



Zhengwei Group Holdings Company Limited

正味集团控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2147



2022
ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

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ABOUT THE GROUP

Zhengwei Group Holdings Company Limited (referred to as “**Zhengwei Group**” or the “**Company**”, together with other subsidiaries collectively referred to as the “**Group**”) is a company engaged in production and sales of dried food and snacks, mainly covering five categories of products, including snacks, dried delicacies, dried aquatic products, grains and seasonings. In addition, the Group has two own-branded products, namely “Shengyao (聲耀)” and “Gangweifang (贛味坊)”. The “Shengyao (聲耀)” brand is generally used for the Group’s dried delicacies, dried aquatic products and vegetable and meat snack products, while the “Gangweifang (贛味坊)” brand is generally used for the Group’s dried candied fruits and nuts products.

The Group has three operating subsidiaries, namely Jiangxi Zhengwei, Nanchang Kaixing and Guangchang Zhenglian. Among which, the Group has two production facilities in Jiangxi Province, the PRC, namely the Nanchang Plant and the Guangchang Plant. Nanchang Plant is specialised in the processing and packaging of dried food products and Guangchang Plant is equipped with cooking equipment which is dedicated for the production of snacks.

ABOUT THE REPORT

This report, which is prepared in accordance with the requirements of the “Environmental, Social and Governance Reporting Guide” (“**ESG Guide**”) as set out in Appendix 27 of the Listing Rules of the Main Board of the Hong Kong Stock Exchange, has fully applied the following reporting principles to report the sustainability performances of the Group in the following scope and period of business operations.

Reporting Scope and Boundary

	Environmental		Social	
	Policies	Performance Indicators	Policies	Performance Indicators
Business coverage	This covers the production and sales of the Group’s dried food and snacks			
Reporting boundary	This covers the Group’s production facilities (Nanchang Plant and Guangchang Plant), offices and warehouses located in Jiangxi Province, China		All operating sites of the Group are covered	
Reporting period	1 January 2022 to 31 December 2022			

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Reporting Principles

Materiality	The management of the Company were invited to conduct a materiality assessment, so as to identify key issues of the year and make key disclosures in the report, and ensure that the reporting content covers issues that are material to the Group.
Consistency	The data disclosed in the report have been calculated or estimated in the most appropriate means for the Group to ensure that data to be disclosed in the future can be meaningfully compared with those data for the year.
Quantitative	This report has been quantitatively disclosed in accordance with the key performance indicators (“KPIs”) contained in the ESG Guide, among which the methods, assumptions, conversion factors and related reference information used have also been explained in the corresponding chapters.
Balance	The Group used its best endeavour to disclose all relevant information in an objective and transparent manner so as to report its performances in environmental, social and governance aspects to all stakeholders in an unbiased manner.

STATEMENT FROM THE BOARD

The management of the Group believes that sustainability elements integrated into its business operations play a very important role in maintaining the competitive strengths of the Group. Therefore, the Group has always stressed the importance to product development and strived to meet changing consumer preferences by improving product quality. Meanwhile, the Group is also committed to maintaining sustainable and responsible operations by formulating management policies and implementing action plans.

Governance Structure

The Group is committed to maintaining sustainable and responsible operations by establishing an ESG Working Group while implementing a series of management policies and practices, with clear roles and responsibilities established at all levels. In the Group’s management structure, all of the Board, management and executive level play important roles.

- The Board: the Board is responsible for overseeing the Group’s sustainability strategy and management policies, and ensuring that the Group’s business activities comply with the relevant regulations and standards. In addition to setting sustainability goals and policies, the Board takes responsibility for overseeing the management’s efforts to ensure compliance with these goals and policies.
- Management: the management is responsible for coordinating the implementation of sustainability strategy and management policies, and ensuring that these strategy and policies are implemented throughout the Group’s business activities. In addition, the management takes responsibility for ensuring that the relevant executive level understand and comply with relevant sustainability policies and practices.
- Executive level: the executive level is responsible for executing sustainability strategy and management policies, and ensuring that these strategy and policies are implemented in the business activities they are responsible for, and will provide feedback on the implementation results to the management for the purposes of improvement plans.

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Among which, the Group's ESG Working Group will assist the Board in fulfilling its ESG-related responsibilities, and promote, develop and implement the ESG-related initiatives, policies, plans, goals and objectives of the Company and its subsidiaries in accordance with all applicable laws, regulations and regulatory requirements. The ESG Working Group must be composed of at least one executive director of the Company and two members of the Group. All members of the ESG Working Group must be appointed by the Board, the relevant qualifications of which shall be subject to annual review by the Board. The ESG Working Group is authorized by the Board to perform the following duties and responsibilities to support the realization of ESG goals:

- To identify, assess, prioritize and manage the Group's material ESG-related issues;
- To make recommendations to the Board for approval as to (i) the process and selection criteria for identifying material ESG-related issues; and (ii) the establishment of ESG-related goals and indicators that align with the Group's long-term business development goal, as well as the materiality analysis for key investors and stakeholders;
- To improve and implement the Group's ESG-related strategies, frameworks and policies for the achievement of ESG-related goals and indicators, the progress and effectiveness of which shall be reported to the Board;
- To review the preparation and disclosure of the Company's ESG report; and
- To perform any other duties as delegated by the Board from time to time.

