivery business, Xiabuxiabu mainly cooperates with delivery service platforms to protect customer privacy. For example, a virtual telephone number is assigned for each customer in the delivery order which is only valid for 24 hours and becomes invalid after the stipulated period of time, so as to avoid the risk of private data leakage due to improper handling of orders. In addition, Xiabuxiabu delivery application does not require registered user login, instead it provides visitor login function, with an aim to protect the privacy of customers' personal data.

3 GREEN+LOW CARBON – PROMOTION OF ENVIRONMENTAL PROTECTION



GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION

Xiabuxiabu adheres to the principle of green development and is committed to fulfilling its social responsibilities, and actions have been taken to refine the management concept of low-carbon and green operation. The Company strictly complies with the Environmental Protection Law of the People’s Republic of China, the Law on Prevention and Control of Environmental Pollution by Solid Waste and other laws and regulations, and continues to push forward its efforts in energy conservation and emission reduction to improve resource utilisation efficiency, so as to promote low-carbon and green operation. In addition, the Company continues to step up efforts for environmental protection promotion, and makes active response to the national policies such as the “Carbon Peak and Carbon Neutrality” and the “restriction on use of disposable plastic products”. The Company steps up efforts in reducing GHG emission, proactively implements waste sort-out practice, and takes measures to reduce generation of wastes and emission of exhaust air and wastewater, making active contribution to climate change mitigation and promoting the synergetic growth of economic, social and environmental benefits.

In 2021, the Company was not involved in any violation, litigation or penalty due to environmental issues.

3.1 PROMOTION OF LOW-CARBON OPERATION

Xiabuxiabu places great emphasis on energy conservation and consumption reduction, and proactively promotes green office, green production, green construction and refined use of resources. In order to achieve the goal of energy conservation and consumption reduction, the Company makes continuous efforts to facilitate integration of energy conservation and technology advancement and management enhancement, strengthen internal management, and proactively develop and promote application of energy conservation technology. In addition, the Company attaches great importance to conservation and efficient use of water resource. Upholding the concept of “water management by laws, scientific utilisation of water and conscious water conservation”, the Company took all-rounded approach to enhance water management. The Company continued to improve its energy-saving and environmentally-friendly production, so as to develop itself into an enterprise that is committed to resource conservation and environmental optimisation and ensure the harmonious and stable development of the Company and the environment.

GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION

Xiabuxiabu's GHG emission mainly comes from operation, production and office administration, in which various types of energy such as gasoline, diesel, natural gas and power are consumed. During the reporting period, the data of emissions and resources used are summarised as below:

Indicators	Unit	FY2021
Total electricity consumption	kWh	210,212,112.22
Electricity consumption per unit of operating revenue	kWh/RMB million	34,196.06
Gasoline consumption	litre	32,198.88
Gasoline consumption per unit of operating revenue	litre/RMB million	5.24
Municipal water consumption	m ³	2,668,825.16
Municipal water consumption per unit of operating revenue	m ³ /RMB million	434.15
Catering sewage discharge	m ³	2,268,501.39
Catering sewage discharge per unit of operating revenue	m ³ /RMB million	369.03
Natural gas consumption	m ³	904,001.70
Natural gas consumption per unit of operating revenue	m ³ /RMB million	147.06
Scope 1: direct GHG emission	tCO ₂ e	2,048.66
Scope 2: indirect GHG emission	tCO ₂ e	122,133.24
Total GHG emission	tCO ₂ e	124,181.90
GHG emission per unit of operating revenue	tCO ₂ e/RMB million	20.20

GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION

- Notes:
1. The calculation of GHG emission refers to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the Fifth Assessment Report issued by the Intergovernmental Panel on Climate Change (IPCC). The grid emission factor used in the calculation of Scope 2 refers to the average national grid factors set out in the Guideline of the Greenhouse Gas Emissions Accounting and Reporting for the Enterprises (2022 revised edition) released by the Ministry of Ecology and Environment of the People's Republic of China;
 2. The calculation of catering sewage discharge refers to The First National Survey of Pollution Sources on Urban Waste Source Discharge Coefficients Handbook;
 3. The basic energy consumption data shown in the above table cover the data of Xiabuxiabu Restaurant Management Co., Ltd., Xiabuxiabu Restaurant Management (Shanghai) Co., Ltd., Xiabuxiabu Restaurant Management (Tianjin) Co., Ltd., Coucou Restaurant Management Co., Ltd. and Coucou (Tianjin) Restaurant Management Co., Ltd..

• Energy-saving operation

Energy management

- The Company has set up an energy management group backed in 2014 and defined the responsibilities and task objectives of the team members. Its members come from various departments including public affairs department, operation department and logistics department, with an aim to continuously promote the energy conservation management of the Company, providing solid support for the implementation of energy conservation work.
- The energy management group is responsible for preparing the annual report on energy utilization, which is used as the important reference for technology improvement for energy conservation and optimisation of energy utilisation.

Day-to-day energy conservation management

- The Company promotes the concept of green office by controlling indoor temperature and reducing unnecessary energy consumption. In addition, staff are required to switch off power when leaving for a longer period of time or leaving duty to minimise electricity consumption so as to ensure that lamps and equipment are turned off when leaving the office.
- The Company implemented the green production concept, enhanced gas and electricity conservation management, and arranged the use time of gas-fueled equipment in a rational manner. Efforts have been made to ensure that the equipment at the plants are turned off immediately after use, so as to avoid electricity wastage due to idle-running.
- All restaurants are equipped with dedicated staff to arrange customer traffic, with an aim to arrange proper customer seating and promote centralised use of lighting and air conditioners.
- Service staff are required to adjust the temperature of the induction cookers based on cooking needs during the dining process, so as to reduce energy consumption.
- Service staff are required to pay close attention to the dining process of the customers and switch off power once the customers finish their meals, so as to avoid idle-running of the cookers.
- Efforts have been made to step up promotion of energy conservation and consumption reduction and improve the awareness of energy conservation and consumption reduction of all employees.

GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION

Improvement and application of energy-saving technology

- New energy-saving technologies such as the geothermal heat pump and solar power are adopted at the headquarters, so as to increase the use of clean energy.
- LED lamps are adopted to replace the high-pressure sodium lamps at the headquarters to reduce electricity consumption.
- Solar-powered devices have been installed in the old plant premises and the staff dormitories, achieving zero energy consumption during April to September 2021.
- We achieved separation of the low nitrogen combustion system for boilers in the plant premises, reducing consumption of natural gas by 1,000 cubic meters per month during the heating season.
- Intelligent control system has been installed for the exhaust fans in the restaurants, making milestone progress in the intelligent operation of exhaust fans and reducing unnecessary electricity consumption. In 2021, intelligent control system has been installed for exhaust fans in a total of 300 restaurants, saving electricity of 2,409,000 kWh for the year.

Water conservation management

- The plumbing and drainage system is properly designed when decorating new restaurants, and new devices such as water-saving taps and water-saving and water-purifying fittings have been installed, promoting water recycling.
- The Company strengthened water consumption management in the key areas, placed great emphasis on water consumption by the kitchens, established standard process for dish washing and vegetable cleaning, and enhanced technology improvement for water conservation by installing devices such as water-saving vegetable washers, so as to reduce water consumption from the source.
- In addition, we enhanced water consumption management during day-to-day operation, strengthened management, repair and pipeline maintenance, and carried out water conservation promotion campaigns to improve the water-saving awareness of the employees, so as to prevent water resource wastage due to water spraying, dripping and leaking.

GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION

Case: Introduce vegetable washers to enhance conservation and utilisation of water resources

By using vegetable washers for vegetable cleaning, we are able to improve utilisation efficiency of water resources and enhance water recycling, so as to reduce water resource consumption from the source. Through the application of circulating pump, water generated from the main washing tank is circulated back to the main washing tank after filtering through cotton filter and activated carbon filter, so as to achieve reuse of vegetable washing water. The ozone machine and UV lamp embedded in the thick pipe at the mid-and-lower part of the device are used to separate and treat hazardous bacteria, pesticide residues and water-soluble hazardous compounds when such devices are running, so as to save water and clean vegetable in a more thorough and safer manner. Used water from vegetable cleaning is used to clean the vegetable washers and floor of the kitchens after the restaurant is closed every night, so as to achieve zero water waste.

In 2021, the procurement department, the quality management department of the Group and the device and equipment department carried out water-saving device testing at Daxing Longhu and Liangxiang Aolai restaurants, which demonstrated that each vegetable washer may reduce water consumption by 127.75 tonnes per year, and thus vegetable washers will be installed in each restaurant newly opened in the future.



Vegetable cleaning device
before improvement



Vegetable cleaning device
after improvement

GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION

• Green construction

Reduce construction wastes: The Company implements strict management over each construction projects, and budget for building materials is carefully prepared to avoid construction wastes due to left-over construction materials. In addition, the Company carries out acceptance inspection for each construction process, with an aim to avoid construction wastes generated as a result of do-overs and other causes. Construction technologies have been optimised by applying the prefabrication approach instead of field fabrication and using green building materials, etc., so as to reduce construction wastes.

Reduce use of construction building materials: Efforts have been made to reduce use of building blocks, sand, cement, ceramic tiles and other materials in decorating the restaurants, and instead use metal decoration materials as much as possible which can be fully recycled for reuse after being demolished, so as to reduce use of building materials.

