



Xiabuxiabu Catering Management (China) Holdings Co., Ltd.

呷哺呷哺餐飲管理（中國）控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 520

# 2023

## Environmental, Social and Governance Report



## ABOUT THIS REPORT

### REPORTING PERIOD

This report covers the period from 1 January 2023 to 31 December 2023, with some information and figures tracing back to earlier years beyond the stated reporting period.

### PUBLICATION CYCLE

This report is an annual report.

### ORGANIZATIONAL SCOPE

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

### COMPILATION GUIDELINES

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

### ESG REPORTING PRINCIPLES

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

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

**Balance:** This report shall provide an unbiased picture of the performance of the Group during the reporting period and shall avoid selections, omissions or presentation formats that may inappropriately influence the readers’ decisions or judgment.

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

### DATA SOURCE

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

### REFERENCE

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

### ACCESS TO THE REPORT

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

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

### STATEMENT FROM THE BOARD

Xiabuxiabu Catering Management (China) Holdings Co., Ltd. undertakes that the Company will strictly comply with the disclosure requirements under the Environmental, Social and Governance Reporting Guidelines issued by the Hong Kong Stock Exchange to prepare the report. Delegated by the Board, the Company conducted the information collection and disclosure of the 2023 ESG. This report has been reviewed and approved by the Board for publication. In FY2024, the board of directors of the Company will further advance its ESG governance system to promote continuous improvement in its ESG performance.



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**Mr. Ho Kuang-Chi**  
Chairman of the Board



## CHAIRMAN'S MESSAGE

2023 was a year of rapid economic recovery and development. Against the backdrop of uncertain market changes and fierce competition landscape, Xiabu Group always adhered to its original aspiration, forged ahead, sought opportunities in reform, sought development in opportunities, continuously made breakthroughs, planned new business layouts, and explored new business directions. As of 31 December 2023, Xiabuxiabu achieved an annual operating income of RMB5,917.96 million, representing an increase of 25.25% as compared to 2022.

**Multi-brands advanced together to boost business growth.** In 2023, Xiabuxiabu's "Returning to the Original Aspiration" reform achieved remarkable results after three years of steady progress, fully leveraging the advantages of high-quality small hotpot, and landing a new restaurant model of "light assets and high returns". The Group's brands such as Xiabuxiabu, Coucou, Shaohot and Tea Mi Tea have moved forward amid fierce competition, becoming the cornerstone of the Group's development and expansion. Among them, Coucou has expanded rapidly and developed steadily, and explored new profit growth points continuously through refined management; Shaohot continues to test and polish while burning to further enhance market competitiveness; Tea Mi Tea, as an innovation of "hot pot +", has strengthened new products strategy with various brands and provided strong support.

**Building an all-round intelligent supply chain to serve the globalisation strategy.** The growth pace of the Group depends on the strength of the supply chain. In terms of supply chain intelligence, the Group has completed the linkage mode of domestic warehouses, bonded warehouses and overseas suppliers after years of investment and layout. We completed the funding plan for supply chain construction, and used big data analysis to improve the layout, design and leasing of dining places through investment analysis. Ximeng Yishun factory carried the Group's mutton supply and the support of other meat and auxiliary material deep processing businesses after adjustment. In 2023, we also established an international business department to meet the domestic market demand while expanding into the international market and better serving the globalisation strategy.

**Deploying digital marketing to support high-quality development.** The total membership of the Group has exceeded 35 million after completing the integration of the Group's multi-brand membership system. In order to further increase customer stickiness and provide a better dining experience for loyal customers, the Super Membership all-you-can-eat card jointly created by the Group and five major brands was officially launched in 2023, with a cumulative sales volume of nearly million units within six months of its launch, and achieved a revenue of RMB150 million.



## CHAIRMAN'S MESSAGE

**Strict enforcing food safety management to wholeheartedly serve consumers.** So far, we have been adhering to direct chain operation, strictly controlling the ingredient procurement, adhering to centralised distribution, continuously developing new dishes, improving the dining environment and developing new brands. In terms of implementing food safety management, we took practical measures to strictly control the management of suppliers at the source of procurement, and ensured that the products meet the Company's standards by flight inspections and other means. At the same time, we spent millions of dollars every year to hire external third-party professional testing agencies to conduct product testing, so as to ensure the food safety and health.

**Adhering to the mission of sustainable development, attaching great importance to green and low-carbon transformation.** Adhering to the mission of sustainable development, we carried out the comprehensive green transformation of the whole catering industry chain, actively responded to the national policies such as "Carbon Peak and Carbon Neutrality", "restriction on use of disposable plastic products" and "anti-food waste", and actively gave full play to the advantages of brand communication. We conveyed the new fashion concept of saving food and opposing waste to our consumers through restaurant publicity and the Group's voice. Based on the core business model of "one person, one pot", we achieved nutritional matching and reduced food waste through product development and menu design. We made technological reforms and equipment updates to improve resource utilisation efficiency, reduced carbon emissions, strengthened low-carbon and green operation management concepts, and combined green transformation with cost reduction and efficiency enhancement.

**Participating in various public welfare activities and never forget the responsibilities.** We never forgot the corporate responsibility and commitment during our constant development, and participated in various public welfare events. In 2023, the Beijing-Tianjin-Hebei flood affected people's hearts, demonstrating the responsibility and courage of Xiabuxiabu people in the face of the disaster. We donated RMB1 million in cash and urgently allocated 100 tonnes of lamb meat; our operational partner endeavored their best effort to go to the front line of disaster relief, and sent 500 warm hot pot meals to the victims of the disaster through the assault boats and kayaks after several twists and turns.

Ushered in Xiabuxiabu's 25th anniversary, we have always adhered to our dreams, upheld our original aspirations, continued to scale up with the spirit of being persistent and made brilliant achievements finally. We also kept in mind that the market, environment and consumers were constantly changing and iterating. Amid of the new situation, we must keep calm thinking and make accurate judgment. Against the backdrop of challenging environment, we sought new development opportunities, tapped our own advantages, and worked with all stakeholders to maintain Xiabuxiabu's continuous leadership and development.

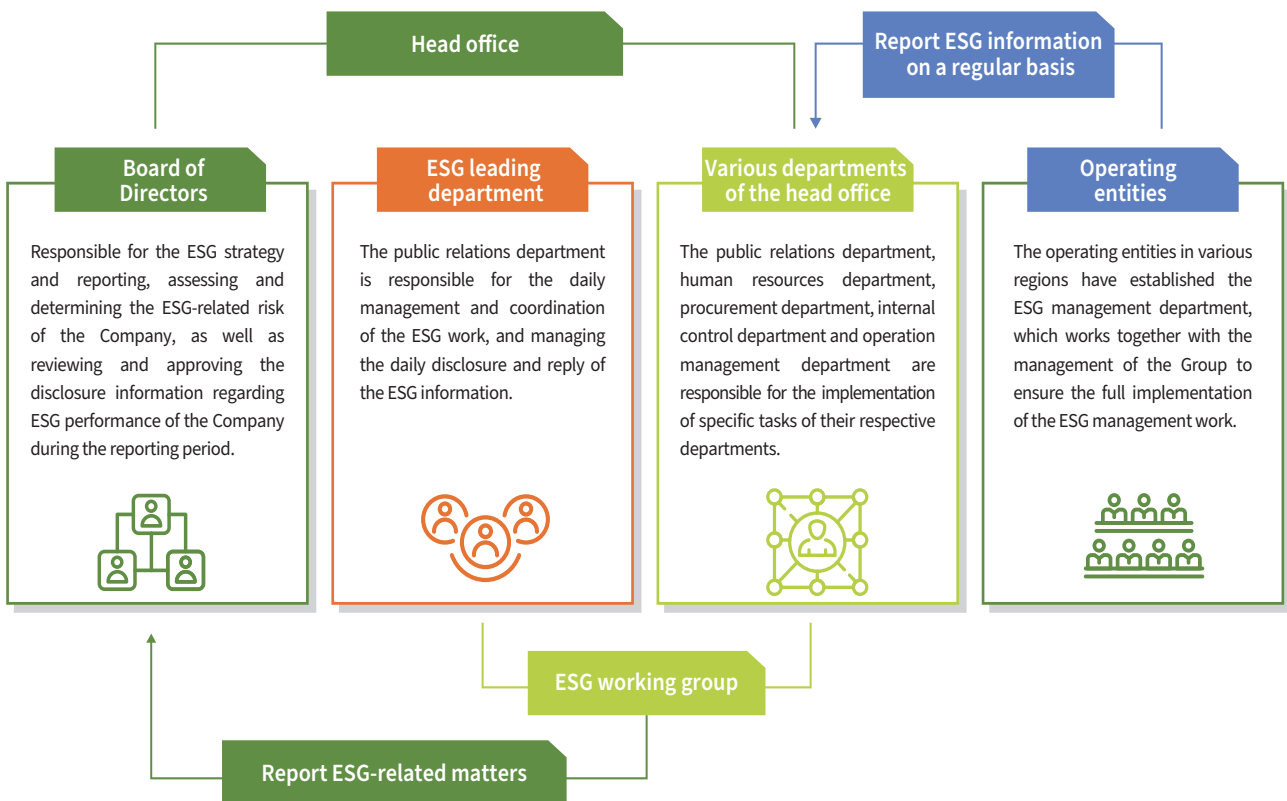


# ESG MANAGEMENT

## ESG MANAGEMENT MECHANISM

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

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

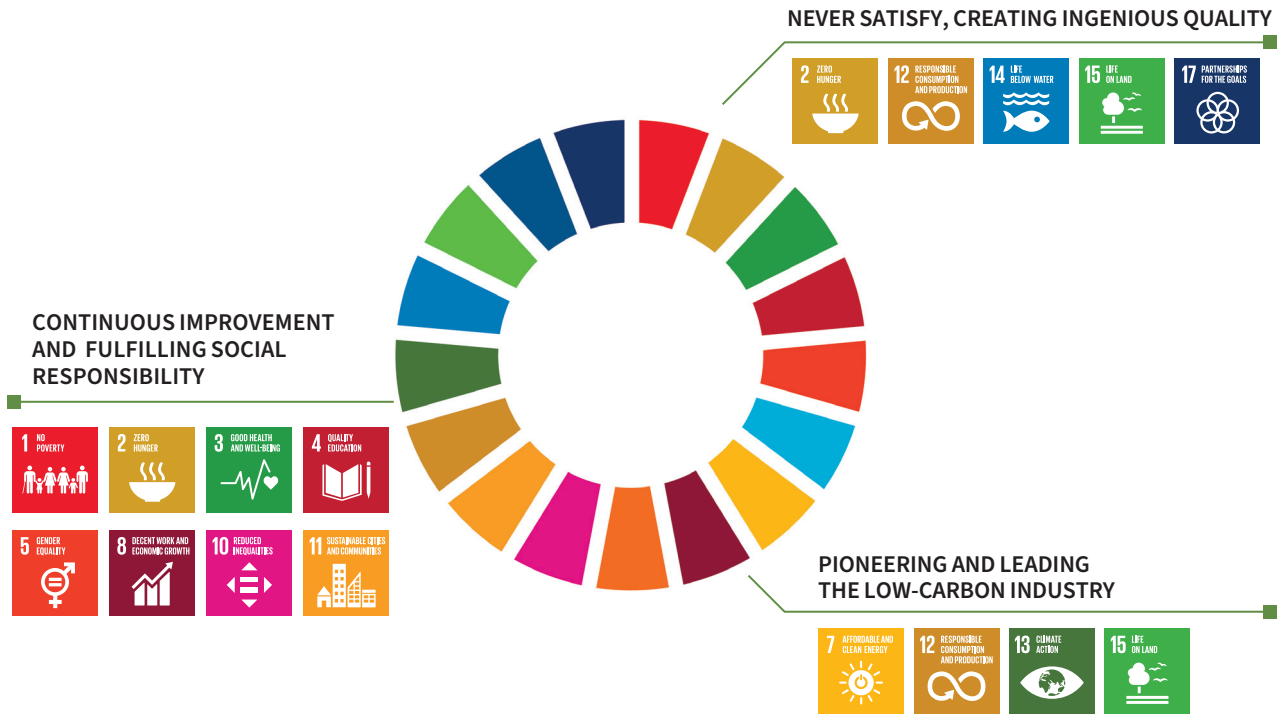


ESG MANAGEMENT

CONTRIBUTION TO UN SDGS

The United Nations has proposed 17 sustainable development goals, which not only portray the blueprint for a better future for mankind, but also reveal the current challenges faced by the world. Guided by the United Nations’ sustainable development goals, Xiabuxiabu contributes to the 14 goals including no poverty, zero hunger, and good health and well-being, reflecting the social value of a responsible enterprise and creating a better future together with all sectors of society.