Sustainability Risks

The Group recognises that the management of sustainability risks plays a vital role in the Group's development. Therefore, the Group has formulated a series of management policies and practices, including the "Risk Assessment and Management Measures", to ensure that the Group can effectively address sustainability risks during our operations. The Group has identified the following list of risks based on industrial features and our operating conditions for assessment and management:

Classification	Impact	
Environmental	Climate change	Extreme weather conditions affect the normal business operations, e.g., frequent floods will inundate the Group's assets, causing losses
Social and Governance	Employee management	Employee relationship and talent retention (e.g., high employee turnover rate may affect the normal operation of the Group)
		Employee health and safety (e.g., work-related injuries or deaths of employees will cause financial losses or image damages against the Group)
	Product quality	Inconsistencies in food safety and quality, if any, will lead to actual operating losses
	Supply chain	Stability of the supply chain (e.g., unstable supply of raw materials, or disruption or delay of transport logistics, will result in losses)
	Intellectual property	Any third-party infringement up on our intellectual property rights will weaken the Group's competitive strengths

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Future Development and Goals

The Group is actively engaged in internal discussions to formulate long-term sustainability goals. Despite the fact that the Group has not yet set any substantial goals upon completion of the listing process, the Group is conscious that sustainability represents an important factor for business success. Therefore, the Group is committed to identifying solutions to reduce the environmental and social impacts caused by its business operations, while creating value for our employees and stakeholders. The Group expects to be in a position to define and formulate sustainability strategy and goals in the future, providing meaningful reports to all stakeholders.

MATERIAL ISSUE ANALYSIS

Based on the three aspects, i.e., “operating strategies”, “direct financial performance”, and “reputation risks and opportunities”, the management of the Group assessed the impacts of 16 ESG issues (which covered four major subject areas, namely, “environmental protection”, “employment and labour practices”, “operating practices” and “community”) on the Group, so as to identify issues that are material to the Group’s business, the results of which are set forth as follows:

Raw materials	Training and Development	Prevention of Child and Forced Labour	Anti-corruption
This includes improving the utilisation efficiency of raw materials in production, packaging, transportation and sales (e.g., strict control over labeling, processing, warehousing, inspection and other processes of raw materials)	This includes providing employees with training programs to improve their knowledge and expertise required for the fulfilment of job responsibilities, as well as opportunities for personal development based on their capabilities, which will help them realize their self-worth	This includes measures to prevent child and forced labour (e.g., careful verification and record of employee identification documents during recruitment)	This includes preventive measures and internal control systems to prevent corruption, bribery, fraud and money laundering through (e.g., anti-corruption training for directors and employees)

Based on the principle of materiality, this report will focus on the above-mentioned issues with brief description of the performances of the Group in other issues.

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ANNUAL FOCUS

– Raw Materials

During the year, the Group actively promoted the improvement in the quality and utilization efficiency of raw materials in food to ensure the quality and safety of products. To this end, the Group exercised strict control over labeling, processing, warehousing, inspection and other processes of raw materials in food to ensure that the products are in compliance with relevant regulations and standards. In addition, the Group also strengthened our oversight of suppliers by requiring them to comply with the Group's product quality standards and environmental requirements, as well as to increase the frequency of product inspections to ensure that products comply with the relevant regulations and standards. Among which, the Group formulated relevant processing documents for various raw materials, whereby standardizing their technical specifications, inspection items and methods, and transport and storage.

Moreover, the Group also actively promoted environmentally friendly production methods to reduce our environmental impacts. For instance, the Group employed more environmentally friendly packaging materials and optimised transport routes to reduce emissions. In addition, the Group redoubled our product recycle and reuse effort to minimise waste and environmental impacts. The Group believes that we can make contributions to environmental protection and sustainable development through these efforts.

– Training and Development

During the year, the Group invested massive resources in employee training and development to improve the professionalism and satisfaction of our employees. Specifically, the Group provided not merely a variety of training courses to its employees, but also tailor-made training programs to its employees, which aimed to better meet their career development requirements. The Group's training courses included skills training, management training, and career development, which covered all levels from basic knowledge to advanced skills. In addition, the Group also held various professional lectures and seminars so that our employees can have a deeper understanding of their professional fields and industry trends.

