

Jiujiuwang Food International Limited 久久王食品国际有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1927

2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PERIOD AND FRAMEWORK

This Environmental, Social and Governance (“**ESG**”) Report of Jiujiuwang Food International Limited (“**Jiujiuwang**”, “**Company**”, “**we**” and “**our**”), and its subsidiaries (collectively, the “**Group**”), presents and discloses ESG related matters that are relevant to the Group’s business and have material impacts on the environment and society for the year ended 31 December 2022 (the “**Reporting Period**”).

This ESG Report of the Group has been prepared in compliance with the “Environmental, Social and Governance Reporting Guide” set forth in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and based on actual conditions of the Company. We have identified relevant ESG issues and assess their materiality on our businesses as well as on our stakeholders, through reviewing our operations and holding internal discussions. Adhering to the reporting principles of materiality, quantitative, balance and consistency, this report aims at providing an annual update on our sustainability performance in compliance with regulations, policies and guidelines on various sustainable development issues for the year ended 31 December 2022.

OUR BUSINESS AND APPROACH TO ESG AND ESG REPORTING

Jiujiuwang focuses on manufacturing and the sale of confectionary products, including gum-based candy, tablet candy, aerated candy and hard candy in the People’s Republic of China (the “**PRC**”). The Group sells confectionary products under brands owned through e-commerce channels or authorized by our OEM customers in China and overseas countries. Jiujiuwang had established a sales network with 129 distributors, whose connection covers a municipal city, two autonomous regions and 21 provinces in China. These distributors are stationed in hypermarkets, supermarkets, grocery stores and tuck.

Sustainability is vital to the development of the Group’s strategy and operation, the Group commits to improving its ESG performance by upholding good corporate governance standards, protecting our environment including reducing greenhouse gas emissions, reducing energy consumption, protecting the environment and natural resources, and providing employees with an excellent and safe working environment while it engages the community and promotes social integration.

The board of directors of the Group (the “**Board**”) is responsible for reviewing and monitoring the evaluation and management issues related to the Group’s ESG matters. To pursue ESG-related goals and targets, the Board keeps supervising the progress and ESG-related performance. With the direction and culture set out by the Board and the Group, the employees of the Group are encouraged to participate in ESG initiatives, implement the ESG policies into different aspects of the business practices, contribute to community events and connect the stakeholders.

To align the operation with ESG-related issues and goals, the Group follows industry standard and abides by laws and regulations. Achieving ESG goals can provide customers with better quality products. In addition to supporting environmental protection, the Group aims to reduce pollution during manufacturing process of confectionary products in order to provide a better living environment.

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Stakeholder Engagement and Materiality

The Group considers input and feedback from its stakeholders as the Group strives to create long-term value for them. To begin the value creation process, the Group identifies different stakeholders, such as employees, customers, investors, suppliers and contractors, and the community. The Group involves stakeholders through various communication channels for them to share their views regarding the Group's operations and behavior, including Company's website, annual general meetings, annual reports and interim reports, staff meetings, customers and suppliers meetings.

As a result, these communication channels not only can help the Group to explore opportunities for its future business direction, but also fulfill its responsibilities and commitment to the community. By analyzing the opinion of the stakeholders, the Group can receive important feedback and input for the materiality assessment.

Materiality Assessment

A materiality assessment was conducted by evaluating ESG related topics based on the principle business of the Group. With the professional opinion from the external ESG reporting consultant, we have selected material ESG topics in accordance with our stakeholders' opinions, industry reports, market conditions and ESG related risks. To perform an internal materiality assessment, our management and the board of the Group assessed the relationship between the degree of impact and degree of control for ESG related topics. The Group then further selected material ESG related topics based on continuous discussion with the stakeholders.

The Group has considered the importance of ESG related topics in arriving at our material ESG related topics. The result of the materiality assessment is listed below:

Environmental

- Air and greenhouse gas emission
- Resources consumption
- Combating climate change
- Waste Management

Social

- Employment and Training
- Employee welfare
- Diversity and equal opportunity
- Labour standards
- Occupational health and safety
- Anti-corruption
- Customer complaints management
- Supply chain management

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The Group has received shareholders' opinions regularly and records them properly. Below are the descriptions of the expectation and demand for each stakeholder and the actions to respond to them:

Stakeholder	Expectation	Action
Government	Compliance with taxes and business operation laws	Compliance with the laws and regulations Paying taxes to the government Supporting economic development of local government Responding to public health incidents
Investor	Stable investment returns	Maintaining stable and reasonable return Pursuing asset preservation and appreciation Optimizing corporate governance Strengthening risk management
Client	Excellent services	Providing safety and health products Providing excellent customer services Diversified product selection
Business partner	Continuous business cooperation	Commitment to promise Building development together Long-term and stable relationship
Employee	Competitive salary and welfare benefit; Fair promotion and career development; and Safety working environment	Protection of rights Occupational health and safety management system Employee rights Employee training and development
Society	Corporate social responsibility	Charity donation Promoting local employment Volunteer activities