Xiabuxiabu’s response to the sustainable goals:





ESG MANAGEMENT

**STAKEHOLDER COMMUNICATION**

Maintaining communication with stakeholders and actively responding to the demands of stakeholders is an important cornerstone for Xiabuxiabu to practise ESG management. We actively take the suggestions of all stakeholders into consideration. Through diversified communication channels, the Company maintains its communication with the government and regulatory authorities, investors, consumers and other stakeholders, continuously listens to the expectations and demands of stakeholders, and responds to their opinions in a timely manner. While operating in accordance with laws and regulations, we also fulfil our society responsibility and co-create sustainable value.

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

Stakeholders	Communication mode	Expectations and aspirations	Our response
Government and regulatory authorities	<ul style="list-style-type: none"> <li>Daily communication</li> </ul>	<ul style="list-style-type: none"> <li>Government and regulatory authorities</li> </ul>	<ul style="list-style-type: none"> <li>Daily communication</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Regular information disclosure</li> <li>General meetings</li> <li>Daily communication</li> <li>Official website</li> <li>Dedicated Investor Relations Contact Information</li> </ul>	<ul style="list-style-type: none"> <li>Satisfactory operating results</li> <li>Sustained and steady growth</li> <li>Operation with integrity and transparency</li> </ul>	<ul style="list-style-type: none"> <li>Constantly improving our ability to create value</li> <li>Enhancing corporate risk management</li> <li>Promoting transparent and open information disclosure</li> <li>Enhancing investor management</li> </ul>
Media and non-governmental organisations	<ul style="list-style-type: none"> <li>Social media</li> <li>Press conference</li> <li>Seminars</li> <li>Official websites</li> </ul>	<ul style="list-style-type: none"> <li>Propagating corporate strategic plan to external parties</li> <li>Obtaining public awareness of the Company and its brands</li> <li>Establish a convenient, smooth and reasonable communication mechanism with the public</li> </ul>	<ul style="list-style-type: none"> <li>Establishing domestic and foreign media matrixes</li> <li>Holding press conferences regularly</li> <li>Releasing corporate strategic information regularly</li> <li>Regularly participating in seminars, etc. for further engagement with the public</li> </ul>

## ESG MANAGEMENT

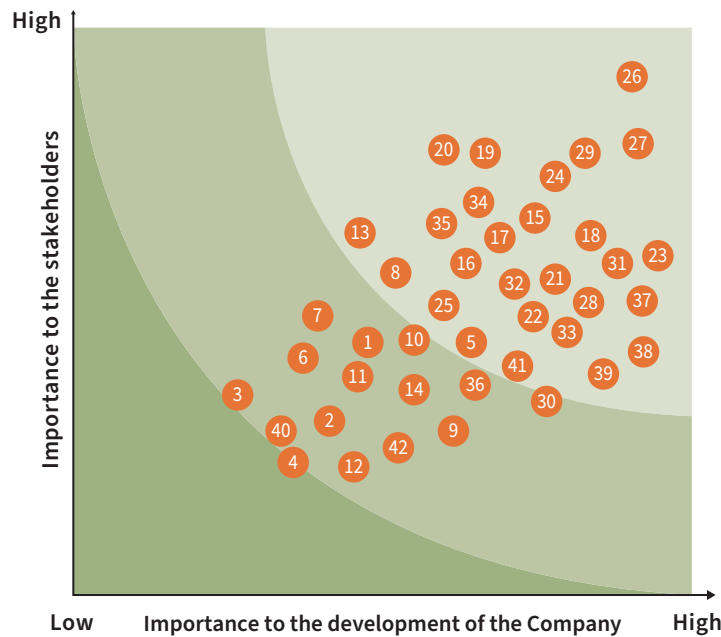
Consumers	<ul style="list-style-type: none"> <li>• Message interaction through customer service hotline, official Weibo account and WeChat account</li> <li>• Customer satisfaction survey</li> <li>• Communication in restaurants</li> </ul>	<ul style="list-style-type: none"> <li>• Food safety</li> <li>• Efficient and quality service</li> <li>• Nutritious, healthy and diversified product mix</li> <li>• New brand building</li> </ul>	<ul style="list-style-type: none"> <li>• Directly-operated chain restaurants</li> <li>• Implementing strict control over food procurement</li> <li>• Adopting centralised distribution approach</li> <li>• Elaborately preparing ingredients</li> <li>• Researching and developing new products</li> <li>• Developing new brands which adapt to the market</li> <li>• Optimising dining environment</li> <li>• Safeguarding consumers' rights and interests</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Advocating the concept of environmental protection</li> <li>• Adhering to the strategy of sustainable development</li> <li>• Disclosure of environmental information</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting energy conservation and emission reduction, and promoting low-carbon lifestyle</li> <li>• Emission of greenhouse gas (GHG)</li> <li>• Kitchen wastes generated</li> <li>• Energy consumption</li> <li>• Resource conservation</li> <li>• Sticking to the strategy of green sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting environmentally friendly and low-carbon restaurant operation</li> <li>• Strictly managing treatment of kitchen wastes</li> <li>• Garbage sort-out</li> <li>• Reducing use of plastic products and generation of wastes</li> <li>• Actively advocating the concept of green office</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Training exchange</li> <li>• OA platform announcement and feedback</li> <li>• Team building activities</li> <li>• Regular communication with new employees</li> <li>• Performance management mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• Protecting the legitimate rights and interests of the employees</li> <li>• Remuneration and benefits</li> <li>• Providing fair and equal employment opportunities</li> <li>• Providing diversified development and promotion opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Implementing fair recruitment practice</li> <li>• Providing diversified training and study programs</li> <li>• Providing smooth career development path</li> <li>• Organising staff activities to promote a healthy work-life balance</li> </ul>
Suppliers and business partners	<ul style="list-style-type: none"> <li>• Supplier assessment</li> <li>• Cooperation agreements</li> <li>• Regular visits</li> </ul>	<ul style="list-style-type: none"> <li>• Fair procurement policy and fulfillment of promises</li> <li>• Ensuring food quality and safety</li> <li>• Local procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing procurement management</li> <li>• Implementing "farm-to-table" project</li> <li>• Implementing global procurement</li> <li>• Implementing fair and open procurement</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Community activities</li> <li>• Community services</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting safety compliance operation</li> <li>• Organising activities for community charity to promote community harmony</li> <li>• Implementing green operation</li> </ul>	<ul style="list-style-type: none"> <li>• Opening restaurants in communities</li> <li>• Enhancing restaurant safety management</li> <li>• Organising public welfare activities</li> </ul>

ESG MANAGEMENT

**MATERIALITY ISSUES ANALYSIS**

With reference to the Environment, Social and Governance Reporting Guide as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the international standards, Xiabuxiabu carried out assessment and analysis on the ESG-related issues through questionnaire survey, interview, communication and other means led by the ESG Working Group based on their respective importance to the stakeholders and the Company, and sorted out and prepared the below ESG materiality matrix.

During the reporting period, on one hand, the Group sorted out the concerns over the Company by the stakeholders of various department during the daily operation, and on the other hand, handed out questionnaires to the stakeholders such as the government and regulatory authorities, investors/shareholders, the Board, employees, consumers, suppliers, business partners, peer companies, the public, media, non-governmental organisations and the experts. The survey results from communication with internal and external stakeholders served as the basis for the preparation of ESG-related issues focused by the stakeholders. We developed the ESG materiality matrix of the Group through assessment, identification and sort-out of these issues. In 2023, the Group identified a total of 42 issues, distributed and collected 300 valid questionnaires. The materiality issue matrix formed is shown in the following figure.



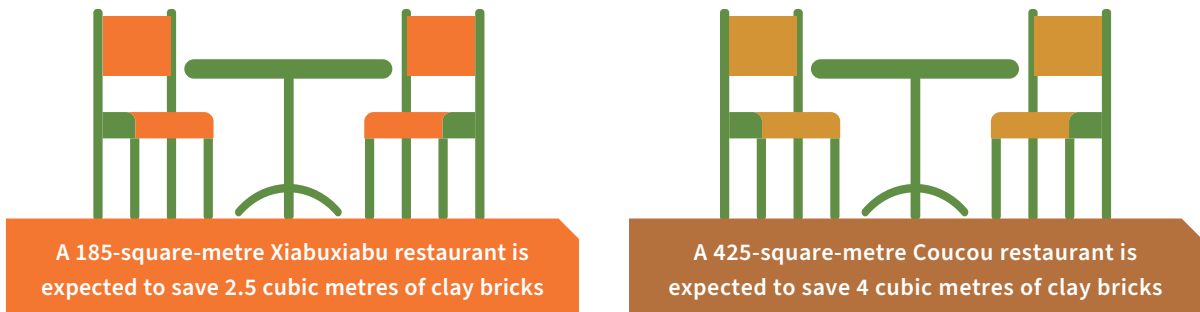
- |   |   |  |
|---|---|--|
| 1. ESG concept and strategy   | 15. Employees health and safety                   | 29. Consumer satisfaction                      |
| 2. ESG governance structure   | 16. Protection of employees' rights and interests | 30. Reasonable publicity                       |
| 3. The board of directors participates in ESG management                | 17. Employee welfare and care                     | 31. Product development and innovation         |
| 4. Stakeholder engagement   | 18. Staff development and training                | 32. Data security and privacy                  |
| 5. Business ethics  | 19. Eliminate the use of child labor              | 33. Protection of Intellectual Property        |
| 6. Control of GHG emission  | 20. Eliminate forced labor                        | 34. Food nutrition and health                  |
| 7. Emissions management   | 21. Fair and open procurement                     | 35. Food Waste                                 |
| 8. Compliance of environmental protection                               | 22. Supplier screening                            | 36. Digital transformation                     |
| 9. Establishment and achievement of environmental protection objectives | 23. Supply chain risk management                  | 37. Anti-corruption supervision and management |
| 10. Energy and resources management                                     | 24. Responsible food procurement                  | 38. Anti-corruption report                     |
| 11. Protection of environment and natural resources                     | 25. Green procurement                             | 39. Anti-corruption training                   |
| 12. Climate change risk mitigation                                      | 26. Food safety                                   | 40. Rural revitalization                       |
| 13. Packaging materials and waste                                       | 27. Quality of products and services              | 41. welfare activities                         |
| 14. Diversified employment  | 28. Comfortable dining environment                | 42. Voluntary activities                       |

## THEME 1: GREEN DESIGN TO BUILD AN ENVIRONMENTALLY FRIENDLY RESTAURANT

For a better future, Xiabuxiabu expects to cooperate with upstream and downstream partners to enhance the energy conservation and emission reduction awareness, bring customers a reassuring, comfortable and sustainable dining experience, embrace life in a green and low-carbon way, and integrate environmental-friendly experience into the entire journey of customers' dining from the moment of entering the restaurants,

### TECHNOLOGICAL BREAKTHROUGHS

In 2023, the Company continued to promote energy-saving technology improvement, integrated green concepts into restaurant design, and made breakthroughs in new technologies, new processes and new materials, so as to improve the dining environment for customers while delivering environmentally friendly information and establishing a brand image. In the past, when decorating storefront, clay bricks were usually used to build the guide wall base. With the continuous deepening of the concept of taking low-carbon as the goal, considering the significant impact of the manufacturing process of clay bricks on the environment, the Company decided to use template prefabrication and shaping, and replaced it with on-site mixing and pouring of fine aggregate concrete. It is estimated that:



### ENVIRONMENTAL ENCYCLOPEDIA: THE HAZARDS OF CLAY BRICKS

Since clay bricks are mainly produced by sintering with excavated soil, the production of a clay brick usually consumes 2.25 kg of clay, which can easily cause damage to soil and vegetation, leading to serious environmental problems such as soil erosion. The firing process consumes a large amount of fossil, and the exhaust gas generated further pollutes the environment.