The Group believes that the Group can make contributions to the professional and personal development of our employees through these efforts, while enhancing the employee satisfaction and loyalty. The Group remains committed to providing better training and benefit schemes so that our employees can achieve better results and higher quality career.

– Prevention of Child and Forced Labour

The Group attaches great importance to the prevention of child and forced labour, and has taken multiple measures to ensure that the labour rights of all employees are protected. During the year, the Group further strengthened the supervision of the supply chain to keep our products free from any element involving child labour or forced labour. In addition, the Group provided additional training and education to assist our employees in acknowledging their rights and responsibilities, and raising their awareness of the prevention of child and forced labour.

In case that the Group identifies cases involving child or forced labour, the Group will immediately cease the employment of such labour with an investigation conducted to determine the cause of child or forced labour, while simultaneously assessing whether the Group's recruitment procedures are in compliance with the relevant laws and standards. Where the Group identifies any deficiency in its recruitment procedures, the Group will revise the recruitment procedures and practices as soon as possible to ensure compliance with the relevant laws and standards and to avoid recurrence of the same incident.

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– Anti-corruption

The Audit Committee of the Group has been delegated to take responsibility for monitoring and implementing the anti-corruption policy, as well as submitting regular reports on the anti-corruption effort to the Board. Among which, the Group has formulated the “Supervision Management System” to ensure the incorruptible operation of the Group as a whole. In addition, the Group will appoint professional third-party agencies to conduct monitoring and auditing procedures to ensure the effective implementation of anti-corruption policies. Our employees or business partners, who identify suspected corruption, extortion, fraud, money laundering, and the like, can report through the whistle-blowing hotline, email, website, and other channels. The Group will strictly protect the privacy of the whistleblowers, and investigate and deal with the reported content. Where the report is substantiated, the Group commensurately will take legal and administrative measures, and penalize the relevant personnel and hold them accountable according to law.

To better prevent the occurrence of corruption and other issues, the Group also strengthened the supervision of suppliers during the year, requiring them to strictly abide by the Group’s anti-corruption requirements and standards. In addition, the Group strengthened its internal audit and supervision mechanism to ensure that our business activities comply with relevant regulations and standards. The Group believes that the Group is able to further enhance the effectiveness of our anti-corruption campaign through these efforts, so as to ensure that its business activities are lawful, honest and sustainable.

The Group provides regular anti-corruption training to our directors and employees, with the aim to improving their capabilities to recognise and prevent corruption, extortion, fraud and money laundering, and ensuring that all business activities comply with relevant legal and regulatory requirements. The training contents include anti-corruption and anti-money laundering policies, relevant legal and regulatory requirements, risk assessment and management, and whistle-blowing mechanism.

MANAGEMENT POLICIES AND PRACTICES

Environmental

As the Group has just completed the listing process, the Group has not yet established environmental-related targets and action plans. However, the Group appreciates the sustainable development by formulating a series of practices to ensure that it can effectively address environmental issues during our operations, and will formulate sustainability strategy and goals in the future. In setting our goals, we will continue to monitor our emissions and use of resources to improve the relevant management and policies of the Group. In addition, the Group will work with suppliers and partners to ensure their efficient use of resources in their operations.

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Aspects	Management Policies	Internal Policies and Regulations
Emissions	<p>The Group is committed to achieving sustainability goals, including reduction in air and greenhouse gas emissions, discharge of pollution to water and land, and generation of hazardous and non-hazardous waste. To this end, the Group has formulated a series of rules and regulations, while actively exploring new technologies for emissions reduction to ensure compliance with relevant environmental laws and standards in the production process. Furthermore, we will gradually raise emissions standards to meet stricter environmental requirements.</p> <p>The Group's goal is to ensure that all emissions meet national standards and to recycle and treat 100% of the polluted solid waste to reduce emissions.</p> <p>The Group will continuously improve its data collection system for emissions to assist in setting targets for emissions and waste. Additionally, the Group will continue to improve its internal rules and regulations to reduce the environmental impact of its operations.</p>	<ul style="list-style-type: none"> • "Environmental Management System" • "Energy Management Measures" • "Waste Management Procedures" • "Water Resources Management Measures"
Use of Resources	<p>The Group acknowledges that use of resources will impose a burden on the environment, so it is committed to efficient use of resources, including energy, water, packaging materials and other raw materials, to reduce the impact on the environment. Therefore, the Group has established relevant rules and regulations to ensure the efficient and sustainable use of resources, including maximizing the utilisation efficiency and recycling rate of energy, water, packaging materials and other resources, further improving compliance performance, and identifying new technologies for efficient use of resources. There is no issue in sourcing water that is fit for purpose.</p> <p>The Group plans to set energy and water efficiency targets in the future, and will continue to improve its data collection system and internal rules and regulations to make efficient use of natural resources.</p>	<ul style="list-style-type: none"> • "Emergency Management Program"
The Environment and Natural Resources	<p>The Group has implemented a series of rules and regulations to reduce the impact of our operations on the environment and natural resources. As the Group has just completed the listing process, it has not yet identified the significant impacts on the environment and natural resources. At the same time, the Group has not yet formulated the relevant policies, while in the future, it will identify, assess and manage the relevant impacts based on industry characteristics and operating conditions.</p> <p>To protect the environment, the Group's goal is to achieve a 100% operation rate of environmental protection equipment, as well as a 100% rectification rate of environmental issues, and to achieve zero environmental pollution incidents.</p>	
Climate Change	<p>To ensure our sustainable development, the Group will continue to monitor and address climate-related risks and opportunities that may affect its business. As the Group has just completed the listing process, it has not yet identified significant climate-related issues. At the same time, the Group has not yet formulated the relevant policies, while it will plan to develop the relevant policies to identify the relevant risks based on industry characteristics and operating conditions, and will continue to monitor and assess these risks to formulate corresponding countermeasures.</p> <p>To mitigate the impact of extreme weather conditions on its business operations, the Group has maintained insurance for its employees and production facilities. Additionally, the Group will continue to improve its emergency management procedures to respond to extreme weather events and conduct emergency drills as appropriate. Furthermore, to achieve the carbon neutrality target, the Group will regularly monitor existing and emerging trends, policies, and regulations related to climate change to avoid compliance and reputational risks. At the same time, to minimize its impact on the environment, the Group will establish targets to reduce energy consumption and greenhouse gas emissions in the future and enhance its ability to respond to climate-related risks.</p>	