Promote and implement green construction concept: While ensuring full technical disclosure to the contractors, we place great emphasis on construction quality, organise trainings on relevant knowledge on energy conservation and consumption reduction by project engineers to the construction workers, and make all-rounded efforts to promote green construction concept.

• Saving materials

Implement electronic office: Xiabuxiabu advocates the adoption of electronic office to reduce material consumption. The Company promotes online marketing and communication, adopts electronic advertising and publicity approaches and online materials, uses electronic coupons instead of traditional paper coupons, replaces traditional printed advertising and promotion materials with LED restaurant posters and upgrades traditional offline promotion mode with online promotion mode, so as to reduce paper, decoration and other material consumption. In addition, Xiabuxiabu improves its restaurant operation and refines its management to implement electronic management of restaurant attendance record and shift schedule as well as digital data of reporting centre, effectively reducing paper consumption for printing purpose.

Reduce the use of disposable products: We continue to promote the use of reusable incubators and containers, so as to reduce the usage of paper cartons and polyurethane foam cartons. Scrap materials, low-value consumables and office supplies are sorted out, packaged with paper cartons and delivered to the restaurants, so as to enhance the reuse of paper cartons. During the reporting period, the main packaging materials used by the Company included carton boxes, paper cups, plastic cups, PP bags, packing bags, straws, coiled materials for seasonings, soup base bags and composite bags. The total usage of the above-mentioned packaging materials were 7,496.19 tonnes, representing the consumption of packaging materials per RMB1 million operating revenue of 1.22 tonnes.

GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION

• Environmental targets for energy and water consumption efficiency

Energy consumption efficiency targets	Reduce the average electricity consumption of Coucou restaurants by 5% by the end of 2025 using 2020 as the base year
	Reduce the total energy consumption of Xiabuxiabu central kitchen by 10% by the end of 2025 using 2020 as the base year
Water consumption Efficiency targets	Reduce the average water consumption of Coucou restaurants by 5% by the end of 2025 using 2020 as the base year
	Further reduce the proportion of water consumption by each Xiabuxiabu restaurant by the end of 2025 using 2020 as the base year

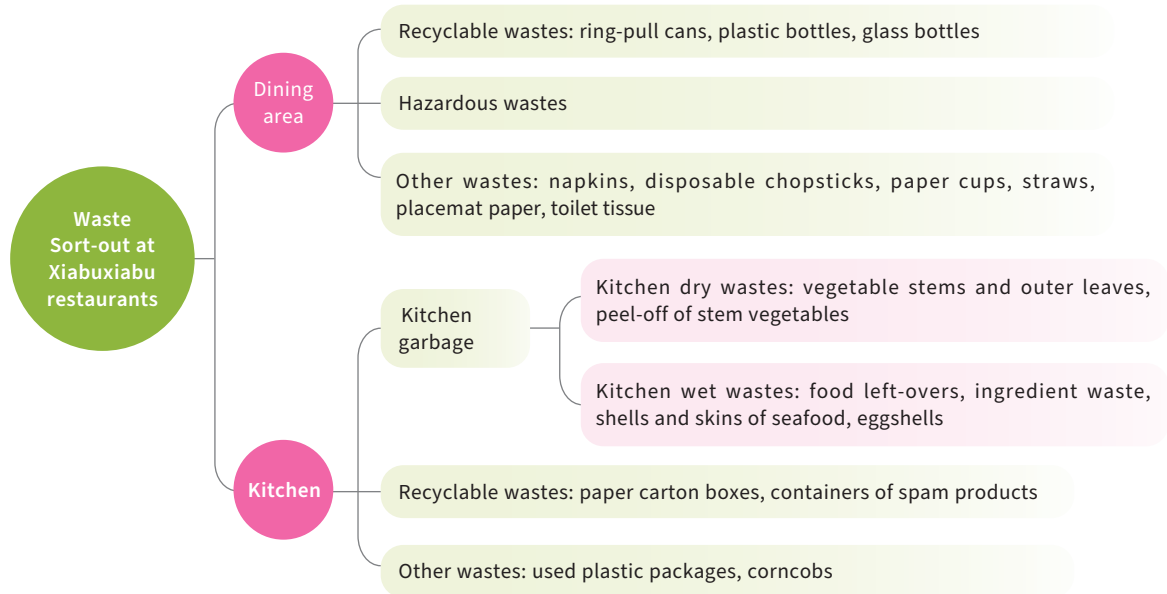
3.2 OPTIMISATION OF EMISSION CONTROL

Xiabuxiabu manages emission and waste discharge in accordance with the Regulations on the Management of Domestic Waste in Beijing and other relevant laws and regulations of the PRC, attaches great emphasis to the management of various types of emissions, and takes proactive measures to mitigate the impact of such emissions on the environment. During the reporting period, the Company proactively implemented waste sort-out, and took active measures to promote emission reduction, reduce the production of wastes, increase the recycling rate of wastes, and ensure that wastewater discharge and exhaust emission meet the specified standards.

• Control of emissions

Following the implementation of the revised Regulations on the Management of Domestic Waste in Beijing, and in an active response to the government initiatives, Xiabuxiabu continued to perfect waste sort-out guideline, implemented further refined management of the four categories of wastes namely “kitchen wastes”, “recyclable items”, “other wastes” and “hazardous wastes” under the waste sort-out practice, optimised garbage bins, promoted waste sort-out knowledge and required the staff to strictly follow the waste sort-out criteria according to the requirements of the local governments where the Group operates, with an aim to comprehensively improve its waste sort-out management.

GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION



While efforts have been made to implement waste sort-out practice and refine waste management, the Company requires that different categories of wastes shall be transferred to units with collection, transportation and treatment qualification for disposal, transportation and treatment, and all wastes shall be recorded and kept in the Waste Management Ledger (《垃圾管理台賬》), providing important data support for waste data analysis and management. The non-hazardous wastes of Xiabuxiabu is mainly derived from domestic wastes generated by dining halls and kitchen wastes generated by kitchens of the restaurants. During the reporting period, Xiabuxiabu and Coucou restaurants in different regions produced approximately 56,998 tonnes of domestic wastes and kitchen wastes in total, representing approximately 9.27 tonnes of domestic wastes and kitchen wastes generated per operating revenue of RMB1 million. In addition, we commission professional waste collection units to conduct waste collection and treatment. During the report period, all recyclable non-hazardous wastes generated by the central kitchen have been recycled for reuse.

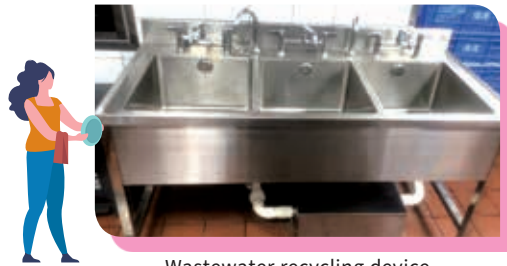
The Company took various effective measures to reduce emissions, so as to maximise its efficiency of waste recycling and mitigate environmental pollution risks. Waste disposers, oil-water separators and other devices are installed and tested in our new restaurants, which are widely applied in most restaurants as they have been proved to be beneficial for restaurant operation, so as to reduce the production of wastes and waste cooking oil. Oil fume purifiers are installed in the restaurants to enhance treatment of air pollution caused by oil fume emission. Following the further intensification of the policy of “restriction on use of disposable plastic products”, and in an active response to the government initiative, Xiabuxiabu uses paper drinking cup lids, PLA drinking straws, aluminum foil food containers, PLA coated paper cups, PLA coated paper and PLA packaging bags to minimise environmental pollution by use of plastic products. We built a wastewater treatment station with a daily treatment capacity of 50 tonnes in the factory of the central kitchen and conducted water quality testing, effectively solving the issue of noncompliance with the relevant standards in relation to the discharge of domestic wastewater and production wastewater, so as to ensure that the quality of discharged wastewater meets the national standard. In addition, in the operation of the meat supply companies under Xiabuxiabu, innocuous treatment has been carried out by law after the slaughtering, and lamb blood, wastewater, sheep manure and other wastes are transported and treated by third party enterprises with qualification recognised by the Environmental Protection Bureau, so as to ensure lawful treatment of wastewater and solid wastes. Furthermore, Xiabuxiabu entered into the wastewater and exhaust emission monitoring contract with relevant agencies providing environment monitoring technology services to conduct regular monitoring over the wastewater and exhaust discharged and constantly trace and keep record of the discharge of wastewater, exhaust and other pollutants, so as to ensure compliant discharge that meets the required standards. During the reporting period, the discharge indicators regarding the animal and vegetable oil, BOD, COD and other pollutants contained in the domestic wastewater and production wastewater from the factory and the exhaust emission indicator of the central kitchen all meet the relevant national standards.

GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION

Case: Reduce wastewater discharge and enhance recycling

The discharge of wastewater from water purifiers and cooling water from ice machines lead to substantial water resource waste. At the same time, as tableware and utensils are usually soaked with tap water before cleaning by dishwashers, the soaking process requires substantial water consumption. Thus, the restaurants upgraded their water purifiers to reduce wastewater discharge and installed circulation systems to achieve recycling of water resources.

As being tested, the wastewater from water purifiers and cooling water from ice machines are qualified to be used for soaking purpose in the dish pantry. After being used for soaking purpose, the remaining water may be used to replace the water in the water landscape pool, significantly reducing wastewater discharge and improving the utilisation efficiency of water resources.