In order to save and replace solid wood resources, maintain ecological balance, promote the sustainable use of forest resources, and meet the decoration needs, the Company plans to increase the use of synthetic wood and composite decorative panels to reduce the use of solid wood. Compared with solid wood, synthetic composite wood overcomes the characteristics of thermal expansion and contraction deformation of solid wood, while also having higher stability and durability. The production process makes rational use of waste wood, improves resource utilization efficiency, and reduces the consumption of forest resources, further promoting green and low-carbon development.

## THEME 1: GREEN DESIGN TO BUILD AN ENVIRONMENTALLY FRIENDLY RESTAURANT

### EQUIPMENT UPGRADE

The daily operation of the restaurant involves all kinds of equipment, with energy conservation and carbon reduction as the core, the Company vigorously makes the updates and renovations of equipment to reduce the carbon emissions of energy consumption during the operation process.

#### Lamps

LED lamps have lower power and higher light efficiency, which can save more energy compared to traditional lamps, and do not contain harmful elements such as mercury and xenon gas, do not generate electromagnetic radiation, and have low environmental pollution. Therefore, the Company is gradually promoting the replacement of traditional lamps with LED lamps.

- The Company's headquarters replaced the original traditional grille lamp panels with LED light sources
- Coucou uses LED decorative ceiling lamps to replace traditional metal halides and bucket decorative lamps

**Each Coucou restaurant can save approximately 15,417 KW.h of electricity per year**



LED lamps for Coucou restaurants

#### VFACs

The Company is also renovating the air-conditioning equipment in restaurants, gradually replacing the fixed frequency air conditioning system with the variable frequency air conditioning system, and replacing the Freon refrigerants with R410A refrigerants. By adjusting the operating speed of the air conditioning compressor with the built-in frequency converter, the compressor can maintain a stable working condition. Therefore, compared with fixed frequency air conditioners, variable frequency air conditioners can save more than 30% energy, have low vibration and noise, and also can reduce noise pollution and improve the comfort of the dining environment. When the Freon refrigerant in traditional air conditioning is vaporized, it will destroy the ozone layer. The R410A refrigerant used after the replacement is non-flammable and has high heat transfer efficiency, which reduces environmental pollution and improves resource utilization efficiency.

In terms of water resource conservation, the Company plans to replace the restaurant's outdoor faucets with water-saving faucets to increase the pressure of water output and disperse water flow, so as to reduce water consumption. Water-saving faucets save about 30% of water compared with ordinary faucets. It is estimated that each restaurant will save about 27.3 litres of water per day after replacement. In order to vigorously promote energy conservation and consumption reduction and achieve low-carbon goals, the Company widely uses cold storage. The Company attempts to replace traditional cold storage with energy-saving cold storage, and uses advanced refrigeration technology to adjust refrigeration and defrosting according to the actual situation of the cold storage, so as to achieve energy consumption reduction and improves resource utilization efficiency.

## THEME 1: GREEN DESIGN TO BUILD AN ENVIRONMENTALLY FRIENDLY RESTAURANT

### PREFABRICATED DECORATION

Green, low-carbon and energy-saving have always been the goals pursued by the Company on a sustainable path. Prefabricated decoration provides a standard framework for the design and construction of green restaurants.

Design standardisation, production industrialization, prefabricated mass quantification, construction modularization and implementation integration are the underlying logic for the Company to adopt prefabricated decoration. In the design stage, our team strives to reduce waste by adopting customised design and automatic CNC production lines, while using customised specialized interfaces, profiles, keel and other accessory processes to reduce the transportation, cutting, welding and assembly of materials such as sand and gravel on site. Customised prefabricated decoration reduces on-site construction time and construction waste in restaurants, and effectively controls environmental pollution, which is another step forward for our environmentally friendly restaurants.

Taking green design and construction as the starting point, Xiabuxiabu continuously explores new models of environmentally friendly and green restaurants, and gradually promotes them to all new restaurants and renovated and upgraded restaurants, making continuous contributions to the low-carbon development path of the catering industry and endowing catering consumption with more green significance.



Picture Prefabricated decoration



## THEME 2: DIGITALIZATION SUPPORTS HIGH-QUALITY DEVELOPMENT OF CATERING INDUSTRY

Deputy chairman of China Cuisine Association: “The digital economy played a significant role in achieving economic recovery and promoting sustainable development. Key leading catering enterprises became the pioneers in exploring the latest digital measures, so as to support the reviving of catering consumption as well as effectively promoting high-quality growth in the industry.”

Yuncheng (雲程), chairman of Beijing Cuisine Association: “Xiabuxiabu’s focus on member digital marketing can effectively enhance the Company’s competitive strengths in the industry, improve its risks resistant capability in the post-pandemic era, and greatly meet the diversified and personal dining needs of consumers, which bringing higher repurchase rate, brand loyalty and stickiness, bringing new income sources and growth momentum to the Company, and is a good practise and exploration of digitalization to support the reviving of catering consumption.”

### FOCUSING ON DIGITAL DEVELOPMENT

As a leading enterprise in the catering industry, Xiabuxiabu attaches great importance to the core interests of customers, leads the new growth of digital and integrated marketing in the industry with innovative ideas, and initiates digital transformation and upgrading.

Xiabuxiabu has built a brand-new membership system of the Group since 2022, covering the membership levels, membership benefits and membership assets of the Group’s five major brands, so as to realise the mutual exchange and sharing of single brand and multi-brand traffic, and pioneered the cross-brand integrated marketing model of the catering industry group. At the same time, we strengthened the internal digital development of the Company and promoted efficient and sustainable management. Since then, Xiabuxiabu has entered a new era of digitalization leading the development of the entire catering industry chain.

### CONSTRUCTION OF DIGITAL SYSTEM

Xiabuxiabu has gradually established a digital system with ERP system as the core, connecting end-to-end data. The Company optimised the digital management of internal personnel, property and materials and reconstructed the e-HR system and BOH system to provide stable basic support for business development, and implemented unified entrance management, achieving more data and less people running errands. In 2023, the Company built a contract management system to manage and control all businesses based on the contract management system, reduced the risk of business management and control, reserved the ability to electronically sign contracts, and prepared for future contract digitization. On the supply chain side, Xiabuxiabu refined warehousing management through the WMS system, achieving first-in-first-out and batch management, and truly achieving traceability of goods.



E-HR system

## THEME 2: DIGITALIZATION SUPPORTS HIGH-QUALITY DEVELOPMENT OF CATERING INDUSTRY

The Company is committed to creating more three-dimensional and efficient business scenarios for people, goods and venues. Based on our globalisation strategy, we have developed a globally unified multi-brand membership system to reach consumers based on mini programmes and apps. By building a private domain operation system, we continuously expand the private domain traffic pool, and continuously provide strong business decision-making support through the capabilities of digital warehouses and data analysis of BI tools. In order to improve customer experience, we continue to optimise the mini-programme ordering system, and will implement electronic invoices in the future to facilitate customers to issue invoices as well as achieving paper savings.



APP homepage



APP active page

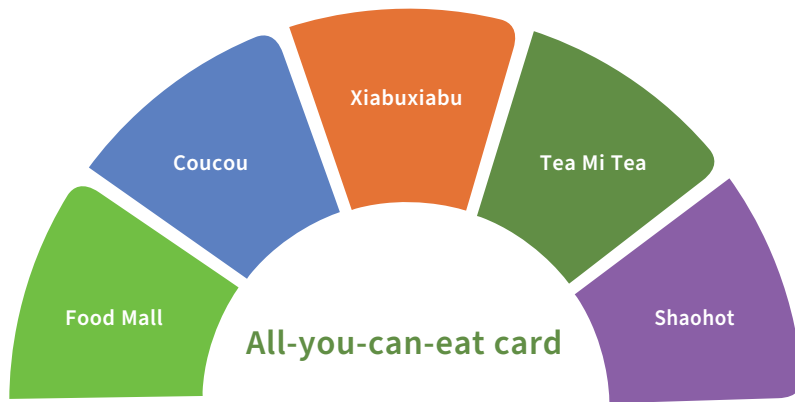
We gradually promoted the construction of the information system and responded to the challenges and opportunities in the digital development process scientifically and effectively. The Company attached great importance to the change of personnel philosophy, built a large-scale project review mechanism, made decisions based on scientific argumentation and judgment, and incorporates IT project indicators into the assessment of business performance to promote employee motivation. In order to achieve stable and reliable data interaction among the systems, we planned the construction sequence between each system, strengthened the standard APIs construction of internal systems, avoided data differentiation caused by multiple data sources, ensured the smooth flow of business information flow, and provided accurate and timely feedback. In order to promote data standardisation and system sustainability, we have established a system operation and maintenance system, adhere to standardised management, promote the construction of a knowledge base system, and continuously calibrate and maintain data quality to provide correct guidance for business decision-making. The launch of the All-you-can-eat card and the establishment of a smart logistics system marked a new stage of digital development for Xiabuxiabu.



THEME 2: DIGITALIZATION SUPPORTS HIGH-QUALITY DEVELOPMENT OF CATERING INDUSTRY

ALL-YOU-CAN-EAT CARD

On 20 May 2023, Xiabuxiabu launched the Multi-brand Universal Super Benefit Card, namely all-you-can-eat card, which integrated its five major brands of Xiabuxiabu, Coucou, Shaohot, Tea Mi Tea, Food Mall. Unlike the existing single-brand membership cards in the industry, it integrated products, experience and cost-effectiveness. The dining benefits of All-you-can-eat card are more comprehensive and the consumption experience is more exclusive. Xiabuxiabu rewards users with attractive prices and more precise service strategies to meet the dining needs of current users, and deeply focuses on targeting high-net-worth users, ensuring user repurchase, brand loyalty and stickiness.



All-you-can-eat card adopted a unified theme, unified promotion and unified vision for the external integrated marketing of the Group, and pioneered the integrated marketing of the catering industry group to explore a new growth engine of digital integrated marketing, which represented the strategic determination of the Xiabuxiabu Group's digital transformation.

**In 2023, 720,000 cards were sold, and the membership fees exceeded RMB150 million.**

After more than half a year of digital operation, we have cultivated a group of high-value members.