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Social and Governance

Aspects		Management Policies	Internal Policies and Regulations
Employment	Compensation and dismissal	The Group is committed to providing employees with fair and reasonable remuneration packages, which complies with the relevant laws and standards. In evaluating the remuneration of our employees, their performance, ability and contribution constitute important factors. The Group will provide employees with appropriate dismissal compensation, which complies with relevant laws and standards.	<ul style="list-style-type: none"> • “Salary Management System” • “Employee Handbook” • “Basic Guidelines for Employees”
	Recruitment and promotion	The Group is committed to identifying suitable talents and providing equal opportunities. Recruitment and promotion will be evaluated and determined based on ability, education, experience and other relevant factors.	
	Working hours and rest periods	In compliance with relevant laws and standards, the Group will provide employees with reasonable working hours and holiday arrangements. The working hours and rest periods of employees will be arranged in accordance with relevant laws and standards.	
	Equal opportunity and diversity	The Group is committed to providing its employees with equal opportunity, and recognises the importance of diversity. The background and personality of employees will not affect their position and promotion opportunities in the Group.	
	Anti-discrimination	The Group will not tolerate any form of discrimination. In compliance with relevant laws and standards, the Group will provide employees with a safe and fair working environment.	
	Other benefits and welfare	The Group has provided employees with appropriate benefits and welfare to safeguard their benefits and rights. The Group will regularly review and improve relevant measures to ensure their suitability and effectiveness.	

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Aspects	Management Policies	Internal Policies and Regulations
Health and Safety	<p>In order to ensure the health and safety of employees, the Group is committed to providing a safe working environment in compliance with relevant laws and standards. The Group will conduct regular health and safety assessments to ensure that the workplace aligns with relevant standards and requirements. To reduce occupational hazards, the Group will take corresponding preventive measures, including necessary training and equipment provided to reduce the risk of employee injury or illness. The Group will continue to improve its health and safety policies to safeguard the benefits and rights of employees.</p> <p>The Group’s occupational health and safety measures include providing related training and equipment, monitoring health and safety conditions in the workplace, and conducting regular occupational health and safety assessments. The Group will continue to improve occupational health and safety measures to safeguard the benefits and rights of employees. Any questions and recommendations from employees on occupational health and safety measures can be submitted to the management of the Group. The Group will further strengthen execution and monitoring to ensure the effectiveness of occupational health and safety measures.</p>	<ul style="list-style-type: none"> • “Employee Handbook” • “Basic Guidelines for Employees” • “Safety Education and Training Management System” • “Security and Fire Safety Management System” • “Emergency Management Program”