Wastewater recycling device in the dish pantry



Upgrading of water purifiers

• Environmental goals for emissions

Emission target	Replacing 100% gas cookers with electric cookers for all Coucou restaurants by the end of 2022
Waste reduction target	Achieving reuse of incubators for ingredient transportation for 100% logistics warehouses across the country by the end of 2025 Achieving 100% use of recyclable food containers and packaging materials for delivery services by Xiabuxiabu by the end of 2025

GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION

• Actions to address climate change

Reduction of carbon emission and commitment to address climate change are the key topics for the Company’s future development. In order to implement the United Nations 2030 Agenda for Sustainable Development (《聯合國2030年可持續發展議程》), we give priority to commitment to address climate change amidst our effort for sustainable development. We enhanced management over climate change risks and took actions for energy conservation and emission reduction in an orderly manner in the places where we operate, so as to reduce GHG emissions. In addition, we proactively improved information disclosure on carbon emission and aligned the climate change with the Group’s future, sparing no efforts in addressing climate change.

	Risks and opportunities arising from climate change	Actions taken
Transformation	<p>China announced its general goal to achieve carbon peak by 2030 and carbon neutrality by 2060. With the implementation of carbon neutrality and other environmental policies, the entire economy and society are undergoing green and low-carbon transformation. The low-carbon development of the Company will help to boost the investors’ confidence, enabling us to obtain more credit facilities and effectively reducing risks such as increasing operation costs due to high energy consumption operation.</p>	<p>We have established an energy management group to constantly optimise our energy consumption structure and improve carbon emission management. We also invited authoritative third party agencies to conduct GHG emissions audit in the major cities, so as to analyse and identify the source and changes of GHG emission. In addition, we have set our GHG emission reduction target in a scientific manner, enhanced day-to-day energy conservation and emission reduction management, and developed various strategies for different cities to promote energy conservation and consumption reduction, striving to reduce carbon emissions through various measures such as optimisation of production process, enhancement of technology improvement for energy conservation and promotion of green office. Furthermore, we encouraged our staff to adopt low-carbon travel modes in daily lives, promoted the adoption of online meetings instead of long-distance travel to reduce unnecessary carbon emissions, and made great efforts to promote the low-carbon environmental protection concept, making positive contributions to the achievement of the goals of carbon peak and carbon neutrality.</p>
Entities	<p>Extreme weather events and severe natural disasters may lead to damages to the equipment and infrastructure facilities of the places where we operate, which may impose threats to the safety and health of the employees and serious impacts on the orderly production and operation of the Company.</p>	<p>Against the background of intensified global climate change and complex and changing weather conditions, and in order to improve our capability in coping with emergencies under bad weather conditions, we continued to keep a close watch over climate change, stepped up efforts in formulating emergency response plans, and adopted various measures such as day-to-day inspection and emergency drills to effectively prevent and control such risks.</p>

GREEN+LOW CARBON — PROMOTION OF ENVIRONMENTAL PROTECTION

3.3 PROMOTION OF GREEN CONCEPT

• Engagement of the customers in the “Clean Your Plate” campaign

Xiabuxiabu always upholds the concept of low-carbon operation and green development. While attaching great emphasis to energy conservation and emission reduction by itself, the Company makes continuous efforts to optimise the reduction of emission measures taken by the upstream and downstream enterprises, promotes the concept of green and environmentally-friendly development, makes active response to the reduction of emission initiatives of the central government and local governments, promotes the low-carbon, environmentally-friendly, resource-saving and green consumption concept, explores long-term resource-saving industrial mechanism and takes the lead in promoting a new trend of resource-saving catering practice in the society.

Case: Make active response to the “Clean Plate Guideline” and develop long-term emission reduction mechanism

In an active response to the “Clean Plate Guideline” issued by the Beijing municipal government, Xiabuxiabu adopted effective measures to enhance emission reduction by the entire operation process from ingredient selection to dining table services, so as to push forward the establishment of the long-term mechanism for the clean plate campaign.

Xiabuxiabu made proactive efforts to develop emission reduction solution in terms of process settings, supply chain optimisation, product research and development and advocating reducing food waste. By adopting the “farm-to-table” approach, the Company achieved the efficient supply of vegetables from farms to dining table, so that vegetables such as potato and lotus root are directly delivered to the restaurants from the production bases after peeling and cleaning, effectively reducing kitchen wastes. The Company formulated rational ingredient purchase plan and automatically generates purchase orders according to actual ingredient consumption by each restaurant through data-analysis tools, so as to avoid ingredient waste due to excessive purchase. In addition, in order to promote the “Clean Your Plate” campaign, we made innovations in product design and launched a variety of set meal products such as the two-in-one combo, combo-for-one set and combo-for-two set, so as to ensure reduction of food waste from product mix and portion design. Furthermore, signs advocating “Order what you can take” are placed on each table as a kind reminder for customers to avoid wastage, and efforts have been made to promote green consumption, with an aim to instil the concept of low-carbon, environmentally-friendly and sustainable development to more people. Kind reminders such as taking away leftovers are offered and proactive efforts have been made to promote and implement the concept of avoiding food wastage, with an aim to implement the “Clean Your Plate” campaign.

4 CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT



CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

Employees are the sustaining driving force for the development and growth of Xiabuxiabu. Upholding the people-oriented principle, the Company is committed to safeguarding the basic rights and interests of the employees, pays close attention to the employees' expectations and demands, cares for the physical and mental wellbeing of the employees, provides platforms for the employees to demonstrate their potential and promote career development, and offers employees with competitive remuneration and benefit system and sound promotion and development mechanism, with an aim to promote mutual development of the employees and the Company. In addition, the Company proactively fulfils its social responsibilities, makes active response to the major development strategies and initiatives of the country, and takes an active part in public welfare and voluntary activities, in an effort to comprehensively enhance its awareness of corporate social responsibility and develop itself into a responsible corporate citizen.

4.1 PROTECTING RIGHTS AND INTERESTS OF THE EMPLOYEES

We strictly abide by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, Provisions on Prohibition of Child Labour and other relevant laws and regulations, uphold the equal and compliant recruitment policy, develop and perfect its human resources management system to set out specific provisions on the interests and rights of the employees, benefit entitlements, promotion, working hours and rest periods, and respect the human rights of the employees, so as to safeguard the basic rights and interests of the employees. In addition, the Company enhances democratic management among the employees, establishes a sound mechanism to facilitate feedback and communication with the employees, optimises the remuneration and benefit system of the employees, consolidates internal and external talent resources, and provides diverse and various channels to promote fair promotion, with an aim to build a diverse, equal and open talent team. During the reporting period, the Company was not involved in any lawsuit relating to child labour or forced labour.

• Fair and compliant employment

Xiabuxiabu is dedicated to creating a diverse and fair work environment. Upholding the principles of "fairness, openness and equality" and the concept of "merit-based selection" in recruitment, Xiabuxiabu continues to improve employee recruitment system to ensure legitimate compliant employment and safeguard the basic rights and interests of the employees. The Company has zero tolerance towards any form of discrimination on grounds of age, gender, culture and other factors, prohibits the use of child and forced labour, and respects the diversity of the staff team, with an aim to realise fair, legitimate and compliant employment.

Recruitment policy

Prohibit the use of child and forced labour to ensure legitimate and compliant employment

The Company eliminates the recruitment of any job applicant under the working age stipulated by the government by deploying the E-HR system, thus prohibiting the use of child labour from the source. In addition, the Company conducts appraisal on restaurant staff from time to time, places emphasis on and closely monitors employment risks, and links the employment risk with the performance of each restaurant, so as to ensure legitimate and compliant employment.

Expand recruitment channels and improve the building of employer brand

The Company integrates online and offline recruitment resources, innovates a number of online recruitment approaches, expands international recruitment channels and promotes in-depth school-enterprise cooperation. In 2021, the Company established in-depth school-enterprise cooperation relationship with five universities and colleges, and carried out offline recruitment and promotion fairs in a number of universities and colleges, effectively attracting talents for the relevant functional and operation positions. While accelerating the improvement of talent team competitiveness, the Company spared no efforts in promoting its corporate culture, with an aim to improve its employer brand influence.

Consolidate in-house recruitment resources and refine fair competition mechanism

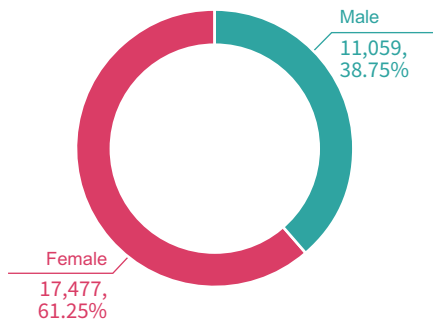
The Company makes good use of its in-house recruitment resources, offers more opportunities for in-house promotion, constantly increases the frequency of issuing in-house promotion announcements and makes publicity of in-house promotion incentives policy, with an aim to shorten recruitment time and also ensure stability of staff team. In addition, the Company reviews its in-house position composition, optimises organisational structure, and further enhance the concept of in-house competition, with an aim to ensure a fair and effective competition mechanism and offer equal promotion opportunities for in-house quality talents.