## THEME 2: DIGITALIZATION SUPPORTS HIGH-QUALITY DEVELOPMENT OF CATERING INDUSTRY

## SMART LOGISTICS

Xiabuxiabu attached great importance to the construction of a smart logistics system and regarded smart logistics as the best entrance for Xiabuxiabu's digitalization. Through the TMS transportation management system, we digitally controlled and ensured that at least 150,000 tonnes of fresh ingredients enter consumers' dining tables every year.

TMS TRANSPORTATION  
MANAGEMENT SYSTEM

- For vehicles in logistics operations, it can only be dispatched, route optimization, personnel management, expense estimation and settlement, temperature control and early warning, full name management, so as to improve logistics operation efficiency.

## GPS MONITORING SYSTEM

- Use Beidou positioning system to control the operation status of vehicles at any time, and check the trajectories and real-time positions online.

TEMPERATURE MONITORING  
SYSTEM FOR TRANSPORTATION  
VEHICLES

- In order to ensure that the temperature control of cold chain transportation meets the standards, all cold chain transportation service vehicles in Xiabuxiabu supply chain have installed vehicle temperature control system.



In the future, Xiabuxiabu Group will embrace market changes and consumer needs with a more open and innovative attitude, and make more contributions to promoting the digital, intelligent and high-quality development of the catering industry.

# 1 ABOUT US



## ABOUT US

### 1.1 COMPANY PROFILE

Xiabuxiabu was founded in Beijing in November 1998 and was listed on the Main Board of the Hong Kong Stock Exchange on 17 December 2014. After more than 20 years of development, Xiabuxiabu Group has become a catering group with multi-brand operation and full industry chain layout, and is known as the “first stock of chain hot pot” in the industry. The business scope covers the entire catering industry chain, including brand catering operation, meat processing, supply chain circulation, channel sales, engineering design and commercial real estate. The restaurants are all developed by direct chain stores, with a layout covering 25 provinces in China, including Hong Kong, China and Taiwan, China, and exploring international markets such as Singapore. At present, the total number of restaurants in Xiabuxiabu Group reached nearly 1,200, with an annual revenue of nearly RMB6 billion and nearly 30,000 employees.

In the field of branded catering, the Group has successively launched the Taiwanese-style small hotpot “Xiabuxiabu”, light luxury Taiwanese-style hotpot with ingredients “Coucou”, Happy Barbecue “Shaohot” and the new tea drink “Tea Mi Tea”, etc.; in the new retail sector, we also launched the “Xiabu Food” and “Yixin Chu” brands, focusing on hot pot soup bases, dipping sauce, prepared dishes, convenience food and others; based on more than 20 years of experience in catering design and decoration, Xiabuxiabu Group has also established a design and engineering company in May 2021 to enter the catering industry’s decoration and design engineering sector with a market size of RMB100 billion. Currently, it has served multiple well-known catering brands.

The Group ranks among the “Top 100 Restaurant Brands in China”, and has successively won the honorary titles of “Top 10 Business Brands in Beijing”, “Top 10 Restaurant Brands in Beijing” and “Top 50 Catering Enterprise (Group) in Beijing”. Xiabuxiabu has always been committed to the mission of “enabling more people to enjoy health, nutrition, taste and fashion”, and has always adhered to the corporate spirit of “endless pursuit of excellence” to keep the feet on the ground. We always practise the core values of “unity, pragmatism, integrity, diligence and creativity” and work hard to achieve the goal that “Where there are Chinese, there will be Xiabuxiabu restaurants”, embrace the unknown and keep moving forward, so that China’s food culture can go global.

ABOUT US

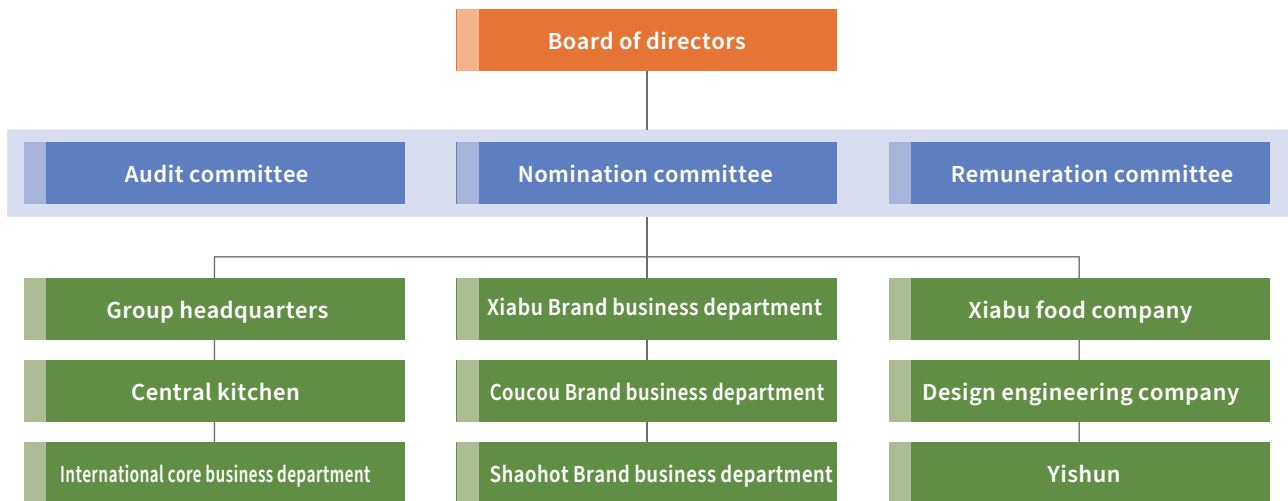
Development history of the Group

- 1998 ▶ We launched the Taiwanese-style “Xiabuxiabu” mini hotpot brand and pioneered the “choosing your own pot” mini hotpot business model
- 1999 ▶ The first restaurant of Xiabuxiabu – the Restaurant at Pearl Xidan, Beijing was officially opened
- 2003 ▶ Xiabuxiabu became a well-known hotpot brand in Beijing with its distinctive business mode of “choosing your own pot”
- 2008 ▶ We introduced institutional capital to accelerate expansion, and gained financial support from Actis (a global emerging market private equity fund)
- 2009 ▶ Xiabuxiabu entered into the rapid development stage and was ranked as one of the top 100 restaurant brands in China
- 2013 ▶ Xiabuxiabu had become one of the major chain catering enterprises in China with a total of over 400 restaurants
- 2014 ▶ Xiabuxiabu was successfully listed on the Main Board of Hong Kong, making it the first listed chain hotpot brand in China on the HKEX
- 2016 ▶ We launched the light luxury Taiwanese-style hotpot brand with ingredients “Coucou”, officially entered the mid-to-high end sector of catering, and launched the multi-brand strategy
- 2017 ▶ We deployed new retail channels, successively launched the “Xiabu Food” “Yixin Chu” brands
- 2019 ▶ We deployed upstream supply chain and fully acquired the national agricultural industrialization enterprise Xilin Gol League Yishun Halal Meat Co., Ltd.
- 2021 ▶ We launched the expansion strategy of “expansion into the Eastern regions and entering the Southern regions”, accelerating internationalization and digital transformation, and established Xiabu (Shanghai) Design & Engineering Co., Ltd., officially entering the catering industry’s decoration sector with a market size of RMB100 billion
- 2022 ▶ We launched a new brand of happy barbecue “Shaohot”, deployed the mid-to-high end barbecue sector  
▶ launched a multi-brand members system to digitally lead the development of the entire catering industry chain  
▶ and initiated the “Beijing-Shanghai Dual Headquarters” management model to facilitate the southward and overseas expansion
- 2023 ▶ Planned expansion of 186 restaurants throughout the year  
▶ Established Hong Kong, Macau, Taiwan and International Business Departments to initiate global expansion  
▶ Launch of Xiabuxiabu’s first restaurant in Singapore and first restaurant in Taiwan  
▶ Take the lead in promoting the cross-brand paid membership model, focusing on digital membership marketing

## ABOUT US

### 1.2 CORPORATE GOVERNANCE

Xiabuxiabu has established a comprehensive organisational structure to meet the compliance requirements, and makes necessary adjustments in a timely manner according to its own development needs. The Board is responsible for guiding and supervising the overall business development of the Company, and has established the Audit Committee, the Nomination Committee and the Remuneration Committee. In addition to the functional departments of the headquarters, the Company has also established the Xiabuxiabu Business Department, the Coucou Business Department and the Shaohot Business Department, which are specifically responsible for the operation and management of their respective brands.



#### • Board diversity

Xiabuxiabu believes that board diversity is an essential element in maintaining the Company's competitiveness and achieving sustainable development. Therefore, we have formulated and adopted a board diversity policy. When determining the composition of the Board, we consider board diversity from multiple aspects including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills, qualifications, knowledge and length of service as well as time commitment to serve as a director of the Company. To maintain and achieve gender balance in the Board, female directors account for 50%. The Directors have diverse educational backgrounds in economics, business administration and law, involving various industries such as catering, accounting and financial management. The diversified background of Directors provides governance and development advices from different perspectives for the Company.

### 1.3 COMPLIANCE OPERATION

Xiabuxiabu always insists on lawful and compliant operations, establishes and maintains appropriate and effective risk management system and internal control system, ensures that each management process is interconnected and develop in a virtuous cycle, abides by business ethics, continuously strengthens the construction of anti-fraud system, actively carries out anti-corruption training, and promotes the quality and efficiency of various business management. At the same time, we also pay attention to the establishment and maintenance of our own brand image, protect the Company's intellectual property rights from infringement, and safeguard our legitimate interests.

#### • Business ethics

Xiabuxiabu strictly abides by the Company Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the Criminal Procedure Law of the People's Republic of China, the Anti-money Laundering Law of the People's Republic of China and other laws and regulations in China. In addition, the Company stepped up efforts in the establishment of anti-fraud system, continued to perfect its internal management system, strengthened the integrity awareness among the employees, and conducted the anti-fraud inspections. At the same time, an independent risk-oriented internal control system featured with the separation of decision-making, execution and supervision has been formed to identify fraud risks. A prevention-oriented approach with complementary efforts of cracking down has been in force to root out any corruption and fraud. During the Reporting Period, the Company has not been involved in any corruption case which has entered into litigation proceedings.

ABOUT US



IMPROVE THE ANTI-FRAUD SYSTEM

Xiabuxiabu has publicly released the “Anti-Corruption and Integrity Statement” and required cooperative suppliers to sign the “Anti-Commercial Bribery Agreement” and the “Supplier Integrity Commitment”. Xiabuxiabu has joined certain enterprise anti-corruption organisations such as the “Trust and Integrity Enterprise Alliance” and the “Enterprise Anti-fraud Alliance”, and included those suppliers and staffs who violate the integrity principle into the blacklist of the platform, so as to promote resource sharing, strengthen exchange, sharing and learning of enterprise anti-fraud experiences.



REVISE THE ANTI-FRAUD SYSTEM

The Company has revised the Integrity and Reward Measures for Whistleblowing of Xiabu (《廉潔呷哺舉報獎勵制度》) to further strengthen the supervision of anti-corruption and integrity, broaden the supervision channels, timely identify and master clues of violations of laws and disciplines and other staff, and ensure the fairness, justice and integrity of the Company’s project. We encouraged our staff to report any breach of law, illegal suppliers and illegal supervisors, so as to protect the legitimated rights and interests of the Company.



STRENGTHEN THE INTEGRITY AWARENESS AMONG THE EMPLOYEES

All new employees learn and sign the Employee Manual and the Code of Business Ethics and Conduct when they join the Company. Full-time employees have completed integrity courses through Xiabu Academy, and have also participated in online quizzes. In 2023, we updated anti-corruption and integrity training courseware, supporting videos and test questions. During the festive holidays, the internal platform carried out anti-corruption posters, strengthened publicity and education, and encouraged employees to actively refuse supplier gifts/cash gifts.