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Aspects	Management Policies	Internal Policies and Regulations
Development and Training	<p>The Group is committed to providing comprehensive and effective training programs to help employees improve the knowledge and skills required to perform their job responsibilities. The Group believes that the work performance and productivity of employees through training can be improved, which simultaneously contribute to the sustainable development of the Group.</p> <p>The Group's training programs is comprised of, including but not limited to, new employee induction training, career development training, professional knowledge training, and safety training. the Group conducts regular assessment over the effectiveness of our training programs to ensure that they accommodate the Group's business requirements and the training needs of our employees. Meanwhile, the Group will continue to improve the training programs to align these programs with the sustainable development of the Group.</p>	<ul style="list-style-type: none"> • "Employee Handbook" • "Safety Education and Training Management System"
Labour Standards	<p>The Group undertakes that no child or forced labour is used. In compliance with relevant laws and standards, the Group will ensure that there is no use of child or forced labour by reviewing its existing recruitment practices and employee training. During the recruitment process, the Group will require interviewees to provide identification documents that prove the age and work qualifications of the prospective recruits. These policies and procedures must be consistent with relevant International Labour Organization (ILO) standards.</p> <p>For any child labour and forced labour found, the Group will provide due compensation in accordance with national laws and regulations. Depending on the severity of the situation, the Group will take disciplinary actions against individuals responsible for engaging in forced labour or recruiting child labour, such as suspension of salary, demotion, dismissal, or referral to law enforcement agencies for handling.</p>	<ul style="list-style-type: none"> • "Employee Handbook" • "Basic Guidelines for Employees"

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Aspects	Management Policies	Internal Policies and Regulations
Supply Chain Management	<p>The Group purchases raw materials such as cuttlefish, lotus seeds, black fungi, pistachios, bamboo shoots, chicken feet and duck necks through a stable supply chain (including farmers, agricultural cooperatives and corporate suppliers).</p> <p>In selecting and appointing suppliers, the Group has established a dedicated procurement team responsible for close communications with suppliers to coordinate the procurement of raw materials for production. By adopting the stringent procedures, including assessments over the suppliers' raw materials, product quality and timeliness of delivery, the dedicated procurement team has established a list of selected raw materials suppliers to ensure that the selected suppliers can provide raw materials that measure up to the Group's quality standards. The Group will first select suppliers from the supplier list, and assess such suppliers based on factors such as product quality and timeliness of delivery. Where the raw materials approved by the supplier do not meet the requirements, the Group has the right to reject them. At the same time, the Group will maintain regular communications with the suppliers to understand the quality of raw materials, market supply conditions and price changes. In addition, the Group generally maintains at least two sources of supply for each type of raw materials to reduce dependence on any single supplier.</p>	<ul style="list-style-type: none"> • "Procurement and Payment Management System" • "Food Quality and Safety Management System" • Various guidance documents for procurement, acceptance and storage of raw materials

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Aspects	Management Policies	Internal Policies and Regulations
Supply Chain Management	<p>To manage the environmental and social risks of the supply chain, the Group adopts various measures to ensure that business activities in its value chain will not have negative impacts on the environment and society. For instance, the Group will pursue close cooperation with suppliers, who will be encouraged to develop and implement environmental and social responsibility policies to ensure that their business operations will not pose negative impacts on the environment and society. In the meantime, the Group will continue to monitor the environmental and social risks in the supply chain by maintaining regular communications and inspections, and take necessary measures for improvement wherever appropriate. The Group undertakes to ensure that environmental and social risks are under effective management and control by continuing to improve the supply chain management, while making contributions to the sustainable development.</p>	

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Aspects		Management Policies	Internal Policies and Regulations
Product Responsibility	Health and safety	<p>Besides adopting the HACCP standards and related industry standards, including ISO9001:2015, the Group was certified as a provincial leading enterprise in agricultural industrialization in Jiangxi Province in 2020. Such certifications and awards demonstrate the Group's dedicated pursuit of standardized processes, excellent quality control standards and food safety measures. In order to ensure product quality, the Group persists in implementing quality management and assurance procedures at its production and packaging facilities. For individual employees, the Group implements comprehensive personal hygiene and safety standards, and production personnel are required to abide by these standards. Meanwhile, the Group establishes standard operating procedures to explain production and packaging procedures step by step, and provides training on food safety and quality requirements for production personnel to ensure that they comply with safe and high-quality food production procedures.</p> <p>On the other hand, the Group will adopt various methods to conduct quality inspections during the production process to ensure that the products meet relevant standards and requirements, which include but are not limited to self-inspection, sampling inspection, machine inspection and third-party inspection. In case that any product defect or safety issue, is identified, the Group will immediately take necessary measures, including product recall.</p>	<ul style="list-style-type: none"> • "Food Quality and Safety Management System" • "After-sales service management system"

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Aspects		Management Policies	Internal Policies and Regulations
Product Responsibility	Health and safety	In case of quality issues, the Group will first inspect and confirm the issues and defects of the product to determine whether a recall is required. Based on the inspection results, the scope of recall will be determined, and customers will then be informed of product recall details, including the reason(s), scope, location and timeframe of such recall. The Group will destroy the recalled products to avoid their sales in the market and causing social impacts. Where the customer already purchases the recalled products, the Group will provide compensation, including return, replacement or refund.	
	Advertising and labelling	The Group will ensure that advertising and labelling of its products and services are in compliance with relevant laws and standards. The Group will ensure that all advertisements and labels are objective and truthful descriptions, which are in compliance with relevant laws, regulations and standards. In case of receipt of any complaints about advertising or labelling, the Group will promptly investigate and take necessary actions.	<ul style="list-style-type: none"> • “Food Quality and Safety Management System”