Implement diversity employment policy with an emphasis on respecting employees

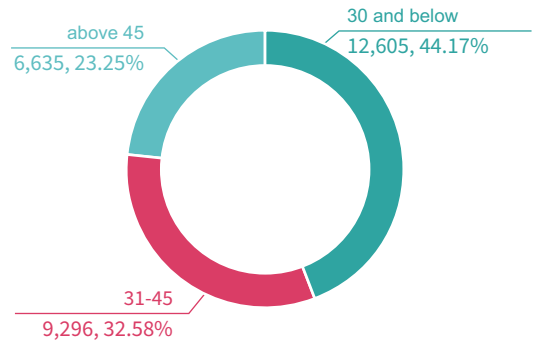
The Company upholds the concept of diversity employment, and adopts a variety of approaches to attract suitable talents with diverse background. The Company prohibits any discrimination on ground of age, gender, geographical region, cultural background, religion or other factors, and steps up efforts to create an innovative, open, diverse, equal and harmonious work environment.

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

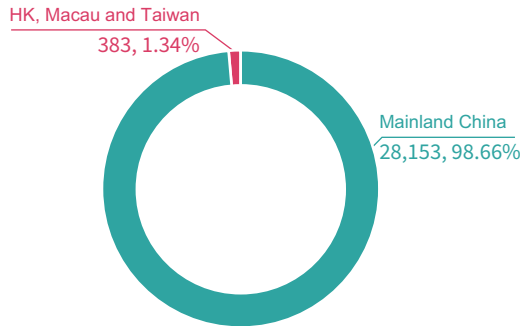
Xiabuxiabu adheres to equal employment and continuously optimizes the personnel structure. As of the end of the reporting period, there were 28,536 employees in Xiabuxiabu, and the employee distribution structure is as follows:



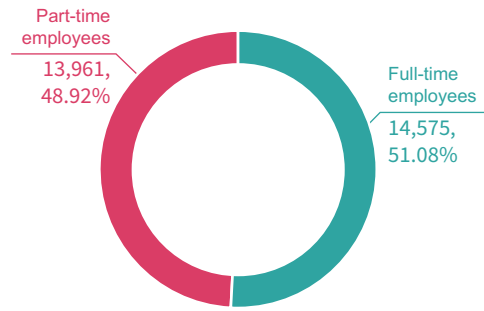
Number of employee by gender



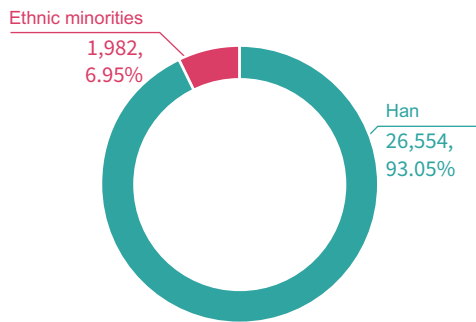
Number of employee by age group



Number of employee by geographical region



Number of employee by employment type



Number of employee by race

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

Indicator	Unit	FY2021
Employee turnover		
Employee turnover rate	%	122%
Male employee turnover rate	%	141%
Female employee turnover rate	%	110%
Turnover rate of employees aged 30 and below	%	178%
Turnover rate of employees aged 31-45	%	81%
Turnover rate of employees aged above 45	%	74%
Employee turnover rate in Mainland China	%	122%
Employee turnover rate in HK, Macau and Taiwan	%	96%
Work-related injury data		
Number of work-related fatalities in FY2019	person	0
Rate of work-related fatalities in FY2019	%	0%
Number of work-related fatalities in FY2020	person	0
Rate of work-related fatalities in FY2020	%	0%
Number of work-related fatalities in FY2021	person	0
Rate of work-related fatalities in FY2021	%	0%
Lost days due to work-related injury	day	2,205.46

Note: The calculation of employee turnover rate covers all employees (including dispatched employees).

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

• Remuneration and benefits

Xiabuxiabu strictly complies with the relevant requirements of the laws and regulations in China, and develops rational regulations on employee remuneration, work task and various benefit policies to further perfect its remuneration system and leash the development potential of individual employee and the organisation, so as to achieve improvement and supply of individual development and organisation efficiency and strengthen the Company’s capability in attracting and retaining talents. Following the principle of “giving priority to efficiency while taking fairness into consideration”, we have established a fair and scientific remuneration system, and formulated the internal salary distribution system and form of distribution by law based on post value and individual performance with rational income gap. The Company improves existing employees’ remuneration level in light of its actual profitability, and also provides profit distribution, monthly bonus, quarterly bonus and annual bonus according to their respective positions and job category. The Company adopts a combination of several remuneration forms, effectively reflecting the three remuneration elements including post, performance and capability and offering short-term with long-term incentives, which helps not only to motivate employees’ working initiatives but also drive growth in profitability of the Company, creating a win-win situation for the Company and its employees. Meanwhile, the Company implements labour budget management to analyse employees’ income every year, which links total salary with enterprise profitability. The Company also delivers pay rise in an active and prudent manner by developing annual salary increase scheme and adjusting salary policy, so as to improve employees’ remuneration and benefits. In 2021, we pushed forward the reform and exploration of operation incentive mechanism by transforming the entire remuneration strategy towards more profit-oriented policy and replacing existing sales commission with profit distribution, leading to greater emphasis on the profitability of the Company by the employees and promoting mutual development of the employees and the Company.

Working hours and rest periods	<ul style="list-style-type: none"> • comply with the working hour requirement under the Labour Law of the People’s Republic of China; • guarantee employees’ entitlement to national statutory holidays, marriage leave, funeral leave, home leave, maternity leave, family planning leave and paid annual leave.
Five Social Insurances and One Housing Provident Fund	<ul style="list-style-type: none"> • provide its employees with five social insurances including endowment insurance, employment injury insurance, maternity insurance, unemployment insurance, medical insurance and the Housing Provident Fund; • purchase employer liability insurance for employees of all restaurants nationwide.
Allowances for employees	<ul style="list-style-type: none"> • provide free working lunch or meal allowances for all employees; • provide transportation, telephone and travel allowances for employees at posts with particular needs.

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

• Appraisal and promotion

Xiabuxiabu places great emphasis on talent incentive and retention, steps up efforts to build up talent reserve, and makes continuous efforts to optimise employee appraisal and incentive mechanism. By defining a transparent career development and promotion path, the Company strives to create a scientific, efficient and equal career development channel, offering the employees with a fair, just and open environment for career development. The Company continues to improve its talent appraisal system, with an aim to ensure fair and scientific appraisal results. The Company implements monthly appraisal, quarterly appraisal and special appraisal for performance appraisal, and regularly tracks and analyses the employees' accomplishment of performance targets. Meanwhile, in order to build up a team of backup talents, the Company recruits management trainees from schools every year, ensuring a stable supply of frontline management backbones. In 2021, the Company paid greater attention to the promotion of frontline operation and management cadres and offered promotion opportunities for a large number of frontline staff, improving the Company's capability in identifying, motivating and cultivating talent potential and retaining outstanding talents. In addition, the Company continued to implement in-house competition policy, further reviewed its internal position composition, constantly optimised its organisation structure, enhanced the concept of in-house competition, and offered more promotion opportunities for its employees, so as to make full use of its in-house talent reserve and continue to maximise worker efficiency for improvement of the soft power of the Company.

4.2 PROMOTING CARE FOR EMPLOYEES

Upholding the employee-oriented principle, Xiabuxiabu considers the physical and mental wellbeing and safety of the employees as an important part of its corporate responsibility, and joins hands with the employees to create a fair, open, harmonious and safe working environment through implementation of relevant systems and measures. In addition, the Company encourages the employees to strike a work and life balance, maintains smooth communication with the employees, and further steps up efforts to deliver love and care to the employees, with an aim to enhance the employees' sense of happiness and belonging and create a bright future together with the employees.

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

• Focusing on employee safety and health

Xiabuxiabu strictly complies with the Fire Prevention Law of the People’s Republic of China, the Safety Law of the People’s Republic of China, the Measures for the Administration of Contingency Plans for Work Safety Incidents, the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases, the Special Equipment Safety Law of the People’s Republic of China, the Regulations on the Safety Management of Hazardous Chemicals and other laws and regulations, formulates and perfects its systems in relation to production safety, and assigns professional teams and relevant persons-in-charge to implement a number of measures to protect the health and safety of the employees, so as to ensure operation premise safety, employee food safety as well as the physical and mental wellbeing of the employees. During the reporting period, the Company was not aware of any serious work safety accident or safety issue due to negligence in safety inspections.



- The Company strictly abides by the laws and regulations in relation to production safety of the PRC, develops relevant rules and regulations, and carries out update on and revision to the EHS management staff and the relevant rules and regulations in a timely manner, so as to ensure that production safety meets relevant standards.
- The Company strictly complies with the pandemic prevention and control requirements, and implements a variety of pandemic prevention and control measures, such as carrying out disinfection procedure in the factory, regular nucleic acid testing for all employees, etc..
- Inspections are conducted for the air-conditioners, cooling equipment and power distribution rooms of the factories every two hours every day. Comprehensive inspections are conducted for the emergency exits and emergency lights on a monthly basis. The Company removed dust for the new and old power distribution boxes and distribution cabinets of the factories and carried out inspections to eliminate potential safety hazards of the equipment in a timely manner, so as to ensure safe operation of factory equipment.
- The Company steps up efforts in fire safety construction and assigns dedicated personnel to conduct regular inspections on the fire extinguishers and fire pumps of the Company. In addition, fire-fight equipment and alert system are subject to regular repair and maintenance, so as to ensure that fire-fight facilities and devices are intact and in good condition for use.
- The Company organises special safety inspection activities for the production safety month event, and conducts daily, weekly and monthly inspections, with an aim to facilitate timely rectification of potential hazards.