CONDUCT ANTI-FRAUD INSPECTIONS

The Company carries out special investigation on any corruption and fraud cases, puts a priority on the investigation on corruption and fraud cases, and imposes heavy punishments on those who violate relevant disciplines, so as to facilitate our anti-fraud efforts.

## ABOUT US

Anti-corruption trainings conducted during the year are as follows:

	Unit	2023
Number of anti-corruption training conducted	time	3
Number of trainees participating in anti-corruption training	person-time	5,294

### • Risk management

#### *Establish risk management-oriented internal control management*

Starting from key links and key business areas, we monitor high-risk areas in the production, operation and management process, and regularly analyse and evaluate major risks to avoid the occurrence of substantial defects. We analyse the existing events or potential major and important risks, develop countermeasures, solutions or improvement measures, gradually promote the organic integration of internal control management and risk management, and further improve risk prevention and resilience capabilities.

In 2023, we built a risk management framework based on the Company's development strategy and risk preferences, business segments, organisational structure and financial importance level, and carried out inherent risk identification and assessment, control measure effectiveness evaluation, residual risk assessment and continuous supervision, covering a total of 9 modules including company level, supply chain management, research and development management, quality management, store development and market operation; we closely participated in 47 key business processes such as asset requisition, procurement, engineering management, contract and intellectual property rights, new site renewal and closure, market activity management, research and development management, and system/special approval. Following closely with business development, we evaluated and supervised the effectiveness of control measures, especially timely supervision, early warning, intervention and control measure optimisation of relevant processes involving operational risks.

#### *Improve the operation and management mechanism based on internal control*

Xiabuxiabu always attaches great importance to the construction of the internal control system, and continuously improves and enhances the system for in-depth development. In 2023, we further improved the internal control system and the operation and management mechanism from the two major segments of system construction and work process.



## ABOUT US

### *Improve system construction*

In accordance with the basic framework and overall requirements of the internal control system, combined with the actual production and operation situation, the Company has built a system that conforms to its own actual situation to make it more feasible and operable. In 2023, we formulated and revised 26 systems, including 5 cost reduction and efficiency improvement categories, 5 compliance operations categories and 7 quality management categories.

### *Rationalise workflow*

We carry out compliance inspections and whole-process tracking of business processes, optimise and simplify the issues identified, further clarify business relationships, unify and standardise work procedures, and improve work efficiency. In 2023, we sorted out 247 OA processes and optimised 352 processes.

### *Carry out internal audit throughout the whole process*

Xiabuxiabu's work is not only limited to subsequent internal audit, but also attaches great importance to ex ante and ongoing audits. The internal auditors participate in various procurement and competitive bargaining negotiation meetings organised by the departments in advance, and exercise the right of internal audit supervision. During the audit process, we focus on the in-depth issue analysis, propose practical and effective audit recommendations, and regularly check the implementation of audit recommendations and follow up the rectification to consolidate the audit results. In 2023, according to the internal supervision guidelines, the Company carried out more than 370 procurement supervision cases, 22 compliance interventions, carried out 34 internal control projects, identified 58 problems, completed 42 rectifications and disposals, and expected to complete 16 rectifications next year. At the same time, various means such as settlement audit, audit and special sorting were comprehensively used to carry out relevant work in engineering audit.

## • Intellectual property rights protection

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

During the reporting period, the Company continued to enhance management over trademark registration, and successfully applied for a number of its own brand trademarks, expanding the company trademark reserve of the Group. Meanwhile, we took active initiatives to fight against intellectual property infringements, and successfully prohibited infringements with maliciously registered imitated trademarks through trademark invalidation. For example, we actively filed lawsuits against the maliciously registered trademarks such as "Jiabu", "Shenbu", "Shenbu", "Yuebu", "xiapuxiapu", and "Qiabuxiabu", thus safeguarding the rights and interests of the Company's brands as finally the aforementioned trademarks were defined as invalid trademarks by China National Intellectual Property Administration.

In order to further enhance brand influence and increase brand recognition, the Company paid more attention to copyright protection and made beneficial plans for building its own IPs in 2023. We selected the popular cartoon image "Xiabuxiaohu" to carry out the overall intellectual property layout, and strive to create exclusive Xiabuxiabu IP. Through the in-depth processing of cartoon images, we plan from multiple dimensions such as copyright, trademark, patent and digital products to comprehensively protect intellectual property rights and enhance the overall soft power of the Group's brands.

## ABOUT US

### 1.4 REVIEW OF OPERATING RESULTS

In 2023, Xiabuxiabu established a new brand and business model to further implement the Group's multi-brand and multi-business expansion strategy. Throughout the development history of more than 20 years, Xiabuxiabu has always been committed to the mission of "enabling more people to enjoy health, nutrition, taste and fashion", and has always adhered to the corporate spirit of "endless pursuit of excellence" to keep the feet on the ground.

RMB5,917.96 million

As of 31 December 2023, Xiabuxiabu had a total of 1,098 restaurants

In 2023,  
there were a total of 828 Xiabuxiabu restaurants in China, covering 118 cities  
a total of 243 Coucou restaurants in China, covering 52 cities  
a total of 8 Shaohot restaurants, covering 4 cities  
and a total of 19 overseas restaurants, covering 3 cities

131 new Xiabuxiabu restaurants, 48 new Coucou restaurants and 7 Shaohot restaurants were opened in 2023

ABOUT US

1.5 HONOURS AND AWARDS

“High quality from persistence” is the motto and also the attitude that the Group has taken in its work. We have earned recognition from the industry and won preference and high praises from vast consumers. Xiabuxiabu has been recognised as one of the “Top 100 Restaurant Brands in China” for over ten consecutive years, and was awarded a number of honours. The Company and its brands have been awarded a number of honorary awards and titles such as “Top 10 Hotpot Brands in China”, “Top 50 Catering Enterprise (Group) in Beijing” and “Top 100 Catering Enterprise in Beijing” since 2010. While pursuing quality, we also actively assume social responsibilities, carry out public welfare undertakings, and win honours such as “Excellent ESG Case in the Catering Industry”. We always require ourselves with higher standards and never stop on the road to excellence.

Awards	Issuing bodies
2022 Top 100 Restaurant Brands in China – Xiabuxiabu Catering Management Co., Ltd.	China Cuisine Association
2022 Top 100 Restaurant Brands in China – Coucou Catering Management Co., Ltd.	China Cuisine Association
2022 Top 100 Hotpot Brands in China – Xiabuxiabu Catering Management Co., Ltd.	China Cuisine Association
2022 Top 100 Hotpot Brands in China – Coucou Catering Management Co., Ltd.	China Cuisine Association
2022-2023 Catering Industry Leading Enterprise-Hotpot TOP10	China Hospitality Association
2023 Outstanding Member Award for Promoting High-quality Development of the Catering Industry – Innovation Achievement Award	China Cuisine Association
2023 Top 100 Catering Brands-Xiabuxiabu	Review Committee of the 5th Red Eagle Awards of China’s Catering
2023 Top 100 Catering Brands – Coucou Hotpot	Review Committee of the 5th Red Eagle Awards of China’s Catering
2022 Digital Operation Model Brand	Meituan, Dianping
2022-2023 Top 50 Catering Enterprise (Group) in Beijing	Beijing Cuisine Association, Beijing Business News
2022-2023 Top 100 Catering Stores in Beijing	Beijing Cuisine Association, Beijing Business News
2023 Beijing Catering Brand Vitality Star	China International Fair for Trade in Services
2023 Excellent ESG Case in China’s Catering Industry	World Federation of Chinese Catering Industry
2023 National Brand Excellent Case of “New Quality, New Empowerment”	Xinhua Net
Enterprises with charitable donation for flood relief in Beijing-Tianjin-Hebei and Northeast China	China Foundation for Rural Development

## ABOUT US

### 1.6 INDUSTRY DEVELOPMENT

As one of the continuously developing catering groups in China, Xiabuxiabu serves as the standing council or deputy chairman of China Cuisine Association, China Chain Store & Franchise Association, Beijing Cuisine Association and Beijing Food and Beverage Industry Association. We actively participate in the formulation of industry policies, share and learn industry-leading management concepts and methods, and carry out resource integration and business coordination. While continuously improving ourselves, we continue to promote the vigorous development of the catering industry.

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

2

# NEVER SATISFY, CREATING INGENIOUS QUALITY



## NEVER SATISFY, CREATING INGENIOUS QUALITY



In Southern Fujian Dialect, “Xia” means taking one bite at a time, “bu” means safe eating, and “Xiabuxiabu” means eating healthily and nourishingly “High quality from persistence” is our business philosophy. We adhere to the food safety development strategy, insist on providing customers with healthy, nutritious and delicious and trustworthy food as our responsibility, and regard customer satisfaction as the top priority of business operation.

### 2.1 STRICT CONTROL FOOD QUALITY

#### • Sustainable product management

Xiabuxiabu has always been concerned about the sustainable management of ingredients, including the use of internationally widely adopted certification standards and traceability of the entire product value chain, striving to provide customers with sustainable food throughout the process, and contributing to the protection of marine resources and forest land resources and the support of biodiversity.

Xiabuxiabu’s sustainable food management standards:

Indicator	Domestic ingredients	International food ingredients
Product certification	It must be legitimate factories with complete production qualifications and certificates, and enterprises certified by food safety systems are preferred.	It must be access factories registered and filed in accordance with the law in China, and enterprises certified by food safety systems are preferred.
Traceability of origin	Traceability to the place of origin and breeding information.	Traceability to the country of origin and factory registration number.
Supplier requirements	It must come from factories that have passed the review of the second party, after the communication and discussion in relation to the standard requirements of internal products, suppliers must provide certificates and invoices, as well as a full set of compliance procedures for raw materials.	It must be access factories registered and filed in accordance with the law in China. After the communication and discussion in relation to the standard requirements of internal products, suppliers must provide certificates and invoices, as well as a full set of compliance procedures for raw materials.

#### Seafood

Xiabuxiabu offers a wide range of seafood products, including squid, octopus, cod, kelp, snail, shellfish. Therefore, we attach great importance to the protection of marine resources to ensure that their source waters and fishing methods comply with sustainable management standards, which will not harm our own and surrounding ecology, and protect biodiversity. We require and encourage aquatic product suppliers to obtain relevant certifications and standards that are highly recognised by the industry and internationally, such as the certification standards of the International Marine Council (MSC) and the Aquaculture Stewardship Council (ASC), and the certification of the Best Aquaculture Practises (BAP), so as to improve the credibility of product quality and safety while promote the protection of marine resources and ecological environment.

#### Beef

Providing customers with high-quality protein has always been our goal, and ensuring reliable sources and full traceability is our consistent approach. With the expansion of the global beef cattle industry, beef cattle farming has become an important factor in global deforestation. How to meet the huge demand of customers while avoiding the negative impact on the ecological environment is the direction for our exploration. We require beef suppliers to have food production licence or designated slaughtering licence and animal epidemic prevention qualification certificate to prove that the meat supplied meets the hygiene standards and food safety qualification requirements. At the same time, suppliers should also pass quality management system certification, such as ISO 22000 or HACCP, to ensure that suppliers have systematic and standardised food safety management.