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Reporting principles	Interpretation	Application of reporting principles
Materiality	The Group should focus on reporting the ESG issues that have an important impact on the Group and its stakeholders.	The Group determines the impact of various ESG issues on the Group's operations through the materiality assessment. Based on the results of the assessment, the Group identifies material ESG issues and makes key disclosures in this ESG Report.
Quantitative	The KPIs must be measurable and clearly state the calculation criteria and methods.	This ESG Report is prepared in accordance with the ESG Reporting Guide and discloses KPIs in a quantitative manner. The KPIs are supplemented by explanatory notes to establish benchmarks where feasible.
Balance	The Group should objectively and truthfully report on its ESG performance during the Reporting Period.	This ESG Report is based on an objective and impartial manner to ensure that the information disclosed faithfully reflects the overall performance of the Group in ESG aspects.
Consistency	The Group should use consistent disclosure statistical methods to help stakeholders analyze and evaluate the organization's past and current performance. The Group should also explain any changes to the method.	Unless otherwise stated, the Group's disclosure and statistical methods are consistent with the past such as the year ended 31 December 2021 for meaningful comparison. If there are any changes that may affect comparison with previous reports, explanations will be provided in this ESG Report.

Feedback for Our ESG Report

The Board has approved the content of the ESG report. For details of environmental and corporate governance, please refer to the official website of the Group (www.jiujiuwang.com) and the annual report. We value your feedback regarding the review and our overall sustainability practices. Please provide your comments by email to jiujiuwang@jiujiuwang.com.cn.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL

A1 Emissions

Governance on Air and Greenhouse Gas (“GHG”) Emissions

As a manufacturer of confectionary products, the Group is strongly committed to the long-term sustainability of the environment and communities in which we operate. As such, the Group is aware of how business activities would affect the environment and understand how to minimize our impact on the environment with our knowledge and skills. The Group has established relevant procedures to detect and prevent any possible pollution incidents which could affect the surrounding environment in the course of our business operations. During the year ended 31 December 2022, we measured and managed our environmental performance in several aspects throughout our operations.

In terms of the Group’s confectionary products business, we understand there are environmental emissions such as air emissions, GHG emissions, waste-water discharges and general waste. The emissions and waste produced are properly managed through implementing the following initiatives:

- Turning off all the electrical equipment before leaving the workplaces;
- Maintaining the temperature of the offices’ air conditioners to 26 Degree Celsius;
- Using efficiency energy-saving lamps;
- Encouraging to turn off the lights if not in use; and
- Encouraging to save water

Our workplaces are subject to certain environmental requirements pursuant to the laws of Hong Kong and the PRC. Certain laws and regulations that have a significant impact on the Group are as follows:

- Environmental Protection Law of the People’s Republic of China
- The Atmospheric Pollution Prevention and Control Law of the People’s Republic of China
- Water Pollution Prevention and Control Law of the People’s Republic of China
- Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste

During the year ended 31 December 2022, the Group was committed to continually improving its environmental performance through strictly complying with the laws and regulations. As such, the Group did not violate any laws and regulation related to environmental issues.

The Group encourages and requires the employee to implement the following environmental protection measures by effectively managing the air emissions and ensuring compliance with relevant rules and regulations: entrusting professional firms to formulate soil and water conservation plans and monitoring procedures, and to conduct inspection regularly; upholding green development and reducing the use of resources on the environment through scientific management and technological advancement effectively; seriously carrying out energy and water conservation projects; plastic reduction work; establishing a sustainable supply chain; noise reduction and noise reduction design and adopting materials with dust prevention component.

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Air emissions

Following the environmental related laws and regulations, the Group is able to identify, evaluate and minimize the environment impact of the manufacturing activities. The Group also assigns employees to carry out inspections of the manufacturing sites as air pollutants may be difficult to observe and require stringent monitoring.

The KPIs for air emission and air pollutants emission for the year ended 31 December 2022 are set out below.

Air emissions	Unit	2022
Nitrogen oxides (“ NO_x ”)	Emissions tonnes	3.75
Sulphur oxides (“ SO_x ”)	Emissions tonnes	0.70
Particulate matters (“ PM ”)	Emissions tonnes	0.32

Greenhouse gas emissions and energy conservation

The Group’s workplaces are equipped with difference electrical facilities which contributed the majority part of greenhouse gas emission during the Reporting Period. The greenhouse gas (“**GHG**”) emissions generated by the Group are summarized below in direct, indirect, and other indirect sections. The direct emissions are from the Group’s vehicles’ consumption of gasoline, while the indirect emissions are via using outsourced electricity with other indirect emissions generated from business air travel by employees. The following table shows the figures of the Group’s GHG emissions during the Reporting Period.

GHG emissions	Unit	2022
Direct emissions of GHG	tCO2e	26.20
Indirect emissions of GHG	tCO2e	4,793.87
Other indirect emissions of GHG	tCO2e	18.10

There were 4,838.17 tonnes of carbon dioxide equivalent (“**tCO2e**”) greenhouse gases (mainly comprise of carbon dioxide, methane and nitrous oxide) emitted from the Group’s business operation in the Reporting Period. The annual GHG emission intensity was 0.000013 tonnes/revenue.

In addition, the Group advocates emission reduction and is committed to sustainable operation. The Group has set a target to reduce the GHG emission intensity by 5% in the next five years. The Group strives to reduces its greenhouse gas emission by energy saving initiatives as below:

- Encourages video conference and phone conversation for employee communication;
- Direct flights are arranged for unavoidable business trips

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Waste Management

In order to reduce the negative impact of waste, the Group has formulated several waste management practices and recognised the importance of waste reduction. For non-hazardous waste, the Group has implemented its waste management initiatives to ensure that all waste generated during the construction phase are managed properly, transported and disposed of in environment-friendly ways.