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Aspects		Management Policies	Internal Policies and Regulations
Product Responsibility	Privacy	<p>The Group places a great emphasis on the privacy of its customers. The Group will ensure that the process of collecting, accessing and storing customer information is in compliance with relevant laws and standards, while ensuring client information remains confidential and classified, which only will be disclosed when necessary. At the same time, the Group will implement reasonable security measures to protect customer data from unauthorized access, use or divulgence. In case of receipt of any complaints about customer data, the Group will promptly investigate and take necessary actions.</p> <p>If the Group identifies any violation of relevant laws and standards, the Group will immediately take necessary measures, including discontinuing relevant activities, and initiating investigation and monitoring procedures.</p>	<ul style="list-style-type: none"> “Customer Record-keeping System”
	Intellectual property	<p>In acknowledgement of the significance of intellectual property rights, the Group will ensure that the intellectual property rights of its products and services are protected to their fullest extent. The Group will ensure that none of its products and services infringe upon the intellectual property rights of others, and will take necessary steps to protect the intellectual property rights that belong to the Group. The Group has established internal mechanisms to ensure that its employees and suppliers are in compliance with laws and standards related to intellectual property rights. Meanwhile, the Group conduct regular assessments over its intellectual property strategies to ensure that they align with sustainability goals.</p>	<ul style="list-style-type: none"> “Intellectual Property Rights Management System”

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Aspects	Management Policies	Internal Policies and Regulations
Anti-corruption	<p>The Group prohibits any form of bribery, extortion, fraud and money laundering, and requires strict compliance by all employees, agents, suppliers and other business partners with the relevant laws and regulatory requirements. The Group strives to prevent corruption, extortion, fraud and money laundering from taking place during the Group’s business activities, by mainly (1) regularly reviewing and updating anti-corruption and anti-money laundering policies, (2) providing relevant training to employees and business partners, (3) setting internal control procedures, (4) establishing a reporting mechanism, and (5) regularly reviewing and updating anti-corruption and anti-money laundering policies and related procedures.</p> <p>The Group has established an anonymous and non-anonymous whistleblowing system, and individuals can report suspected corrupt practices of the Group and its employees through whistleblowing hotlines, email, letters, and other means. All whistleblowers will be protected in assisting in the investigation. Upon the completion of the investigation, the Audit Department will notify the whistleblower of the investigation results regarding the corrupt conduct.</p>	<ul style="list-style-type: none"> • “Supervision and Management System” • “Anti-Corruption and Whistleblowing System”
Community Investment	<p>The Group appreciates its relationship with communities where it operates, and commits itself to giving back to communities through community investment and other means (such as participating in volunteer activities and making donations to charitable organizations), which focus on, including but not limited to, poverty alleviation, education, vocational training, environmental protection, and community culture. The Group will actively participate in local community affairs and cooperate with local governments and other stakeholders to promote community development and progress. As the Group has just completed the listing process, it has not yet formulated policies related to community investment, but it promises to make contribution to the development and progress of the communities, by continuing to strengthen cooperation and connection with the communities where it operates, formulating relevant policies and through community investment and other means.</p>	

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ENVIRONMENTAL KPIS

	2022	Unit
Emissions		
Air pollutant emissions ^{1 2}		
Nitrogen oxides	2,472	kg
Sulphur oxides	5	kg
Respiratory suspended particles	12	kg
Greenhouse gas emissions		
Scope 1- Direct greenhouse gas emissions ^{3 4}	2,508	tonnes of CO ₂ e
Scope 2- Energy indirect greenhouse gas emissions	1,481	tonnes of CO ₂ e
Total greenhouse gas emissions	3,989	tonnes of CO ₂ e
Greenhouse gas emissions intensity (in product quantity)	0.64	tonnes of CO ₂ e/ 1,000 tonnes of products
Hazardous waste ⁵		
Total hazardous waste	–	tonnes
Hazardous waste intensity (in product quantity)	–	tonnes/1,000 tonnes of products
Non-hazardous waste ⁶		
Total non-hazardous waste	148	tonnes
Non-hazardous waste intensity (in product quantity)	0.02	tonnes/1,000 tonnes of products

¹ The Group's sources of air pollutant emissions mainly include production equipment consuming natural gas and fuel oil (industrial cracked C9), as well as vehicles consuming petrol and diesel.

² The quantification method and emission factors for air pollutants are based on the "AP 42, Fifth Edition Compilation of Air Pollutant Emissions Factors, Volume 1" of the United States Environmental Protection Agency and the "Technical Guidelines for the Preparation of Motor Vehicle Air Pollutant Emission Inventories (Trial) (《道路機動車大氣污染物排放清單編制技術指南(試行)》)" issued by the Ministry of Ecology and Environment of the People's Republic of China.