## NEVER SATISFY, CREATING INGENIOUS QUALITY

### • Food quality inspection system

High quality originates from persistence, food safety and quality are the lifeblood and cornerstone of Xiabuxiabu's development, and improving a sound system to control food safety is the goal that Xiabuxiabu constantly pursues. We strictly abide by relevant laws and regulations such as the Food Safety Law of the People's Republic of China, the Code of Practise for Food Safety in Catering Services as well as laws and regulations in various overseas regions, and implement the main responsibility of enterprise food safety. We have been continuously carrying out basic work such as management, strengthening and system building in all links of supply chain including supplier management, source procurement, acceptance testing, warehousing and distribution, restaurant management, central kitchen and factory management, and infrastructure construction, and comprehensively carrying out food safety governance and supervision. In 2023, no unqualified product was found in food safety risk inspection conducted by the market regulatory authorities.



## NEVER SATISFY, CREATING INGENIOUS QUALITY

In terms of product quality and safety certification system, Xiabuxiabu adopts HACCP system certification, ISO22000 and FSSC22000 food safety management system, and ensures regular updates and authenticity verification of relevant certification qualifications. Through the analysis of potential hazards in the food production process, we determine key control points, develop corresponding control measures, to scientifically and systematically prevent risk points, so as to ensure the safety of food in production, processing, storage, transportation and other links. In 2023, we upgraded and transformed the software and hardware of the central kitchen and passed the ISO22000 food safety management system certification.

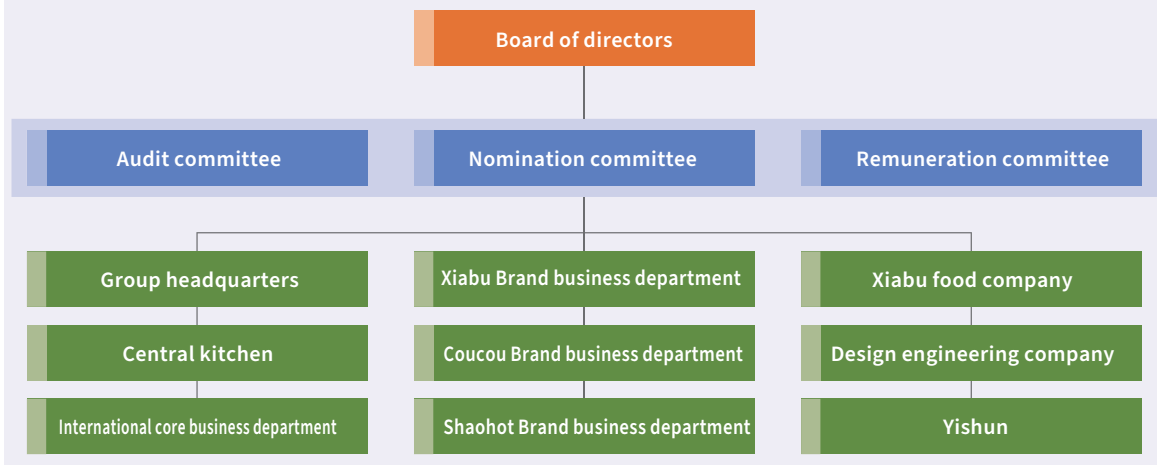
In terms of food safety inspection, Xiabuxiabu consistently optimised and improved the staffing and quality inspection system. We are equipped with professional laboratory quality inspectors to conduct batch testing for every batch of incoming products to ensure the consistency of the quality of each batch of raw materials. In the sampling quality inspection process, the sensory test is conducted for more than 3% of each batch of sampling, and the destructive test is conducted by random sampling; For different types of products, we have set different indicators for safety inspections. In 2023, in order to strictly control quality, we have added a number of quality inspectors in the production workshop, requiring daily sampling of products produced by each employee, so as to ensure the stable and high quality of products.

Category	Metrics
Ingredients	Sensor indicators, physical and chemical indicators, net content, etc.
Fruits and vegetables	Pesticide residues, etc.
Contactable food materials	Sensor indicators, sulphur dioxide, specifications, net content, etc.

### Column: Coucou- “cooking craftsmen making boutique”

Coucou hotpot has always adhered to the spirit of “cooking craftsmen making boutique”, and strictly implements the procedures of product selection, initial testing, adjustment, final testing, qualification review, factory inspection, customs filing, and formulation of raw material specifications for each product to ensure the safety of raw materials. At the same time, the quality of incoming materials is determined through the processes of raw material arrival acceptance and regular spot checks. Through strict product selection system and standardised management, food labels are accurate and transparent, ingredients and additives are correctly labeled, and upstream factories are strictly inspected, and raw materials are traceable to ensure product quality to the greatest extent and guarantee the freshness, hygiene and safety of ingredients.

In order to regulate meal delivery, Coucou has formulated standardised SOP, organised digital teaching and training, developed ingredient expiration schedules, maintained standardized backend systems, being responsible to every customer. Standardised meal delivery, rich and reasonable menu structure, and reasonable dietary mix help Coucou become the promoter and builder of “new food fashion”.





## NEVER SATISFY, CREATING INGENIOUS QUALITY

### 2.2 CONTINUOUS DIVERSIFIED INNOVATIONS

Xiabuxiabu pays close attention to the needs of customers and changes in the market environment, continuously improves and explores food ingredients, products and models to provide customers with nutritious and healthy food that far exceeds their expectations.

#### • Nutrition and health

Nutrition, health and conservation have always been Xiabuxiabu's philosophy and social responsibility. As a pioneer in the hotpot industry, Xiabuxiabu develops different products in response to the consumption habits of customers in the market environment. In 2023, we launched a series of organic vegetable products, including hydroponic Rome raw vegetables, green raw vegetables, red green cream raw vegetables, etc., focusing on the concept of organic health and pollution-free. In April, the organic vegetables were piloted in the Central China market, and were promoted in 22 restaurants. Since its launch, the average monthly sales volume of ingredients has reached 1,100, with an average click ratio of 3.4%, which was well received by diners.

In terms of package design, we design packages in accordance with the dietary guide, and combine more than 20 types of food such as meat, eggs and vegetables, and launch dishes such as two-in-one combo and discretionary combo. While enriching the menu structure, the Group also made reasonable meal matching to meet the personalised needs of customers, provided healthy and nutritious dishes, and acted as the promoter and builder of "new food fashion".

#### • Diversified products

Xiabuxiabu adheres to the concept of ingenuity, starting from the needs of consumers, relies on new resources and new models, subverts traditional concepts, insists on the in-depth exploration and maintenance of advantageous products, creates intelligent, functional and service-oriented R&D management, and continuously optimizes the menu structure to bring green, nutritious, healthy, safe and delicious hotpot products to customers. We conduct continuous taste optimisation public testing and customer-end testing and research on existing products to make product upgrades more open and transparent and improve customer satisfaction. At the same time, new products are limited to new seasons, regions and festivals to provide consumers with more choices. In 2023, there were 86 new products under the Xiabuxiabu brand including as Tea Mi Tea, covering 11 major categories; the Coucou brand had a total of 69 new products, covering 19 major categories.

The new Xiabuxiabu-branded dine-in products launched three kinds of kebabs, the Supreme beef and mutton Grand Slam, the Xiabu Selected Rice Dragon and the Yangsanbao(kidney, whip and egg of lamb); new Korean-style pickled vegetable pots, concentrated spicy hotpots in the soup base category; seasonal limited launch of Xiabu No. 1, seasonal Chinese cedar; and grassland lamb liver and waterfall potato shreds with regional features. At the same time, in combination with the needs of traditional festivals, limited products such as rice dumplings, moon cakes and Xiabuxiabu sauce gift boxes were launched according to the season.

## NEVER SATISFY, CREATING INGENUOUS QUALITY

## Case: Supreme Beef and Mutton Grand Slam

Xiabuxiabu made a limited number of products to be launched under the brand of “Supreme Beef and Mutton Grand Slam”. The “Supreme Beef and Mutton Grand Slam” broke through the traditional tableware model design, and adopted two semi-round stitches to connect the whole round to strengthen the visual impact. The dish is made of 300g popular refined beef eye meat and 250g large grammage beef from Xiabuxiabu’s popular grassland lamb, and the materials include both sheep and beef. More than 500 restaurants across the country have launched the product.



Supreme Beef and  
Mutton Grand Slam

## Case: Xiabuxiabu Selected Yangsanbao



Xiabuxiabu Selected  
Yangbao Sample

Following the launch of lamb bunches in 2022, the Xiabuxiabu brand continued to expand its serial product line. In 2023, the production process of serial products changed from frying to roasted, enriching the supply of more serial products. Yangsanbao series products have newly launched Xiabu Selected Lamb Genitalia Kebab and Xiabu Selected Lamb Kidney Kebab, which have no mutton odour or greasy taste, is tender with a crispy crust, nutritious and delicious; have full meat quality, fine taste, full chewing potential and is a nutritious and delicious food. The native area of all the materials of Yangsaobao series are from the factory of Xiabu Yishun, of which the products are the sub-attributes of grassland sheep, thus making consumers feel at ease and peace of mind.

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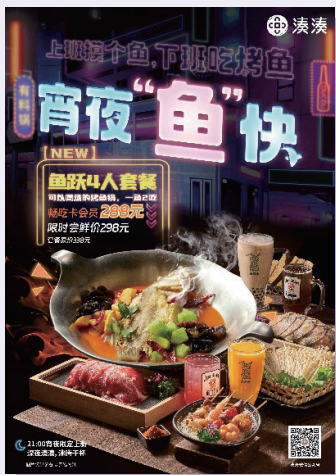
Case: Huakai Fugui Series Shrimp Blessing Bag

In order to enrich the classic product line of hotpot, Xiabuxiabu brand selected deep sea high-quality surimi to produce outer skins, and the inner fills wrapped up large-grain shrimp, and developed the “Huakai Fugui Series Shrimp Blessing Bag”. The out packing of Huakai Fugui Series Shrimp Blessing Bag is of high resilience, which is freshly delicious and combines the taste of pasta red-persimmon pots and original freshly fungus soup pots to have better flavor. With the unique and aesthetic product styling and the product name symbolizing lucky, the click ratio of this product, once launched, has remained stable and well received by consumers.



Huakai Fugui Series Shrimp Blessing Bags

Case: Coucou Late Night Snacks of Live Fish Hotpot



Roasted fish hotpot

In terms of regional characteristics, the Group carried out regional development of products to cater to regional market tastes. We piloted late night snacks in some regions, and developed roasted fish hotpot such as “one fish for two snacks”, as well as other cost-effective late night snack roasted fish packages during this year.

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The afternoon tea product line of Tea Mi Tea has been upgraded, with a number of styled desserts being launched to enrich afternoon tea packages. At the same time, the new afternoon tea restaurants have been covered to restaurants in transportation hubs such as airports, creating dining scenes for consumers in more hours during non-dining periods. The new products of Tea Mi Tea covered a wide range of milk-flavoured tea, fruit-flavoured tea and cold tea, and at the same time, the Cool series drinks were jointly launched with Coca Cola; in addition to the above products, a number of desserts and seasonal products have been launched, such as “fortune” rabbits desserts, milk fragrant little bromeliad, rice dumplings and moon cakes, etc. At the same time, the freshly-new tea drinks optimized and upgraded the old tea substrate, improved Longjing tea, and added Oolong tea and Oriental beauty tea as the new tea substrate. The innovative monthly update of tea drinks cater to seasons, enabling our products to be texture, warmer and more innovative.