Besides, the Group has adopted a system for classifying waste for disposal at appropriate facilities. This facilitates the recycling process and recording of waste as it arrives at the landfill or public filling area in order to minimize the waste and potential of cross-contamination with other waste. Not only can the Group quantify and monitor the waste generated, but the Group can also help protect the environment by being eco-friendly through reducing waste from production activities.

As the non-hazardous waste do not cause a significant impact to the environment, the Group has put a greater emphasis and resources on hazardous material management instead. Hence, for waste that are considered harmful, the Group would appoint related professionals for the handling of such waste to ensure appropriate management.

In the offices, the Group encourages the staff to consider environmentally friendly practices in paper waste management:

For example, the Group has reminded staff to “save paper, energy and other resources” through notices and email. Having further implemented the below set out initiatives and actions, the Group continues to strive the best environment for the communities:

- Using double-sided printing and copying;
- Reusing the paper; and
- Using electronics documents and files for storage

During the Reporting Period, the Group generated non-hazardous waste of 35.80 tonnes cartons and did not generate any hazardous waste. The annual non-hazardous waste intensity was 0.000095 kg/revenue. The Group has set a target to reduce the non-hazardous waste intensity by 5% in the next five years.

Noise Management

The Group has adopted sound-insulating and sound absorbing materials around the manufacturing facilities to reduce noise pollution which may generated from the equipment. The Group follows the standard under “Emission Standard on Industrial Noise”.

During the Reporting Period, there was no incidence of non-compliance with relevant laws and regulations with significant impact on the environment and natural resources relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

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A2 Use of resources

Minimizing Energy Consumption

The Group strives to minimize energy consumption at all levels in its operations. The energies consumed by the Group are natural gas, electricity, and tap water. In 2022, total direct energy consumption from the use of natural gas was approximately 1.104 million m³, and the total indirect energy consumption from the use of electricity was approximately 7.858 million kWh. On the other hand, the Company mainly uses water at (i) offices purposes and (ii) for manufacturing site. Water usage for the Group’s daily operations and office administration activities was approximately 133,104 tonnes during the Reporting Period.

The Group has promoted energy saving policies in offices and manufacturing facilities to remind employee to use less energy. For example, the Group posts reminders regarding the use of resources.

Below sets out the KPIs for the natural gas, electricity and water consumption:

Types of resources	Unit	2022
Natural gas	m ³	1.104 million
Purchased electricity	kWh	7.858 million
Tap water	tonnes	133,104

During the Reporting Period, the annual energy and water consumption intensity were 0.0467 kWh/revenue and 0.0004 tonnes/revenue respectively. After carefully reviewing current business operations, the Group has set a target to reduce its consumption intensity by 5% in the next five years.

The resources used by the Group are principally attributed to natural gas, electricity, water consumed in its daily operation. With the aim to better manage its use of resources, the Group makes great effort to improve and develop the way to build in a resource efficient manner.

In the year ended 31 December 2022, there was no water fetching problem in our daily business.

The Group pays special attention to the effective use of packaging materials. The packaging materials not only attracts the potential customers, but it also maintains the quality of the finished goods. We have established a close cooperative relationship with packaging material suppliers. Through regular feedback and communication, we strive to use packaging materials that ensure product quality and minimize environmental impact. During the Reporting Period, the Group optimized the use of packaging materials, and on the basis of ensuring that product quality was not affected. The packaging materials used by the Group are mainly cartons and plastics.

To reduce the use of packaging materials, the Group has utilized every type of packaging material by packing more products in larger boxes. In addition, the Group has reused the abandoned packaging materials for other purposes.

During the Reporting Period, the total packaging materials is 2,803 tonnes.

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A3 The environment and natural resources

Protecting the Environmental Impact and Natural Resources

The business activities of the Group have no direct/significant impact on environment and natural resources. The Group nonetheless commits to using natural resources efficiently encourages reusing and recycling of materials during our daily operations. In addition, the Group is committed to applying industry best practices, complying with legislation, establishing and reviewing safety, security, and environmental goals and targets, effectively using energy and materials, reducing waste and emissions, and communicating our environmental protection policy to all employees.

To reduce the environmental impact arising from wastewater generated, the Group has prevented the wastewater from entering the ocean and river through scientific and technological practices and closed loop wastewater system.

The Group takes into consideration of resource-efficient designs such as the use of LEDs and the adoption of energy-efficient equipment. Meanwhile, the Group recognises that businesses must take responsibility for being a role mode of the industry in relation to sustainability of the environment, and we should bear the responsibilities and fulfill the obligations in protecting them.

A4 Climate Change

During the Reporting Period, the Group has not been significantly impacted by climate-related issues while the Group understands climate-related issues are harmful to the environment and have been rigorously regulated by the United Nations' Framework Convention. The Group recognises the importance of identifying climate change risk to mitigate the associated impacts on its business operations by minimizing its greenhouse gas emission. However, typhoon, sandstorms, haze and other natural disaster, all of which, would directly affect the daily operating of the Group. As a result, the Group has continuously evaluated for any impact arising from natural disaster and has taken measures to mitigate them. The Group will continue to actively formulate policies to cope with the impact of emissions, such as continuously evaluating, reporting and reviewing greenhouse gas emissions from energy consumption in the course of the operation and their impact on the environment, which form the basis for setting annual emission reduction targets in the future. The Group also strictly implements regulations and arrangements on extreme weather stipulated by local government to ensure the life and health of employees and the safety and stability of corporate assets.