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

Employee
food safety

- In accordance with the Food Safety Law of the People's Republic of China, the Company implements strict control over the quality of canteen ingredients as well as food product, hygiene issue and serving process, so as to ensure food hygiene and safety.
- The quality management department of the Company carries out monthly smearing inspection on the tableware and appliances of the meal-serving room, and the qualification rate in random inspections for tableware washing and sterilisation reaches 100%. In addition, the person-in-charge of the canteen carries out inspection on the gas valves and key connection parts, and there are no gas leakage incidents identified so far.
- The administrative staff implements strict control on the quality of bottled water and boiled water, so as to ensure safe and hygienic drinking water.
- We regulate the canteen operation process by the canteen staff on a regular basis to ensure compliant operation by the staff and enhance the safety awareness of the staff.

Physical
and mental
wellbeing
of
employees

- The shuttle buses of the Company arrive at the designated places on time every day to effectively ensure safety of the employees during their commute, which recorded no traffic incidents throughout the year.
- All employees receive health examination, so as to protect our employees from malicious infectious diseases as good as we can.
- The Company carries out a series of upgrade, maintenance and renovation of the air-conditioners, domestic water heaters and dormitory facilities, so as to create a more comfortable work environment and provide strong logistic support for the employees.
- The Company organises all staff to visit the production base and harvest vegetables, so as to provide the employee an opportunity to relax both physically and mentally and also enhance communication and cohesion as well as the sense of gain among the employees.
- The Company replaces the green plants in the office premise from time to time, and carries out decoration for various festivals to deliver a festive atmosphere, enabling our staff to keep a pleasant and relaxing mood in their busy work.
- The Company strictly complies with the pandemic prevention standards and requirements, organises nucleic acid testing for the employees on a regular basis, and carries out all-rounded disinfection for the office premise, car parking lot, shuttle buses, registration office, canteens, toilets, dormitory and other premises on a daily basis, so as to ensure safety against the pandemic.

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

Health and safety training

- The Company rigorously carries out three-level safety training for the new employees, with an aim to ensure a three-level education training rate of 100% for the new employees.
- The Company formulates the safety and health education and training plan for the staff and organises safety and health training activities in accordance with the aforesaid plan to enhance the employees' awareness of health and safety.
- The Company carries out establishment of emergency rescue system, updates its emergency rescue plan in a timely manner, and conducts emergency rescue drills such as fire extinguishment, evacuation and first-aid training in accordance with such plan, with an aim to enhance the employee's awareness of fire safety, escape ability and emergency response capability.
- The Company organises professional certification trainings for special operators or special equipment operators.
- The Company proactively organises a wide variety of afterwork activities for the promotion of safety knowledge in a flexible and diverse manner via bulletin boards, banners, WeChat groups, pre-shift or post-shift meetings.
- The Company produced publicity and education materials on pandemic prevention such as the Restaurant Service Standards during the Pandemic (《疫情期間餐廳服務標準》), Workshop on Safety Issue during the Pandemic (《疫情期間安全講堂》), Encyclopaedia of the Pandemic (《新冠疫情百科》), Seven-step Process by Delivery Riders (《外送騎手七步法》) and Guidance on Face Mask Selection (《口罩選用指南》). During the reporting period, the Company organised a total of 183 training sections with 18,000 participants.

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

Case: “One police and six members” practical drills with all employees participating in the drills

The Company conducted “one police and six members” practical drills with all employees participating in the drills. Practical drills were conducted to provide training of basic firefighting skills, so that the trainees have the skills to use fire extinguishers in case of small-scale fire and use fire hydrants in case of severe fire hazard, with an aim to cultivate the trainees into quasi-firefighters who do not get panic at the sight of fire and have the skills to extinguish the fire. Such activities have benefitted the local governments, the Company and individual employees, and have cultivated many quasi-firefighters who are based across the city, which is a favourable factor to improve fire safety of the Company, communities and the entire city. Due to such trainings, the Company made substantial investments to purchase fixed firefighting facilities and firefighting equipment, which may play an important role in case of fire hazard. Through such trainings, our staff of key posts have the capability for incipient fire fighting, enabling them to extinguish the fire with composure and ensuring fire safety during production operation.



CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

• Work and life balance

Xiabuxiabu considers its employees the most valuable resources and assets of the Company. The Company upholds the people-oriented principle, respects and pays close attention to the employees' expectations, and makes continuous efforts to create a democratic management environment. The Company proactively organises staff activities, extends its care for the employees and enhances communication with the employees, so as to facilitate work and life balance. Efforts have been made to strengthen team integration, enhance employee cohesion and enthusiasm, and promote corporate culture, with an aim to create a progressive, harmonious and friendly team atmosphere.

Organise employee activities

- The labour union fees are rationally allocated to hold team-building activities. During the reporting period, members of each business unit of the Group carried out a wide variety of team-building projects, and strived to strengthen relationship among team members by organising activities such as mountain climbing, field trip, visit, games, cultural and sport competitions, offering employees an opportunity to have a relaxing time and accelerate team integration, with an aim to promote corporate culture among the employees.
- The Company held live broadcast of its year-end banquet, at which all employees got together to witness the achievements made over the past year and strengthened team cohesion among the staff by promoting the concept of “making concerted effort to create a brighter future”, motivating the employees to work together with the Company for a better future. The live broadcasting attracted 97,653 viewers and received nearly 830,000 likes, reflecting the employees' sense of identification with our corporate culture.
- The Group launched an incentive program to promote corporate culture, which consisted of four elements including the “Shining Star” performance competition, “Outstanding Xiabu Staff” essay solicitation activity, “Team Activity” contribution activity and “Media Promotion” activity, with an aim to motivate the employees to participate in the promotion of corporate culture and attract greater attention to its corporate culture.

Extend care for the employees

- The Company organised all kinds of activities on various traditional festivals to offer blessing and gifts for the employees.
- The Company offered employees with special benefits and consolation money for their wedding and funeral of their families.
- The Company offered the employees' birthday gifts and benefits to celebrate their birthdays.
- The Company extended care for female employees and continued to maintain the mother's room to provide convenience for the working moms.

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

Enhance
communication
with the
employees

- The Company organised employee communication meetings on a regular basis to collect advices and suggestions from the employees and strengthen democratic management.
- The Company organised communication and exchange meetings for the new employees of the Group, and the supervisors attended such meetings to understand the expectations of the new employees and took measures to address such issues.



Employee tug-of-war competition

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

Case: Incentive program to promote the corporate culture of Xiabuxiabu Group

In August 2021, Xiabuxiabu officially launched an incentive program to promote the Group’s corporate culture, under which the Company carried out the “Shining Star” performance competition, “Outstanding Xiabu Staff” essay solicitation activity, “Team Activity” contribution activity and “Media Promotion” activity, achieving remarkable success in identifying and promoting its corporate culture through the aforesaid incentive activities.

The Company organised the “Shining Star” performance competition to select star staff through performance appraisal based on multidimensional operation indicators. During the reporting period, 64-star employees of the month received informed recognition and were awarded with honours and medals, of which 22-star employees of the year were selected and awarded with higher incentives and honours, with an aim to set good performance models, encourage other colleagues to follow suite and catch up, and facilitate healthy competition of the team.

The Company launched the essay solicitation activity under the theme of “Outstanding Xiabu Staff” to collect stories regarding the outstanding performance of frontline staff. The Company received nearly 100 articles and selected 30% excellent articles for publication, and granted awards and recognition for authors of outstanding articles. Through such activity, our employees gave detailed record of the dedication and hard work of our staff in plain language. The publication of such essays helped more employees to understand, identify and practice our corporate culture, creating an upsurge in corporate culture promotion and attracting the attention of all employees.

The Company organised the contribution activity with the theme of “Team Activity”, and received a total of 10 articles mainly in the format of event news release, which gave detailed description of team activities, with an aim to strengthen team cohesion and engagement, effectively promoting our corporate culture.

The Company held the “Media Promotion” activity, under which the Company carried out appraisal of employees’ performance in promoting corporate culture by the number of likes received on social media platforms, with an aim to demonstrate the charm of our corporate culture to the public and effectively strengthen the employees’ sense of identification with our corporate culture.