³ The Group's emission sources mainly include production equipment consuming natural gas and fuel oil (industrial cracked C9), vehicles consuming petrol and diesel, and the release of refrigerants and fire extinguishing agents from the refrigeration and fire extinguishing systems.

⁴ The quantification method and emission factors for greenhouse gas emissions are based on the "How to Prepare an Environmental, Social and Governance Report-Appendix 2: Reporting Guidance on Environmental Key Performance Indicators" of the Hong Kong Stock Exchange and the "Guidelines for Accounting and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial) (《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》)" issued by the Ministry of Ecology and Environment of the People's Republic of China. The global warming potential of greenhouse gases refers to the "Sixth Assessment Report (AR6) (2021)" of the Intergovernmental Panel on Climate Change (IPCC). The Group's calculated greenhouse gas emissions have excluded the additional trees planted after the construction of its own buildings. As the Group was unable to collect emission data from the aerobic biochemical treatment equipment it owns, the relevant direct emissions were not included.

⁵ Despite waste containing heavy metals, waste batteries, and ink cartridges generated and recycled in the operation process of the Group, there is no statistical data available. The Group is actively improving its data collection system for relevant disclosures in the future.

⁶ The non-hazardous waste generated by the Group mainly includes food waste, metal, domestic waste, and production waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	2022	Unit
Use of Resources		
Energy consumption		
Direct energy ⁷	9,218	MWh
– Petrol	365	MWh
– Diesel	67	MWh
– Natural gas	278	MWh
Indirect energy ⁸	2,549	MWh
– Purchased electricity	2,549	MWh
Total energy consumption	11,767	MWh
Energy intensity (in product quantity)	1.89	MWh/1,000 tonnes of products
Water Resources Use ⁹		
Total water consumption	134,105	m ³
Water consumption intensity (in product quantity)	21.52	m ³ /1,000 tonnes of products
Packaging materials used		
Plastic bags	533	tonnes
Blister packaging	2	tonnes
Cardboard	524	tonnes
Fiber textiles	4	tonnes
Total packaging materials	1,063	tonnes
Packaging materials intensity (in product quantity)	0.17	tonnes/1,000 tonnes of products

⁷ The Group's direct energy is mainly from production machinery, equipment and vehicles used in production bases and offices, as well as kitchen cooking equipment.

⁸ The Group's indirect energy is mainly from purchased electricity.

⁹ The water consumed by the Group is mainly for production, office, and cafeteria operations in the factory area.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL KPIS

		2022
Employment Statistics		
Number of employees ¹⁰		
Total		659
Gender	Male	191
	Female	468
Age group	24 or below	18
	25-40	183
	41-59	448
	60 or above	10
Employee category	Senior management	8
	Middle management	18
	General employees	633
Employment type	Full-time	659
	Part-time	0

¹⁰ All of the employees of the Group are from Mainland China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2022

		2022
Number and percentage of employee resigned ¹¹		
Total		99 (15.0%)
Gender	Male	22 (11.5%)
	Female	77 (16.5%)
Age group	24 or below	5 (27.8%)
	25-40	33 (18.0%)
	41-59	59 (13.2%)
	60 or above	2 (20.0%)
Employee category	Senior management	1 (12.5%)
	Middle management	6 (33.3%)
	General employees	92 (14.5%)
Number and percentage of new employees ¹²		
Total		127 (19.3%)
Gender	Male	48 (25.1%)
	Female	79 (16.9%)
Age group	24 or below	6 (33.3%)
	25-40	58 (31.7%)
	41-59	62 (13.8%)
	60 or above	1 (10.0%)
Employee category	Senior management	1 (12.5%)
	Middle management	5 (27.8%)
	General employees	121 (19.1%)

¹¹ Employee turnover rate (percentage) = Number of employees resigned in that category/total number of employees in that category at the end of the reporting period x 100%.

¹² New employee rate (percentage) = Number of new employees in that category/total number of employees in that category at the end of the reporting period x 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2022

2022		
Development and Training		
Number and percentage of employees trained ¹³		
Total		102 (15.5%)
Gender	Male	49 (25.7%)
	Female	53 (11.3%)
Employee category	Senior management	7 (87.5%)
	Middle management	18 (100.0%)
	General employees	77 (12.2%)
Average training hours		
Total		1.54
Gender	Male	2.36
	Female	1.21
Employee category	Senior management	2.63
	Middle management	8.33
	General employees	1.34
Occupational Health and Safety		
Number of work-related injuries		Zero in the past three years
Lost days due to work-related injuries		Zero in the past three years
Number of work-related fatalities		Zero in the past three years
Labour Standards		
Child and forced labour cases		0

¹³ Rate of employees trained (percentage) = Number of employees trained in that category/total number of employees in that category at the end of the reporting period x 100%.