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CARING FOR THE PEOPLE AND SOCIETY

B. SOCIAL

B1 Employment and labor practices

Equal Employment Practices

The Group places significant emphasis on the development of employees whom it considers the Group's most valuable assets. Hence, the Group recruits and retains talents, and reconciles economical imperatives with well-being, aiming at reinforcing satisfaction, loyalty and commitment of human capital. In the workplaces of the Group, high spirits and shared aspirations are always encouraged between employees.

The Group has adopted comprehensive human resources manual which includes mission, policies and procedures applicable to staff. Creating a pleasant and harmonious and healthy working and life environment for everyone future development is the mission for the Group's employees. The human resources policies outline seven core principles in managing the employees as below:

1. Considering humanity for organization, system, strategy and institution;
2. Training and development for all managers;
3. Promoting communication and team spirit;
4. Building win-win partnership;
5. Building a cohesive group;
6. Breaking through personal limits; and
7. Providing adequate rewards

In the human resources manual of the Group, the Group has established three values for the employees as below:

1. Talents are the key resources;
2. Corporate's value is greater than the individual's value; and
3. Being an ethical person

In strict compliance with the Labor Law of the People's Republic of China and Labor Contract Law of the People's Republic of China among other laws and regulations, All employees are treated fairly regarding recruitment, training and development, evaluation of work performance, promotions, rest periods, compensation and benefits. The Group strives to eliminate possible discrimination and creates a corporate culture of diversity. The Group ensure the same treatment for all employees no matter the gender, age, race, ethnicity, disease, marital status, family status or religious beliefs, etc.

Recruitment

The Group emphasises the role of human resources policies in enhancing the quality and stability of our workforce. To ensure a fair system for all employees, the Group offers competitive remuneration and welfare packages for the right talents and their salary and opportunities are adjusted on the basis of performance, qualification, relevant working experience, attitude, job knowledge, job responsibilities, punctuality, position and the Group's operation. In the recruitment process, the Group upholds equality, integrity and objectivity to provide equal opportunities for candidates. All employees are then required to pass the probation period in which the Group is able to monitor and evaluate the performance of the new employees before official assignment.

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Promotion and Dismissal

In accordance with the Group's policies and procedures, setting internal promotions can boost the motivation of the employees. Whenever possible, talented employees will first be considered before posting job vacancies in public. Employees are also welcome to discuss their career development with their respective department head or the Human Resources Department. When a new employee has passed the probation period, salary and benefit is subject to change due to outstanding performance.

Staff dismissals are based on the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China or relevant local laws and regulations, as well as the requirements stipulated in the employment contracts. An employee who wishes to resign should tender notice in writing to the Group as stipulated in his or her letter of appointment. Under the resignation process, the Group will carefully settle the remaining salary and holidays to make sure a fair treatment is enacted. The Group will always respect an employee's resignation decision.

Employee Benefits and Welfare

In accordance with a reward and performance approach, high performers are rewarded with a higher bonus and salary increment. Meanwhile, their performance reviews are conducted regularly by department heads. Further discussion with the top management and human resources department regarding the performance may be required.

The Group sets appropriate and regular working hours and rest breaks for all staff members in their respective employment environment. The standard working hours are around 8 to 10 hours per day and 40 to 50 hours per week. The Group also provides paid annual leave and public holidays in addition to statutory holidays set by the government. For the welfare of the employees in the PRC, the Group has participated in the insurance and housing benefits, including endowment insurance, medical insurance, unemployment insurance, employment insurance, maternity insurances and housing provident fund.

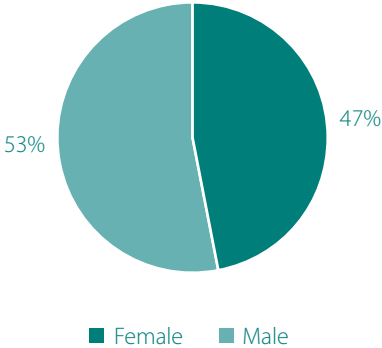
Throughout the operation of the Group, basic 15 days annual leave for employees who have worked for over 1 year, statutory holidays, work-related injury leave, 7 days of marriage leave, maternity leave, 3 days of bereavement leave are given for all employees.

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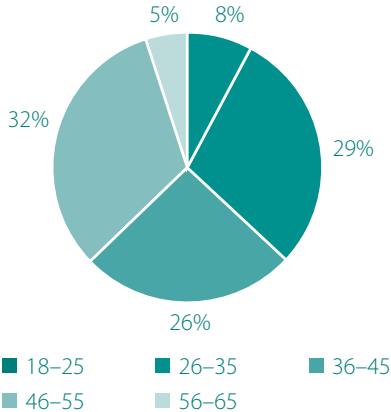
As at 31 December 2022, the Group employed 406 staff in total. All employees are employed under a full-time employment contract in the PRC and Hong Kong. As an illustration, the workforce statistic by gender, age group, employment category and geographical region are illustrated in pie graphs:

Gender and Age Distribution

Employee Breakdown by Gender

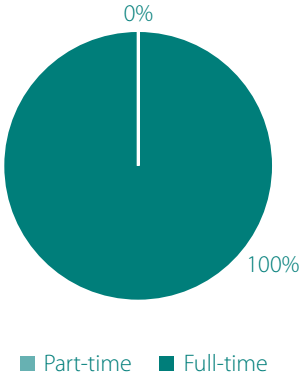


Employee Breakdown by Age

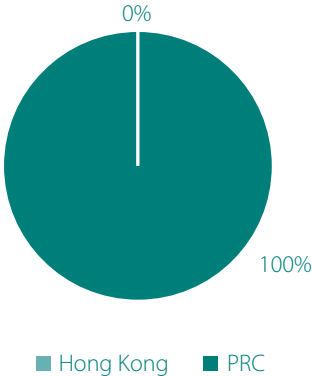


Employment category and geographical distribution

Employee Breakdown by Employment Category



Employee Breakdown by Geographical Region



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The employment turnover rate by gender, age group and geographical region are set out below:

Gender Distribution

Gender	Employee Turnover Rate
Female	4.68%
Male	9.61%

Age Distribution

Age Group	Employee Turnover Rate
18–25	1.48%
26–35	6.40%
36–45	3.20%
46–55	3.20%
56–65	0.00%

Geographical Distribution

Region	Employee Turnover Rate
PRC	14.29%
Hong Kong	0.00%

During the Reporting Period, the total turnover rate of the Group was 14.29%.

With more than half of its workforce as male while around 40% of its workforce of age less than 35, the Group strives to put both gender diversity and a younger workforce as one of its core priorities to promote equal opportunity for each group of employees and achieve a more dynamic environment with a fresher perspective.

The Group is committed to complying with relevant labour standards and employment laws and regulations which are applicable to our business. During the Reporting Period, no material and significant disputes between the Group and the employees were occurred.

B2 Health and safety

Promoting Health and Safety

Safety is a top priority in production. The occupational health and safety of employees is always the focus of our daily production. The Group considers health and safety of its employees as one of its primary responsibilities. As such, the Group is committed to provide a workplace free from injury and illness through effective procedures and practice on occupational health and safety. The Group strictly complied with relevant laws and regulations such as the Safety Law of the People's Republic of China, the Fire Protection Law of the Chinese Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Administrative Measures for Occupational Health Inspection, Administrative Measures for Occupational Health Surveillance of Employers, and the Technical Specifications on Occupational Health Monitoring.

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All employees are instructed to be vigilant at all times with proper training that can keep them informed of any potential hazards on tasks. In case of any injuries happened, the Group provides first aid kit for emergency use. Furthermore, the Group has formulated a series of safety measures as below:

- Employees should report any injuries and accidents immediately;
- Employees should evacuate immediately from any dangerous place;
- Employees have to attend safety training course;
- Employees have to engage in body check;
- Employees are not allowed to work without a health certificate; and
- Safety production committee is established

For any injuries suffered during operations, the Group will compensate the salary and other subsidy for the employees. Hence, employees who are injured are able to obtain better treatment or therapy. In addition, the Group has purchased work injury insurance for each employee. If an employee is injured at work, the Group will actively apply for work injury certification for the employee.

During the COVID-19 pandemic, the health and safety measures on our workplace environment and wellness have been implemented harder than ever before. The Group has taken the following precautionary measures at the workplace to minimize the risk of approaching and spreading the coronavirus:

- Wearing a surgical mask in the office;
- Social distancing is encouraged;
- More frequent cleaning and disinfecting;
- Measuring body temperature for employees; and
- Minimizing face to face meetings

To implement the occupational health and safety measures, the Group has strictly monitored the effectiveness of the measures adopted and distributed a clear message to employees regarding importance of occupational health and safety. During the Reporting Period, the Group has ensured full compliance with relevant occupational health and safety legislations of Hong Kong, the PRC, and other relevant legislations. No severe work-related injury or fatality was reported in each of the past three years including the Reporting Period. In addition, there was no lost day due to work injury throughout the Reporting Period.

B3 Development and training

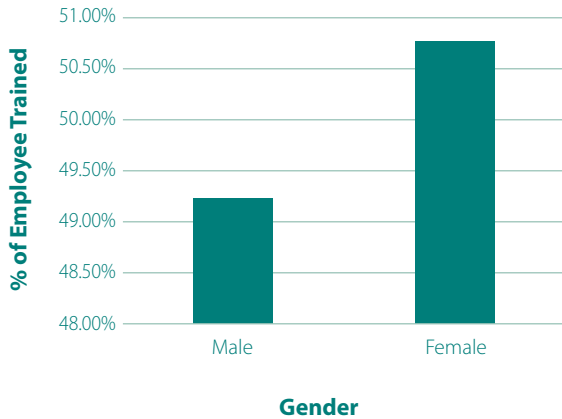
Talent Management

The Group acknowledges and highly focuses on continuous staff training and development of which it considers can help to improve both its efficiency and productivity, as well as building a good learning environment for the employees. The Group has provided employees with training and development courses which cover two main areas, including orientation and professional skills. Orientation training emphasizes on general knowledge, code of conduct and business ethical behavior. Professional skills training includes professional knowledge, job duties and process training, working standard and management standard. For an example, employees are trained to learn various manufacturing equipment. Both of the training areas try to improve employees' efficiency, knowledge and skills for discharging their duties at work. Also, the Group encourages employees to apply for work-related external training, title and qualification certificates, study degrees, examination, and etc. In order to make sure the Group could benefit from employees' external training, the Group has implemented a practice by entering an training agreement with employees who have participated over RMB500 training courses.