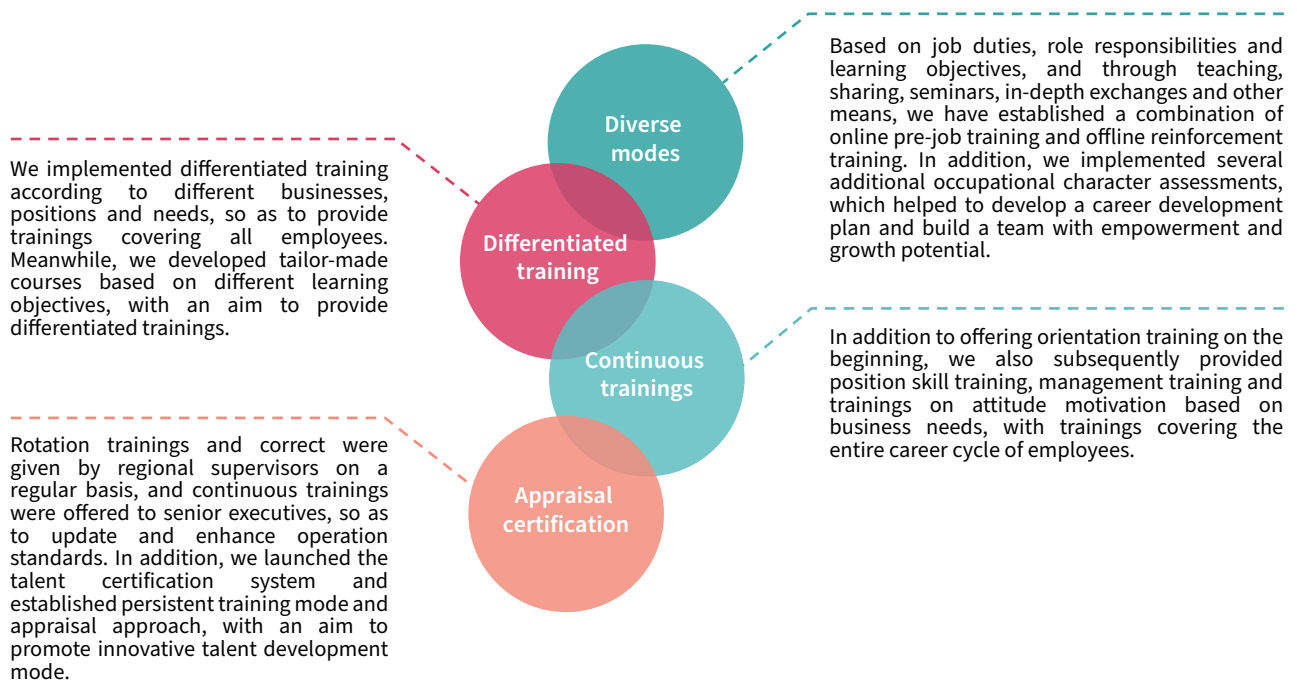
CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

4.3 PROMOTING EMPLOYEE DEVELOPMENT

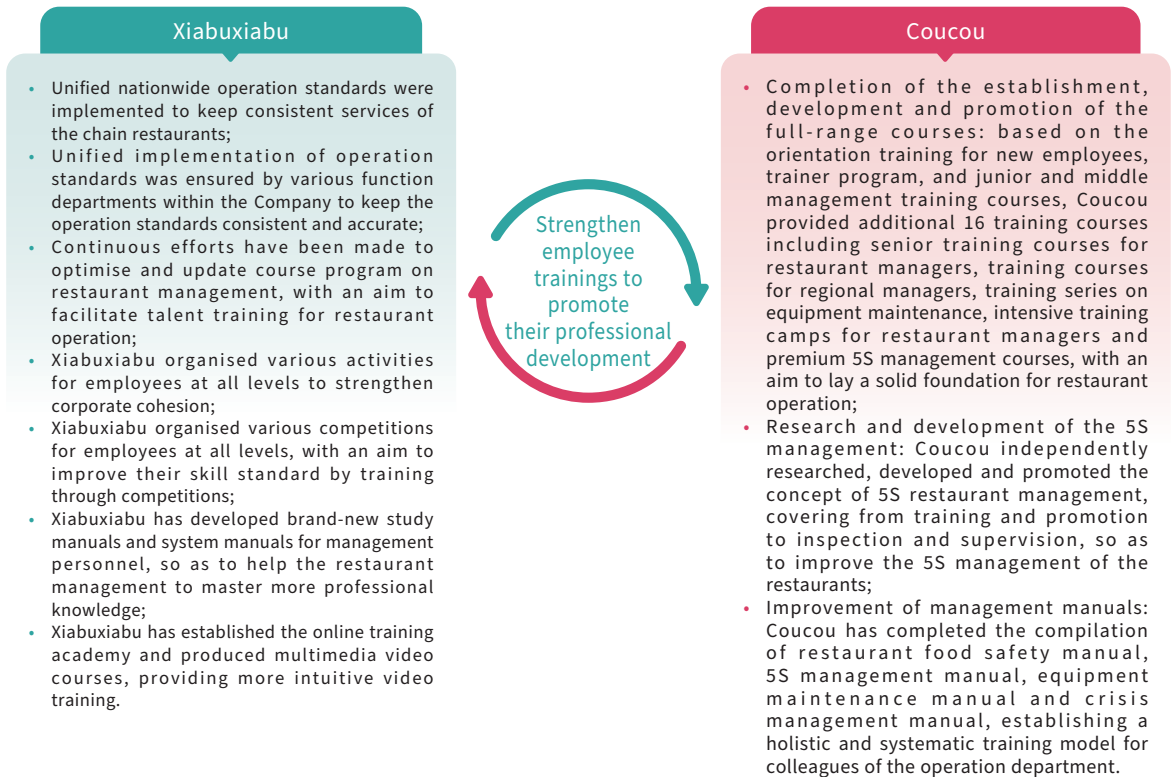
The professional development of the employees is essential for the stable operation of the Company. As such, we place great emphasis on talent cultivation, and continue to improve employee training system by developing the annual training plan in light of the actual condition of the Company, optimising our learning platforms and enriching the contents and types of training programs. By offering employees with diverse career development paths and clearly specifying performance appraisal requirements, we strive to build an outstanding talent supply chain, and build highly competent professional talents to enhance the Company's core competitiveness, so as to promote mutual growth and development of the employees and the Company.

- Improve training system

Xiabuxiabu is committed to cultivating and developing competent talents, offering employees with professional, extensive, diverse and scientific training programs, providing attractive career development paths, accelerating the establishment of standardised and transparent talent certification system, facilitating employee career development and offering opportunities for them to realise their self-value, so as to strengthen the overall capability of the team to recruit new talents, secure a stable supply of quality talents and facilitate outstanding operation performance. During the reporting period, Xiabuxiabu and Coucou organised different training programs targeted for various employees based on the operation characteristics of various businesses, so as to constantly improve the professional skills of employees.



CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT



In 2021, the staff training data are as follows:

Indicator	Unit	FY2021
Percentage of female employees trained	%	63%
Average training hours received by female employees	hours	5.43
Percentage of male employees trained	%	66%
Average training hours received by male employees	hours	3.76
Percentage of managers or above trained	%	91%
Average training hours received by managers or above	hours	9.57
Percentage of other level employees trained	%	64%
Average training hours received by other level employees	hours	6.25

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

Case: Xiabu Academy – courses production and learning plan promotion

Xiabu Academy provides comprehensive training courses through innovative development, multi-platform cooperation and other means, and also promotes tailor-made learning plans covering a wide range of courses which incorporate multidimensional trainings such as the orientation training courses, liberal studies courses, culture courses, speciality courses and management courses, with an aim to empower profession development of the employees.

Xiabu Academy launched the Learning Plan for Young Management (Young Talent Plan), which is designed to expedite the improvement of leadership capability of young management. Xiabu Academy carried out tailor-made integration of some management training courses including time management, target management, requisite quality of management personnel and emotional intelligence of management personnel, with an aim to improve the soft power of the management team. Xiabu Academy developed and launched the special learning section under the name of Special Topic Sharing Micro-course of Xiabu Class (呷哺學苑專題分享微課), and offered a variety of tests such as the MBTI occupational character test and OPQ management potential test, which may effectively help the employee to have an understanding of their merits and shortcomings to offer reference for their career planning and development. In addition, Xiabu Academy developed a number of practical courses that are both interesting and useful including Tips on Cooking Good Rice (好米飯的秘密) and Tips on Use of Excel (Excel小心計), instilling the employees more practical office skills to improve work efficiency. Xiabu Academy launched the program of “2021 Xiabu University Financial Knowledge Sharing” which offers 23 professional course learning plans for all staff from the financial department, with an aim to update the financial staff’s relevant expertise. Xiabu Academy also developed the Chinese ancient civilisation courses and launched the Introduction of Chinese Ancient Literature 1-3 (國學淺談1-3) series course, which attracted broad attention from many trainees and recorded approximately 1,986 participants for the year, offering an opportunity for the staff to have an understanding of Chinese ancient literature and improving the diversity and inclusiveness of the in-house learning atmosphere of the Company.



Orientation training for new employees



CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

Case: Xiabuxiabu TTT special training

The cultivation and development of the enterprise training specialists is essential for the implementation of the Company's talent development strategy, and the training specialist team plays a fundamental role in the building of the Company's quality talent reserve. Xiabuxiabu always places great emphasis on the establishment of a professional, systematic and forward-looking in-house training specialist team. The TTT special training course helps the training specialists to master the skills to develop systematic course programs and collect teaching materials and assists the training specialists to independently develop sophisticated course programs, with an aim to ensure that the courses are useful, comprehensive and interesting and build a highly competent training specialist team.

In 2021, Xiabuxiabu organised the Operation Training – TTT Special Training for the operation training lecturers which lasted for three days, with 35 trainees. By adopting the interactive training approach during the entire process, we carried out several surveys and in-depth communication with the participants from the operation training department to have an understanding of their needs and conducted analysis by application of visualisation tools, so as to improve the overall skills and competence of the training specialist team and help to optimise the course outline and content to include additional training courses such as restaurant frontline services and optimisation of procurement process. Such course program helps the Company to review this training framework, improve the capability of the operation training lecturers in course design, training coordination and solving problems, and facilitate the scientific, comprehensive and long-term development of its training system.