Canglan Beauty Snow Mountain & Canglan Fresh Coconut Latte



Jasmine Flavored Whisky with Green Plums and Extracted Coconut  
Green Plums and Extracted Coconut  
Long Jin Tea  
Green Plums, Perillae and Jasmine Flavored Tea



Cloud and Velvet-like Beauty Oolong & Beauty Oolong Pearl Milk Tea



Red Gemstone Colored, Cherry and Jasmine Flavored Cloud-like Tea & Red Gemstones Colored, Cherry and Jasmine Flavored Tea



Pistachios Pearl Jasmine Flavored Milk Green & Red Robo Pistachios Oat Dirty



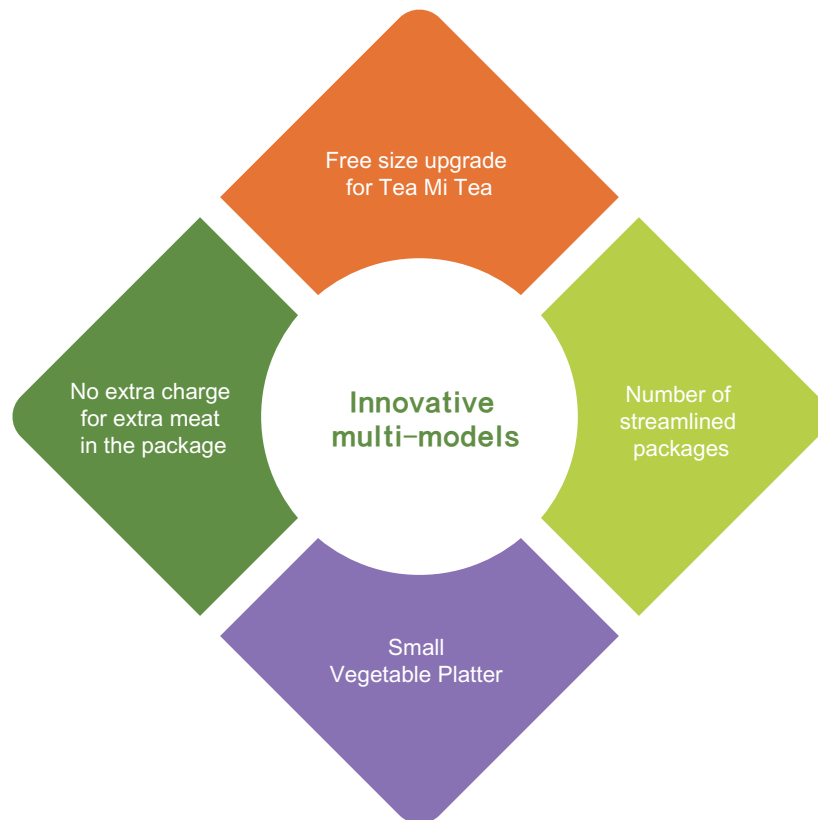
Cheese Pumpkin Black Tea Latte

## NEVER SATISFY, CREATING INGENIOUS QUALITY

### • Innovative model

We always focus on the customer experience, consistently adhere to optimisation and enhancement so as to bring more delicious and cost-effective products to customers.

In 2023, Xiabuxiabu brand adjusted its menus three times nationwide and continued to optimise and upgrade its menu model. After the upgrade of the new menu model, Tea Mi Tea drink was priced to match with Xiabuxiabu all-you-can-eat card and was free to upgrade size when using the all-you-can-eat card. Considering the large number of packages in the past and the difficulties faced by customers in selecting them, we reduced the number of packages and widened the difference between each package to facilitate customers' choices. In terms of package content, we observed and analysed the previous dining situation of customers, and adjusted the amount of meat and vegetables in the package based on customer feedback, increased the amount of meat products, and reduced the size of vegetable dishes, so as to reduce waste and highlight the cost-effectiveness while reducing waste.



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In order to build a affordable luxury gathering brand, we focus on consumers upgrades, and link the whole chain through four major aspects, namely model, product, service and environment. In 2023, the Coucou brand created six highlights with a new attitude to serve customers with diversified modes.

FLAVOURED POTS FUSION	TREND INNOVATION TEA DRINKS	CHINA CHIC SPECIALTY REFRESHMENTS
<p>With Taiwanese spicy pots as the classic key product, the Group broke through the Taiwanese hotpot system, responded to the needs of customers in the post-pandemic era, and introduced exotic pots and product experience from time to time, so as to have a health sense in addition to social attributes.</p>	<p>In addition to retaining the original classic milk tea and fruit tea, we created more popular tea, tea wine, tea coffee, nourishing tea and tea gifts, and innovated from product composition to packaging presentation.</p>	<p>Combined with the matrix operation of classic products, the Group strengthened the brand association, used similar materials to enrich the same product line in multiple dimensions, and closely followed the characteristics of current China-Chic baking and special ice products.</p>
KITCHEN REVOLUTION PRE-PREPARED DISHES	SURROUNDING QUALITY INNOVATION	DIGITAL VIRTUAL PRODUCTS
<p>Using the combination of key pots and dishes to launch Coucou gift box with home delivery, the Company created the third business channel that was different from dine-in and takeaway that were created by the lazy economy in the post-pandemic era.</p>	<p>The Company deeply explored the characteristic image of the brand and the creation of IP, combined with the current “chic economy” and “office economy” to attract customers to purchase for income-generating experience or other experience such as free gifts, redemption of points, etc.</p>	<p>The Group created a Coucou Metaverse interactive space, which was empowered by the Group’s membership data to increase the experience and consumption of customers in the virtual community.</p>

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2.3 IMPROVING THE SUPPLY SYSTEM

• Regulate the supplier access process

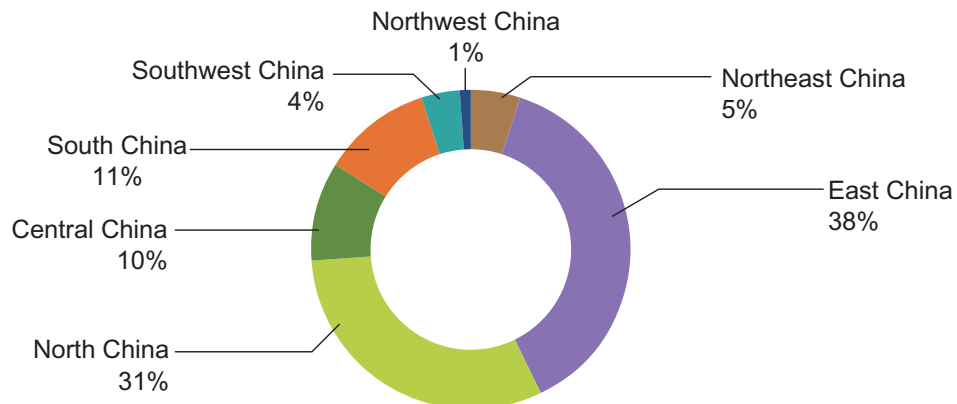
Xiabuxiabu always adheres to the principles of openness, fairness, justice, legality, compliance and rationality in procurement and selects high-quality suppliers. According to the requirements of the bidding management system, the corresponding bidding method shall be selected, and the bidding results shall be determined after participation of multiple departments, multiple rounds of price comparison and bargaining by multiple suppliers, review and evaluation by the bidding and bargaining team, and re-bid evaluation and bargaining. The final plan shall also be submitted to the relevant departments for approval and confirmation of the final introduction.

In order to regulate supplier management, and ensure that the products supplied or services meet the requirements of laws and regulations and the needs of the Company, establish a supplier system with reliable quality, stable supply and high-quality services, and at the same time select excellent and suitable suppliers to help improve the core competitiveness of the supply chain, Xiabuxiabu has formulated the Supplier Quality Entry Management Criteria, which comprehensively evaluates and screens from multiple dimensions, strictly implements supplier access, and ensures food safety.

Xiabuxiabu has established a systematic and comprehensive supplier screening system to evaluate the qualifications, product quality, emergency response capability, scale and risks of suppliers before they are admitted to the database, to ensure the quality of products at source. The assessment of suppliers dominated by the on-site examination, and combined with online and offline methods to confirm the actual management of suppliers and carry out risk investigations.

<b>Qualification review</b>	Evaluate the qualification of suppliers, examine whether their qualifications are complete or not, and take enterprises with various system certificates into consideration in priority
<b>Product quality</b>	Assess the product quality of suppliers and whether there are food safety issues; at the same time, conduct negative news risk investigation such as unqualified product sampling inspection of suppliers in the past years
<b>Emergency response capability</b>	Evaluate the supplier's emergency response capabilities, especially for temporary unexpected major incidents
<b>Company scale</b>	Evaluate the scale of suppliers, take those with experience of working with large chain customers, preferably industry leaders or top ranked enterprises into consideration in priority
<b>Operational Risks</b>	Evaluate the existence of legal disputes and financial disputes with suppliers that may have an impact on production and supply

As of the end of the Reporting Period, the Company had a total of 692 suppliers, the distribution of which is as follows:

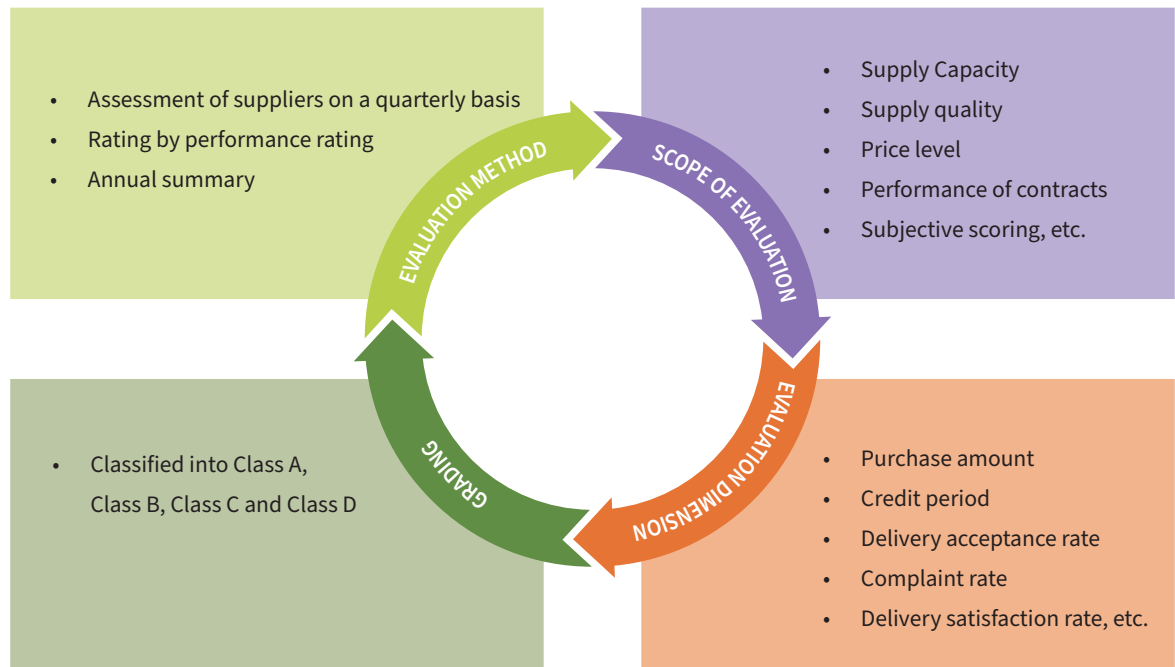


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• Supplier management

Xiabuxiabu always pays attention to the arrival quality of suppliers and the feedback on the quality of restaurants. If abnormal quality is found, we will make timely accountability and urge suppliers to make rectifications. We regularly evaluate the potential risks of suppliers, send food with potential risk indicators for inspection once or twice a year, and check the food safety of suppliers. For suppliers with unstable quality, we will conduct unannounced inspections and on-site visits to confirm the daily management status of suppliers, so as to eliminate risks timely and ensure the quality of supply.