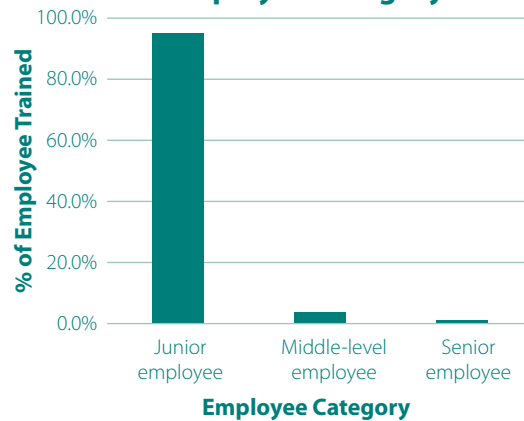
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During the Reporting Period, the development and training statistic by gender and employment category are disclosed in following bar graphs:

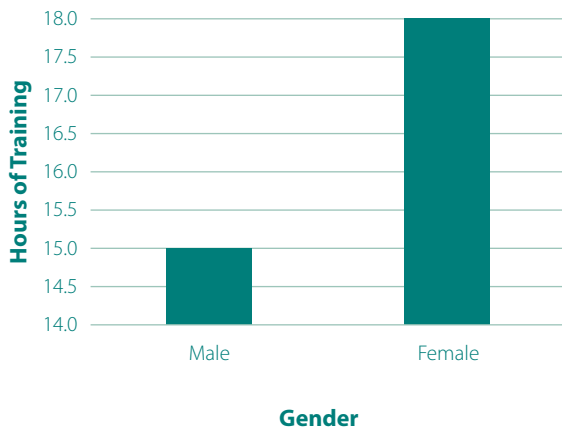
Employee Trained by Gender



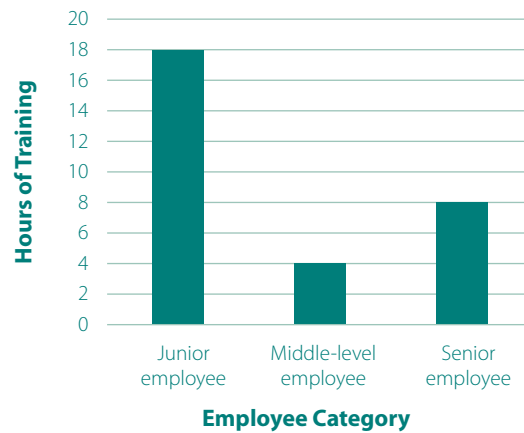
Employee Trained by Employee Category



Average Training Hours Completed per Employee by Gender



Average Training Hours Completed per Employee By Employee Category



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B4 Labor standards

Prohibiting Forced Child and Labor

The Group has strictly abided by Labor Law of the People's Republic of China and Labor Contract Law of the People's Republic of China and the Provisions on Prohibition of Child Labor and other applicable laws and regulations in the PRC and fully understands that employing child labor and forced labor is prohibited. The Group prohibits child labor and forced or compulsory labor at all its units and suppliers. No employee is made to work against his/her will or work as forced labor, or subject to corporal punishment or coercion of any type related to work.

In addition, the Group fully complies with the PRC's "Provisions on Prohibition of Child Labor" and will not hire companies with minors under 16 years of age. To prevent child labor, the Group verifies the job applicant's identity information during the recruitment process and the applicant is also required to provide document proof of academic qualifications and working experience for verification. When child labor or forced labor is discovered, the Group would launch investigations and suspend all the job duties of the respective employees. Once the case of child labor or forced labor is verified, the employment contract would be terminated.

A standard working hour is implemented, with clear job responsibilities for different positions to ensure that workers are aware of the Company's working hour, work responsibilities and working conditions. In case of additional working hours required, the Group will inform the employees earlier and ask for their consent. According to the labor contract signed between the Group and the employees, if the Group uses violence, threats, or illegally restricts personal freedom to force employees to work, or if the Group's management illegally commands, forces risky operations or even endangers the employees' personal safety, the employees can immediately terminate the labor contract with potential compensation on the part by the Group to the related employee.

During the year ended 31 December 2022, the Group did not identify any non-compliance cases involving child labor and forced labor and complied with all relevant laws and regulations relating to employment and labor practices.

B5 Supply chain management

Upholding High Procurement Standards

The Group strongly implements contract policies and corresponding evaluation procedures underlying the importance of supply chain management. Having negotiated with various suppliers, including sugars, starches, edible gums, xylitol, flavors, fragrances and packaging boxes, the Group strives to ensure the quality of raw materials and finished goods. To manage environmental and social risks in supply chain, the Group only engages suppliers on an approved list who have passed the Group's quality control tests and have a satisfactory record of quality and on-time delivery. Supplier with licenses that are granted by relevant regulators or government authorities are highly recommended. The obligations of suppliers with respect to environmental protection and compliance with relevant safety laws and regulations are clearly stated in signed contracts.