Xiabuxiabu TTT training - the innovation of interactive teaching mode

CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

4.4 PROMOTING MUTUAL PROSPERITY OF THE SOCIETY

The development of the Company relies on the support of the community, and a stable and healthy relationship with the community is essential to the sustainable development of the Company. Xiabuxiabu believes that the development of the Company benefits from the advancement of the country and the society, therefore it is in the Company's interest to facilitate better development of the community. Staying true to our original aspiration, we make proactive efforts to serve and give back to the society, promote industrial and ecological poverty alleviation programs, facilitate local economic development, as well as participate in and support public welfare activities, charitable donations and voluntary activities, fulfilling our corporate responsibilities with the spirit of dedication.

Case: Extend love and care to the frontline personnel in the concerted fight against the pandemic

Since the outbreak of the pandemic, Xiabuxiabu kept a close watch over the evolvement of the pandemic, and promptly made donations in a proactive effort to fulfil its social responsibilities. In 2021, in view of the recurrence of the pandemic, we strictly implemented the pandemic prevention policies to ensure staff health and safety, and continued to provide relief supply to the places where there were confirmed Covid-19 cases. Before the Spring Festival, we organised public welfare activities to extend love and care to the medical staff, policemen, sanitary workers and other frontline personnel across the country, offering caring supplies such as free food, bubble tea and spring couplets to the frontline personnel in the fight against the pandemic, with an aim to demonstrate their care for the society and fulfil its corporate social responsibilities.

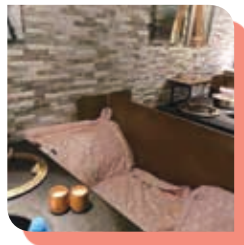


CARING+DEDICATION – FULFILLMENT OF SOCIAL RESPONSIBILITY TO PROMOTE DEVELOPMENT

Case: Offer assistance to fight against the flood disaster in Central China

As extremely heavy rainfall hit Zhengzhou and other parts of Henan province in July 2021, which weighted on the heart of the people across the country, assistance and donations from all sides were provided on such difficult time. Several Xiabuxiabu and Coucou restaurants under Xiabuxiabu Group in Zhengzhou promptly carried out emergency rescue services and provided daily necessities such as accommodation and food for the stranded citizens. In addition, we provided assistance for the rescue work and offered free food to the sanitary workers and volunteers, providing strong logistics support for the disaster relief work.

Furthermore, in order to help Henan province, Xiabuxiabu Group donated RMB1 million to Henan Charity General Federation for flood combatting and disaster relief, livelihood protection and post-disaster reconstruction, in an effort to help the society to ride through such difficult time.



Coucou restaurants provided accommodation for stranded citizens



Xiabu offered bubble tea and condolence to the sanitary workers and volunteers



Case: Promote the development of grass-fed sheep farming industry to facilitate rural revitalisation

Xiabuxiabu made all-rounded efforts to build a beef and lamb production base in XilinGol League – Yishun Plant. As a leading local enterprise, Yishun Plant is obligated to fulfil its corporate social responsibilities, and is also committed to promoting industrial poverty alleviation and rural revitalisation.

Yishun Plant always proactively responded to the poverty alleviation and supporting policies, donating cash for poverty-stricken herdsmen to build houses and repair sheepfold while purchasing sheep from poverty-stricken families at a price higher than market price to increase their income, in an effort to lift them out of poverty. In addition, in a response to the 2021-2023 Implementation Plan to Promote the Development of Glass-fed Sheep Farming Industry of Xilinhaote City (《錫林浩特市關於扶持草飼羊產業發展的實施方案2021-2023》), and in order to facilitate the high-quality development of the animal husbandry industry in Xilinhaote City, and further leverage on the advantage of good quality and favourable price of glass-fed sheep to increase income of the herdsmen and promote rural revitalisation, Yishun Plant proactively supported the local government in promoting the development of the glass-fed sheep farming industry. In 2021, Yishun Plant supported the government of Xilinhaote City to introduce a total of 301 herder households and provided subsidies for a total of 31,430 sheep for the year with a total amount of RMB163,400, in an effort to support the industrial poverty alleviation program and fulfil its responsibility as corporate citizen.

OUTLOOK












Looking forward to 2022, as the COVID-19 pandemic in China has been gradually brought under control, the catering consumption market will embrace a steady recovery, while Xiabuxiabu will also emerge from business consolidation in building up strength in 2021 to pursue for steady expansion. Faced with the opportunities and challenges for future development, and upholding the pioneer spirit, we implement innovation and reform to expedite the establishment of a whole industrial chain and accelerate the continuous development and implementation of the Group's multi-business mode and multi-brand strategy, and are committed to providing superior product and service quality and fulfilling our social responsibilities, in an effort to pursue high quality development.

Looking ahead, we will continue to optimise the development mode of innovation and reform, with an aim to realise steady expansion while maintaining high quality development. We will continue to facilitate business upgrade through the implementation of the Five Core Strategies, so as to unleash the Company's innovation potential and promote long-term development of the Company. We will continue to make good use of existing human resources, attract and retain talents, and accelerate team integration by emphasising on cooperation and coordination. While efforts will be made to expedite the penetration of corporate culture, we will continue to optimise the partnership system and remuneration incentive mechanism, so as to maintain vitality of talent development. In addition, we will accelerate the optimisation of resource consolidation, with an aim to maximise resource utilisation and facilitate resource interoperability and synergetic development of all sub-brands. Adhering to the original aspiration of Xiabu brand, we will continue to explore the mini hotpot market, while effort will be made to further optimise restaurant modes, with an aim to accelerate the parallel development of multiple brand businesses of the Group. Coucou will continue to proactively optimise its business layout in the coastal cities and overseas markets. By focusing on commercial property negotiation, cooperation with suppliers for material procurement and brand recognition and acceptance by the consumers, Coucou will take the lead among other brands of the Group to explore new markets. Looking forward, we intend to launch the Xiabu X hotpot brand, in an effort to establish an all-dimensional brand layout as well as to usher in and facilitate catering market reform with a brand new business mode.

Look ahead, we will continue to provide customers with the best quality food and attentive services. We will continue to fulfil our corporate mission of "offering more people with healthy, nutritious, delicious food and stylish dining environment" and uphold the operation philosophy of "providing nutritious fast-food at a public affordable price with cordial and attentive services while taking hygiene and cleanliness on top of its list". With an aim to implement strict control over ingredient quality, we will adhere to the responsible procurement and direct distribution approach, continue to optimise the quality inspection system and further push forward the quality management over the entire industrial chain, so as to ensure the freshness, good quality, safety and traceability of the ingredients. We will strictly comply with the food safety and hygiene standard at each restaurant, in an effort to provide the customers with a safe, hygienic and comfortable dining environment. Continuous effort will be made to develop quality, diverse, extensive and innovative products, offering customers with more novel, stylish and interesting dining experiences and diversified options. We are dedicated to providing customers with elegant and comfortable dining environment and comprehensively upgrading customer dining experience by constantly optimising and upgrading service mode, exploring and creating integrated business modes, and continuing to carry out diverse mode reform through optimisation, upgrading and renovation of new restaurant mode, exploration of the implementation of various business modes for different periods of the day and other innovative approaches.

Looking forward, we will further implement the people-oriented principle, make continuous efforts to create a diverse, fair, harmonious, safe and comfortable work environment for the employees, protect the legitimate interests and rights of the employees, support the comprehensive development of the staff, optimise the remuneration system and incentive mechanism, and step up efforts to extend caring for employees and team building, in an effort to build the best employer brand. We will continue to implement low-carbon operation, proactively reduce carbon emission through green office, green production and green operation, and instil the consumers with the concept of green and environmentally-friendly lifestyle, making concerted effort to address climate change and making our contribution to achieve the goal of "Carbon Peak and Carbon Neutrality". We will proactively participate in public welfare activities, take active measures to give back to the society, and motivate the employees to participate in volunteer activities. In addition, we will accelerate the progress of industrial poverty alleviation program, so as to facilitate development of the local economy and proactively fulfil our corporate social responsibilities.

SUPPORT UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Goal	Action	Goal	Action
 <p>1 NO POVERTY</p>	Implement green poverty alleviation program	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Make active response to the waste management measures introduced by local governments and reduce wastes generated by our business operation
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Provide healthy and safe products and place emphasis on the physical and mental wellbeing of the employees	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Reduce food wastage and reduce wastes through prevention measures, emission reduction, recycling and reuse
 <p>5 GENDER EQUALITY</p>	Ensure equal employment and care for female employees	 <p>13 CLIMATE ACTION</p>	Implement energy-saving and emission reduction measures
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Enhance efficient use of energy	 <p>14 LIFE BELOW WATER</p>	Taking into account the sustainability of target stocks and focusing on sustainable fisheries harvested that have minimum impact on the environment when procuring ingredients
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Prohibit the use of child labour and forced labour, create a diverse and harmonious working environment, and provide rational remuneration package	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Maintain compliant operation and prohibit fraud and bribery
 <p>10 REDUCE INEQUALITIES</p>	Ensure equal employment, and prohibit discrimination on ground of age, geographical region, religion, etc.		

SUPPORT UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS (SDGs)

ABOUT UN SDGS

The Sustainable Development Goals (SDGs) were adopted at the United Nations Sustainable Development Summit held in Rio de Janeiro in 2012, which provide guidelines for the global development work during 2015 and 2030 and were designed to address the severe environmental, political and economic challenges currently confronted by the world through coordinated efforts. The SDGs include 17 measurable and generally accepted goals, including elimination of poverty, prevention of deadly diseases, actions to address climate change, reduce inequality, promotion of sustainable consumption, etc.