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2022

Supply Chain Management		
Total number		78
Region	Mainland China	78
	Others	0
Category	Raw materials	78
Suppliers with certifications	ISO 9001	18
	ISO 14001	1
	HACCP	5
	IFS certification	5
	Organic Certification	5
	Green Food Certification	5
	Halal certification	5
Suppliers where the relevant practices are implemented	Kosher certification	5
	Selection of suppliers	78
	Identification and management of environmental risks of the supply chain	78
	Identification and management of social risks of the supply chain	78
Product responsibility		
Number of customer complaints		0
Total number of products shipped subject to recalls for safety and health reasons		0
Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period		0
Average training hours of anti-corruption received by Directors		3
Average training hours of anti-corruption received by employees		4

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

RELEVANT LAWS AND REGULATIONS

At the time of publication of the report, the Group has ensured that its business fully complies with the following laws and regulations, and there have been no cases of violations of the relevant laws and regulations, nor any concluded legal cases regarding corrupt practices brought against the Group and its employees.

Aspects	Relevant Laws and Regulations
A1 Emissions	<ul style="list-style-type: none"> Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Water Pollution Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
A3 The Environment and Natural Resources	<ul style="list-style-type: none"> Environmental Protection Law of the People's Republic of China
B1 Employment	<ul style="list-style-type: none"> Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China Law of the People's Republic of China on the Protection of Minors Social Insurance Law Administrative Regulations on the Housing Provident Fund
B2 Health and Safety	<ul style="list-style-type: none"> Production Safety Law Law of the People's Republic of China on Prevention and Control of Occupational Diseases Fire Prevention Law of The People's Republic of China
B4 Labour Standards	<ul style="list-style-type: none"> Labour Law of the People's Republic of China Law of the People's Republic of China on the Protection of Minors
B6 Product Responsibility	<ul style="list-style-type: none"> Law of the People's Republic of China on Product Quality Law of the People's Republic of China on the Protection of Consumer Rights and Interests Copyright Law of the People's Republic of China Trademark Law of the People's Republic of China Patent Law of the People's Republic of China Food Safety Law Administrative Measures for Food Production Licensing General Principles of Prepackaged Food Labelling of National Food Safety Standard Administrative Measures for Food Recall Implementing Regulations of the Food Safety Law Administrative Measures of Food Production Licensing Administrative Measures for Food Recall Agreement on Trade Related Aspects of Intellectual Property Rights Regulations on the Protection of the Right to Network Dissemination of Information Measures for the Registration of Computer Software Copyright Implementing Rules for Domain Name Registration Administrative Measures for Internet Domain Names
B7 Anti- corruption	<ul style="list-style-type: none"> Anti-Unfair Competition Law of the People's Republic of China Anti-Money Laundering Law of the People's Republic of China

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORT CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Pages/remarks
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7-8, 24
A1.1	The types of emissions and respective emissions data.	18
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	18
A1.3	Total hazardous waste produced and intensity.	18
A1.4	Total non-hazardous waste produced and intensity.	18
A1.5	Description of emissions target(s) set and steps taken to achieve them.	7-8
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	7-8
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7-8
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	19
A2.2	Water consumption in total and intensity.	19
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7-8
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	7-8
A2.5	Total packaging material used for finished products and with reference to per unit produced.	19
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	7-8
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Pages/remarks
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7-8
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	8
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.	9, 24
B1.1	Total workforce by gender, employment type, age group and geographical region.	20
B1.2	Employee turnover rate by gender, age group and geographical region.	21
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	10, 24
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	22
B2.2	Lost days due to work-related injuries.	22
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	10

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Aspects, General Disclosures and KPIs		
Aspects, General Disclosures and KPIs	Description	Pages/remarks
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	11
B3.1	The percentage of employees trained by gender and employee category.	22
B3.2	The average training hours completed per employee by gender and employee category.	22
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	11, 24
B4.1	Description of measures to review employment practices to avoid child and forced labour.	11
B4.2	Description of steps taken to eliminate such practices when discovered.	11
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	12-13
B5.1	Number of suppliers by geographical region.	23
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	12-13, 23
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	12-13, 23
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	12-13

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Aspects, General Disclosures and KPIs	Description	Pages/remarks
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	14-16, 24
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	23
B6.2	Number of products and service related complaints received and how they are dealt with.	15
B6.3	Description of practices relating to observing and protecting intellectual property rights.	16
B6.4	Description of quality assurance process and recall procedures.	14-15
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	16
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	17, 24
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	23-24
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	17
B7.3	Description of anti-corruption training provided to directors and staff.	23
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	17
B8.1	Focus areas of contribution.	17
B8.2	Resources contributed to the focus area.	17