There are currently 171 suppliers in total, with 78 suppliers in Fujian Province, 36 suppliers in Guangdong Province, while the rest of the 57 suppliers are scattered throughout other provinces in China.

In the selection of suppliers, the Group has explored efficient and rigorous control methods to constantly improve supply chain management and adopt different management strategies for different types of suppliers to optimize supplier resources and structure. Meanwhile, we continuously support strategic suppliers, and cooperate with upstream and downstream partners to build a high-quality and sustainable food supply chain.

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Moreover, the Group conducted extensive research regarding the suppliers. All related documents of suppliers are incorporated into a database (i.e., qualifications, suppliers score and supplier risk management) as the assessment of suppliers and proof of supplier's social responsibility evaluation and investigation mechanism. At the same time, the Group aims to improve the supplier's social responsibility level through audits, training, counseling and other activities, and take active measures to encourage suppliers to fulfill their social responsibilities. Every year, the Group organizes departments to discuss and analyze vulnerability record of suppliers. The Group may require an inspection of supplier's manufacturing plants or entrust a third-party organization to periodically evaluate and review the supplier's performance of social responsibilities, and the review results can be used as an important basis for supplier selection, order increase, rewards and punishments.

B6 Commitment to product responsibility

Product Quality

Since manufacturing and the sale of confectionary products significantly emphasizes on quality, the Group upholds conscience and highly maintain rigorous control on manufacturing process, creating a trustworthy brand and trust of consumers. The Group continuously improves food health, safety and quality management system, strictly controlling the whole process including product development, production, product testing, transportation and storage, product sales, etc. Below are quality control measures implemented by the Group:

- Creating quality control team;
- Monitoring the quality regularly;
- Setting up quality control management and process;
- Testing products for quality assurance recognized by international standards; and
- Simulating products recalls procedures and process regularly

The product quality of the Group is well-established and well-recognized by various authorities. Over the past, the Group is granted for ISO 9001, ISO 4001, HAAC Food Safety Management Certificate, exporting food hygiene corporation, etc. In addition, the Group has specialized quality management departments and personnel, as well as quality management systems and procedures, and has also passed ISO22000, HACCP and other quality and food safety systems. The Group also established a recall procedure, and organizes a simulated recall every year. To continuously improve its food safety management, the Group monitors the laws and regulations promulgated by national and local regulatory authorities, and strictly abides by the quality and food safety related laws and regulations that apply to the Group, such as the Food Safety Law of the People's Republic of China, the Product Quality Law of the People's Republic of China, the Regulations on the Implementation of the Food Safety Law, GB 14881-2013 National Food Safety Standard General Hygienic Specification for Food Production and Food Hygiene Supervision Program of the People's Republic of China.

For the year ended 31 December 2022, the Group did not receive any material complaints or requests to terminate production due to poor quality and safety. The Group has not issued any product recalls related to safety and health issues. If a complaint should arise, the Company will immediately assess the complaint and conduct an internal investigation into the matter to identify the source of the issues. If the complaint is valid, the Group will immediately provide the relevant solution to solve the issues as soon as practicable.

The Group also acknowledges the importance of intellectual property rights and exercises reasonable care to protect them. The management and relevant departments review contracts entered into with customers and suppliers to ensure the intellectual property rights are properly accounted for. The Group also complies with the Copyright Law of the People's Republic of China in the PRC.

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On the other hand, the Group places great emphasis on protecting its intellectual property rights. To protect the Group's intellectual property and trade secrets, our technology research and development department has established a policy that every employee should abide by when retaining technical documents and keeping them confidential. Under this policy, all intellectual property created by employees during their tenure is owned by the Group and employees may not transfer, sell, use or misappropriate intellectual property without our approval. In order to establish the Group's brand and patent, the Group registers copyrights, trademarks and patents. The Group takes a variety of measures to protect intellectual property rights from infringement, such as strengthening the training of employees in this area and providing their protection awareness. In terms of the Group as a whole, a well-established complete patent and trademark application system and process is in place. In the case of violations, legal measures will be taken to fight back.

All confidential data of customers can only be assessed by the staff who are responsible for the projects for relevant clients. In addition, the Group has adopted confidential data practices for all employees in order to prevent confidential technology and data from misusing. For consumer data and privacy related issue, the Group has recruited IT personnel and external IT expert to be responsible for keeping customer-related information and materials. At the same time, it implements strict approval and registration systems for relevant personnel to retrieve and consult customer information. At the same time, the Group occasionally organizes employees lectures on the protection of personal privacy laws, enhances employees' awareness of protecting customer privacy, improves employees' professional ethics, and effectively ensures the security of customer information.

B7 Anti-corruption

Commitment to Anti-Corruption

The Group is committed to maintaining a high standard of integrity when conducting business as we strongly believe that it is essential to meet the expectations of our stakeholders. As such, the Group has zero tolerance for any violations of business ethics and corruption.

With reference to the Criminal Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Monopoly Law of the People's Republic of China, the Law of the People's Republic of China against Unfair Competition, the Anti-Money Laundering Law of the People's Republic of China and other laws and regulations, the Group has established anti-bribery policy to prevent illegal acts such as bribery, extortion, fraud and money laundering.