ESG INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
A1 Emissions	<p>General Disclosures</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust and greenhouse gas emissions, discharges into water and soil, generation of hazardous and non-hazardous wastes, etc.</p> <p>Note: Exhaust emissions include NO_x, SO_x and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	Disclosed	P36, P42-P44
A1.1	Types of emissions and respective emission data.	Disclosed	P37, P43
A1.2	Direct (scope 1) and indirect (scope 2) GHG emissions in total (in tonnes) and, if appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	P37
A1.3	Hazardous wastes generated in total (in weight or volume) and, if appropriate, intensity (e.g. per unit of production volume, per facility and per regular employee).	Not applicable	Due to the nature of the main business of the Company, no significant amount of hazardous wastes are generated during the operation process, thus this index is not applicable.
A1.4	Non-hazardous wastes generated in total (in weight or volume) and, if appropriate, intensity (e.g. per unit of production volume, per facility and per regular employee).	Disclosed	P43
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	P36-P44
A1.6	Description of treatment of hazardous and non-hazardous wastes, and description of waste reduction target(s) set and steps taken to achieve them.	Disclosed	P42-P44

ESG INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
A2 Use of Resources	General Disclosure Policies on efficient use of resources, including energy, water and other raw materials. Note: Resources may be used for production, storage, transportation, buildings, electronic equipment, etc.	Disclosed	P36-P41
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	P37
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	P37
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	P36-P42
	A2.4 Description of whether there is any issue in sourcing water that is fit for the purpose and water efficiency target(s) set and steps taken to achieve them.	Disclosed/ partial not applicable	P36-P42, due to the nature of the main business of the Company, the source of water is municipal water supply and there is no issue in sourcing water.
	A2.5 Total packaging materials used for finished products (in tonnes) and, if appropriate, packaging materials used for per unit produced.	Disclosed	P41
A3 Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Disclosed	P42-P46
	A3.1 Description of the significant impacts of business activities on the environment and natural resources and the actions taken to control such impacts.	Disclosed	P42-P46

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No.	Description	Disclosure Status	Reference Sections in the Report
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted and may impact the issuer.	Disclosed	P45-P46
	A4.1 Description of the significant climate-related issues which have impacted and may impact the issuer, and the actions taken to manage them.	Disclosed	P45-P46
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.	Disclosed	P48-P52
	B1.1 The total number of employees by gender, employment type (e.g. full-time or part-time), age group and geographical region.	Disclosed	P49
	B1.2 The employee turnover rate by gender, age group and geographical region	Disclosed	P50

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No.	Description	Disclosure Status	Reference Sections in the Report
B2 Health and Safety	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p>	Disclosed	P52-P59
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	P50
	B2.2 Lost days due to work injury.	Disclosed	P50
	B2.3 Description of occupational health and safety measures adopted, as well as how they are implemented and monitored.	Disclosed	P52-P59
B3 Development and Training	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external training programs paid by the employer.</p>	Disclosed	P60-P63
	B3.1 The percentage of employees receiving trainings by gender and employee category (e.g. senior management, middle management, etc.).	Disclosed	P61
	B3.2 The average training hours completed per employee by gender and employee category.	Disclosed	P61

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No.	Description	Disclosure Status	Reference Sections in the Report
B4 Labour Standard	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 use of child labour or forced labour.	Disclosed	P48
	B4.1 Description of measures to review recruitment practices to avoid child labour and forced labour.	Disclosed	P48
	B4.2 Description of steps taken to eliminate such practices when discovered.	Disclosed	P48
	B5 Supply Chain Management	General Disclosure Policies on managing the environmental and social risks of the supply chain.	Disclosed
	B5.1 Number of suppliers by geographical region.	Disclosed	P24
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, as well as how they are implemented and monitored.	Disclosed	P24-P27
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	P24-P27
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	P27, P43

ESG INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
B6 Product Responsibility	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(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 in relation to products and services provided and methods of redress.</p>	Disclosed	P28-P34
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	P33
	B6.2 Number of products and service related complaints received and how they are dealt with.	Disclosed	P33
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Disclosed	P18
	B6.4 Description of quality assurance process and recall procedures.	Disclosed	P33
	B6.5 Description of consumer data protection and privacy policies, as well as how they are implemented and monitored.	Disclosed	P34

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No.	Description	Disclosure Status	Reference Sections in the Report
B7 Anti-corruption	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p>	Disclosed	P17
	<p>B7.1</p> <p>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.</p>	Disclosed	P17
	<p>B7.2</p> <p>Description of preventive measures and whistleblowing procedures, and the related implementation and supervision approaches.</p>	Disclosed	P17
	<p>B7.3</p> <p>Description of anti-corruption training provided to directors and staff.</p>	Disclosed	P17
B8 Community Investment	<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities taking into consideration the communities' interests.</p>	Disclosed	P64-P65
	<p>B8.1</p> <p>Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p>	Disclosed	P64-P65
	<p>B8.2</p> <p>Resources contributed (e.g. money or time) to the focus area.</p>	Disclosed	P64-P65

GRI STANDARDS INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
102-1	Name of the organization	Disclosed	P14
102-2	Activities, brands, products and services	Disclosed	P14-P15
102-3	Location of headquarters	Disclosed	P14
102-4	Location of operations	Disclosed	P3, P14
102-5	Ownership and legal form	Disclosed	P14
102-6	Markets served	Disclosed	P3, P14
102-7	Scale of the organization	Disclosed	P3, P14, P19, P49
102-8	Information on employees and other workers	Disclosed	P49
102-9	Supply chain	Disclosed	P24-P27
102-10	Significant changes to the organization and its supply chain	Disclosed	P24-P27
102-13	Membership of associations	Disclosed	P22
102-14	Statement from senior decision-maker	Disclosed	P3-P4
102-15	Key impacts, risks and opportunities	Disclosed	P3-P4, P66
102-16	Values, principles, standards and norms of behaviour	Disclosed	P3-P4
102-20	Executive-level responsibility for economic, environmental and social topics	Disclosed	P5-P6
102-21	Consulting stakeholders on economic, environmental and social topics	Disclosed	P7-P8
102-29	Identifying and managing economic, environmental and social impacts	Disclosed	P9
102-30	Effectiveness of risk management processes	Disclosed	P16
102-31	Review of economic, environmental and social topics	Disclosed	P9

GRI STANDARDS INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
102-32	Highest governance body's role in sustainability reporting	Disclosed	About this report, P5-P6
102-40	List of stakeholder groups	Disclosed	P7-P8
102-43	Approach to stakeholder engagement	Disclosed	P7-P8
102-44	Key topics and concerns raised	Disclosed	P7-P9
102-46	Defining report content and topic boundaries	Disclosed	About this report
102-47	List of material topics	Disclosed	P9
102-49	Changes in reporting	Disclosed	About this report
102-50	Reporting period	Disclosed	About this report
102-51	Date of most recent report	Disclosed	About this report
102-52	Reporting cycle	Disclosed	About this report
102-53	Contact point for questions regarding the report	Disclosed	P79
102-55	GRI content index	Disclosed	P76-P78
201-1	Direct economic value generated and distributed	Disclosed	P3, P19
205-2	Communication and training about anti-corruption policies and procedures	Disclosed	P17
301-1	Materials used by weight or volume	Disclosed	P41
302-1	Energy consumption within the organization	Disclosed	P37
302-3	Energy intensity	Disclosed	P37
302-4	Reduction of energy consumption	Disclosed	P37
302-5	Reductions in energy requirements of products and services	Disclosed	P36-P42
305-1	Direct (scope 1) GHG emissions	Disclosed	P37

GRI STANDARDS INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
305-2	Energy indirect (scope 2) GHG emissions	Disclosed	P37
305-4	GHG emissions intensity	Disclosed	P37
306-1	Total water discharge by quality and destination	Disclosed	P37
306-2	Total amount of waste by type and disposal method	Disclosed	P43
307-1	Non-compliance with environmental laws and regulations	Disclosed	P36
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Disclosed	P48, P57-P59
401-3	Parental leave	Disclosed	P51
404-2	Programs for upgrading employee skills and transition assistance programs	Disclosed	P60-P63
414-2	Negative social impacts from the supply chain and actions taken	Disclosed	P24-P27
416-1	Assessment of the health and safety impacts of products and service categories	Disclosed	P28
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Disclosed	P28

READER FEEDBACK FORM

Thank you for reading 2021 Report of Environmental, Social and Governance of Xiabuxiabu. In order to provide you and other stakeholders with more valuable information and improve the Company's ability to fulfil ESG, we sincerely welcome any opinions and suggestions you may offer on the report via:

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Telephone: (852) 2952 3566

Email: Godfrey@xiabu.com

1 Which of the following stakeholder types applies to you? ____

A Government B Regulatory Authority C Shareholder D Customer E Employee
F Supplier and Partner G Community H Public and Media

2 Do you think this report has fully satisfied your expectations for the Company? ____

A Yes B No, which of your expectations do you think is not reflected in this report?

3 Do you think the Company has met your expectations well? ____

A Yes B No, which of your expectations do you think has not been met well?

4 Do you think the arrangement of content and layout design of this report provide easy reading? ____

A Excellent B Good C Average D Poor

5 What other opinions and suggestions do you have on our fulfillment of social responsibility and this report?

Thanks again for your participation!