To prevent bribery, extortion, fraud and money laundering, the Group has implemented several policies listed below to uphold an integrity workplace:

- Encouraging reporting for bribery, extortion, fraud and money laundering behavior;
- Prohibiting employees to receive gift;
- Prohibiting false expense claim;
- Establishing clear channels for reporting;
- Strong Punishments for bribery, extortion, fraud and money laundering behavior; and
- Implementing whistle-blowing policy

The Group promotes integrity and prevents unethical pursuits. The Group has implemented an effective whistle-blowing policy for reporting fraud, corruption, bribery, extortion and money laundering. When suspected wrongdoings are identified, such as breach of duty, abuse of power, receiving bribes, staff should report to the Board for investigation and verification, and report to the regulator and/or to law enforcement authority, when necessary.

Instructional manuals of the anti-fraud are provided to each employee with trainings on anti-fraud training, laws and regulations, and integrity and ethics educations are provided to employees.

During the year ended 31 December 2022, there were no ongoing or concluded legal cases regarding corruption brought against the Group or its employees during the Reporting Period.

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B8 Community investment

Contributing to the Welfare of Society

The Group encourages its staff to take part in community welfare and voluntary work, and our Directors actively maintain communication with non-governmental organizations to understand community needs for the sake of fulfilling its responsibility and giving back to the society.

During the year ended 31 December 2022, despite being in the midst of a global pandemic, the Group made a donation to support the community services and charitable activities arranged by non-profit organizations and the Government in PRC. The contribution made by the Group during the Reporting Period mainly focused on caring for elderly and women, supporting for education and promoting community development. The donation and community welfare with a total amount of RMB145,000 was made by the Group during the Reporting Period, the amount of which is summarized in the following table:

Activities	Organization	Nature	Donation Amount (RMB)
Membership dues for the Promoting women's empowerment of Luoshan Subdistrict, Jinjiang City (晉江市羅山街道婦女發展促進會會費)	The Promoting women's empowerment of Luoshan Subdistrict, Jinjiang City (晉江市羅山街道婦女發展促進會)	Promoting women's empowerment	20,000.00
Donation to Xukeng Committee (捐贈許坑委員會)	Xukeng Committee (許坑委員會)	Promoting community development	10,000.00
Donation for the Children's Day activities at Yude Elementary School (捐贈育德小學六一活動)	Yude Elementary School (育德小學)	Supporting compulsory education	5,000.00
Visit and bring comfort to the Elderly Associations in Xukeng and Quetang Communities on the Double Ninth Festival (重陽節慰問許坑社區、缺塘社區老人會)	Elderly associations in Xukeng and Quetang Communities (許坑社區、缺塘社區老人會)	Caring for the elderly	10,000.00
Jinjiang Qingyang Education Development Foundation (晉江市青陽教育發展基金會)	Jinjiang Qingyang Education Development Foundation (晉江市青陽教育發展基金會)	Supporting the development of young people	100,000.00

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Awards and Recognition

Throughout the years, the Group has been honored with numerous commendations. These events provide evidence of the Group's commitment in fulfilling its social responsibility and supporting the development of the community through its services. The awards and recognition of the Group during the Reporting Period are summarized in the following table:

Honorary name	Awarding unit	Date of certification
Passionate about sports industry (熱心體育事業)	Awarded by two committees in Quetang communities (缺塘社區兩委會贈)	February 2022
Unfraudulent enterprise (無詐企業)	Quanzhou Municipal Politics and Law Committee of CPC (中共泉州市委政法委) Quanzhou Municipal Public Security Bureau (泉州市公安局) Quanzhou Municipal Administration for Market Regulation (泉州市市場監督管理局)	March 2022
Showing true affection through heartfelt donations (愛心捐贈盡顯真情)	Niekeng Town Committee of the CPC (中共內坑鎮委會)	April 2022
We fight the epidemic together (烽火抗疫有你有我)	Niekeng Town Government (內坑鎮政府)	
Charitable donations to fight against the epidemic (愛心捐贈抗擊疫情)	Fujian Provincial Food Enterprises Association (福建省食品企業商會) Quanzhou Municipal Food Industry Association (泉州食品行業協會) Jinjiang Municipal Food Industry Association (晉江市食品行業協會) Nan'an Municipal Food Industry Association (南安市食品行業協會) Shishi Municipal Food Industry Association (石獅市食品行業協會)	May 2022

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Honorary name	Awarding unit	Date of certification
Caring for education, benefiting the community (情系教育 造福桑梓)	Board of Directors of Gukeng Elementary School in Jinjiang (晉江市古坑小學校董會)	June 2022
2021 Five-star Safe Enterprise with "Six Adherences and Six Nos" (2021年度「六守六無」五星級平安企業)	Jinjiang City Leading Group for Safe Construction (晉江市平安建設領導小組)	June 2022
Passionate about public welfare, boundless great love (熱心公益大愛無疆)	Yuan'ai Service Team, Jinjiang Youth Volunteer Association (晉江青年志願者協會圓愛服務隊) Fushi Team, Jinjiang Yuan'ai Anti-epidemic Volunteer Association (晉江圓愛抗疫志願者福獅志願隊)	August 2022
The 10th Round Quanzhou Municipal Key Leading Enterprise for Agricultural Industrialization (泉州市第十輪農業產業化市級重點龍頭企業)	Quanzhou Municipal Agriculture and Rural Affairs Bureau (泉州市農業農村局) Quanzhou Municipal Finance Bureau (泉州市財政局)	August 2022