In 2023, 12 suppliers were discontinued due to quality risks, and there were no major food safety accidents or batch recalls. As of the end of the Reporting Period, we have completed the evaluation of all suppliers and plan to conduct supplier performance interviews in the first quarter of 2024 to promote supplier improvement and improve supplier management. By improving the post-evaluation system for suppliers, we reward and punish suppliers effectively, motivate excellent suppliers, identify problems and take corresponding management actions, and cultivate suppliers to become partners that meet the Company’s requirements.



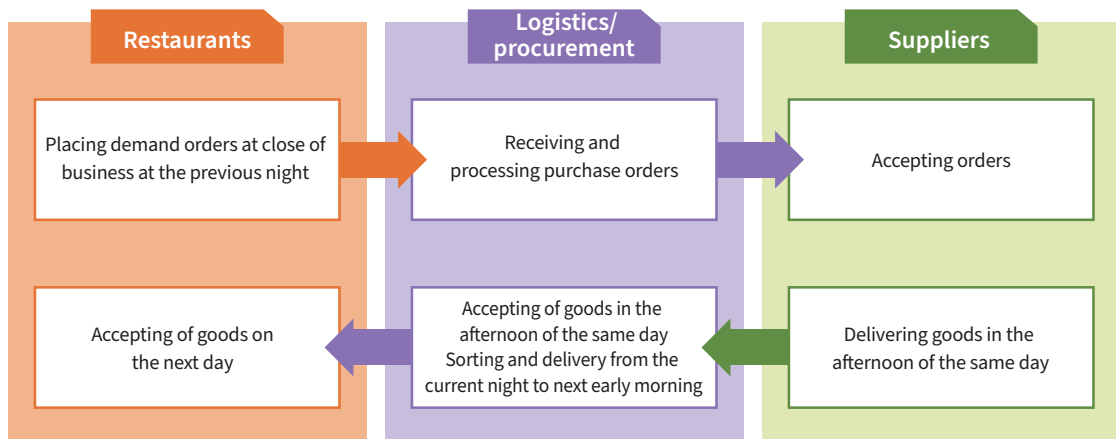


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• Efficient logistics distribution

**Fruits and Vegetables**

In order to deliver fresh fruits and vegetables to customers as soon as possible, the Group has always adhered to the way of transporting fruits and vegetables without inventory. The restaurants estimate the demand for fruits and vegetables after the close of business at the previous night, and place orders with the logistics procurement department. The logistics procurement department shall accept and handle the orders placed by the restaurants and place purchase orders with the suppliers on the same day. Suppliers are required to complete delivery on the same day after accepting the orders, and the logistics department will sort and distribute to each restaurant from the evening to the morning of the next day after acceptance.



**Frozen food**

The Company is equipped with professional cold storage warehouses and refrigerated trucks to store and transport frozen seafood and meat food. Its own cold storage and all leased cold storage meet the standards to ensure product quality. The cold storage warehouse is equipped with temperature control equipment that meets the requirements, the temperature of the storage environment is controlled at -18°C and below, and the operation in and out of the warehouse is maintained at -16°C and below to ensure the freshness of food. Cold storage trucks require the compressor to operate normally throughout the transportation process: the temperature inside the truck is less than 0°C before loading; during transportation, the temperature of refrigerated compartments shall not be higher than -18°C, the temperature of frozen products shall not be higher than -12°C, and the dimension of refrigerated products shall be controlled at 0°C to 8°C for quality inspection. All cold chain delivery vehicles are required to be equipped with insulating boards, and door curtains are required for the door of the compartment. In addition, all cold chain delivery vehicles need to be equipped with fixed dual probe temperature control equipment, and complete authorization and take-over to ensure the normal work of the TMS system and monitor the positioning and temperature during transportation.

## NEVER SATISFY, CREATING INGENIOUS QUALITY

### 2.4 ADHERING TO CUSTOMER ORIENTED

#### • Enhancing customer experience

Customer satisfaction is crucial to Xiabuxiabu, so we attach great importance to handling complaints from customers. We handle customer opinions and suggestions more efficiently and properly, and enhance customer experience by respecting customers, listening and understanding, actively solving problems, continuous improvement, transparency and integrity, tracking feedback, recording and analysis. We opened customer feedback channels such as email, customer service hotline, media mailbox, Weibo and Dazhong Dianping, and actively listened to customer needs to ensure that customer complaints were fed back and perfectly resolved as soon as possible. In 2023, the total number of complaints received by Xiabuxiabu was 38, the total number of complaints received by Coucou was 8, and the number of complaints received by Shaohot was 0, with a customer complaint resolution rate of 100%.



Xiabuxiabu start with big data, employee training and performance appraisal to further understand customer needs and improve service quality in a targeted manner. We require all restaurants and operation management departments to conduct customer satisfaction surveys and analysis on major Internet platforms such as Dazhong Dianping, Meituan, Koubei and Weibo, and accurately follow up the market conditions and customer dining experience. As such, the restaurants regularly hold service case sharing meetings, collect cases for training and sharing, and adjust service skills in a timely manner to ensure service quality. At the same time, we pay attention to customer dining feedback during the operation process, provide a reference for service verification and improvement, find areas that need further improvement, and integrate them into regular employee training. In order to further motivate service performance of the employees, customer satisfaction is included to the performance assessment indicators for quantitative management.

## NEVER SATISFY, CREATING INGENIOUS QUALITY

### • Protection of basic rights and interests

#### Rational Advertisement and Publicity

With the help of various self-media platforms and through cooperation with the media of our brands, Xiabuxiabu carries out advertisement and publicity campaigns in strict compliance with the Advertisement Law of the People's Republic of China and other laws and regulations, and prohibits false advertising and publicity. Any advertisement, documents, promotion pictures and other materials shall be subject to internal approval process before releasing through public channels, under which such materials shall be submitted by the proposer, and can only be released after the relevant departments professionally review the value significance of the content of the advertisement and publicity campaigns from their respective perspectives and determine whether it is compliant to ensure that consumers receive true and reasonable advertising. During the Reporting Period, no punishment was received from regulatory authorities for unreasonable publicity.

#### Protecting Customer Privacy

Xiabuxiabu attaches great importance to the privacy protection of customers, adopts strict information security protection measures, and protects personal information from unauthorised access, use or leakage through system management, technical support and physical protection; at the same time, we actively respond to the requirements of regulatory authorities and cooperate with investigations and data provision to ensure the security and legality of user information.

- *Mini Apps*

The Group has set up the Membership Agreement and the Privacy Policy Terms to ensure the reasonable access of user information. When users use the Mini Apps, the system will display the "Membership Agreement" and "Privacy Policy Terms" in the form of a bomb frame half-screen, and set up a rejection or consent option. Users will not be restricted from opening their positions or authorising their mobile phone numbers or follow the Wechat official account when dining or placing orders. If users refuse to authorise, they will use the Mini Apps as tourists and the platform will not obtain personal information. The Group does not obtain sensitive personal information that is unrelated to catering services, except for the restrictions of regulations or the necessary conditions for users to participate in activities. The query pages of the back-end membership system also realised the desensitisation display of mobile phone numbers.

- *Third-Party Platforms*

For third-party platforms, we use platform encryption technology and strictly control information sharing. We encrypt consumer information to ensure that it is not stolen or tampered with during transmission and storage. When sharing user information with us, third-party platforms must obtain the explicit consent of users, and can only share necessary information to avoid unnecessary personal information leakage.

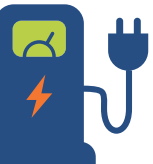
- *Delivery business*

In terms of delivery business, we strictly limit the scope of internal circulation of customer information and follow the principle of "not sharing unless necessary". During management, the account permissions corresponding to the splitting of business templates for each employee are strictly prohibited, so as to prevent user information from being changed and leaked. At the same time, the management account password is regularly revised to ensure the high security of information.

Xiabuxiabu strictly implements the user information supervision system to ensure the security of user information privacy. In 2023, there was no leakage of membership information and no complaints about information leakage.

3

# PIONEERING AND LEADING THE LOW-CARBON INDUSTRY



Tea  
me  
tea

## PIONEERING AND LEADING THE LOW-CARBON INDUSTRY



Taking sustainable development as the main theme, Xiabuxiabu carries out all-round green transformation from the entire industry chain of the catering industry, strictly complies with the Environmental Protection Law of the People’s Republic of China, the Law on Prevention and Control of Environmental Pollution by Solid Waste, the Anti-Food Waste Law of the People’s Republic of China and other laws and regulations, makes active response to the national policies such as the “Carbon Peak and Carbon Neutrality”, the “restriction on use of disposable plastic products” and “anti-food waste”, and strengthens the concept of low-carbon green operation and management. During the year, the Company insists on energy conservation and emission reduction in all aspects of production, office, logistics and restaurant operation, adheres to low-carbon and green operation, improves resource utilisation efficiency, reduces generation of wastes, implements waste sort-out practice, publicised and promotes anti-food waste. Taking a multi-level approach, Xiabuxiabu makes active contribution to climate change mitigation, promotes the harmonious development of the enterprise and the environment, and makes due contributions to the green ecology of the society. In 2023, the Company was not involved in any violation, litigation or penalty due to environmental issues.

<p><b>Energy</b></p>	<p>Using 2020 as the base year, the average electricity consumption of Coucou restaurants will reduce by 5% by the end of 2025.</p> <p>Using 2020 as the base year, the total energy consumption of Xiabuxiabu central kitchen will reduce by 10% by the end of 2025.</p>
<p><b>Water Consumption</b></p>	<p>Using 2020 as the base year, the average water consumption of Coucou restaurants will reduce by 5% by the end of 2025.</p> <p>Using 2020 as the base year, the proportion of water consumption by each Xiabuxiabu restaurant will further decline by the end of 2025.</p>
<p><b>Reusing</b></p>	<p>Achieving reuse of incubators for ingredient transportation for 100% logistics warehouses across the country by the end of 2025.</p> <p>Achieving 100% use of recyclable food containers and packaging materials for delivery services by Xiabuxiabu by the end of 2025.</p>

### 3.1 INSIST ON LOW-CARBON OPERATION

Adhering to the management concept of “limited resources and unlimited conservation”, Xiabuxiabu attaches great importance to the management of energy conservation and consumption reduction and the efficient conservation and use of water resource, makes continuous efforts to facilitate integration of energy conservation and technology advancement and management enhancement, and develop and promote application of energy conservation technology, strengthens internal management and enhances the awareness of energy conservation. We continuously improve the construction of the environmental management system, clarify the environmental protection responsible persons of each department at the company level, further reduce energy consumption and energy waste, carry out internal environmental protection training, and make active contribution to climate change mitigation by taking a multi-level approach to reduce the impact of the Company’s production and operation on the environment, and promote the harmonious development of the enterprise and the environment.

## PIONEERING AND LEADING THE LOW-CARBON INDUSTRY

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

Indicators	Unit	FY2023
Total electricity consumption	kWh	216,562,229.49
Electricity consumption per unit of operating revenue	kWh/RMB million	36,594.06
Gasoline consumption	litre	12,267.94
Gasoline consumption per unit of operating revenue	litre/RMB million	2.07
Municipal water consumption	m <sup>3</sup>	1,343,163.51
Municipal water consumption per unit of operating revenue	m <sup>3</sup> /RMB million	226.96
Catering sewage discharge	m <sup>3</sup>	1,780,090.40
Catering sewage discharge per unit of operating revenue	m <sup>3</sup> /RMB million	300.79
Domestic waste and kitchen waste	tonne	63,540.83
Natural gas consumption	m <sup>3</sup>	830,114.63
Natural gas consumption per unit of operating revenue	m <sup>3</sup> /RMB million	140.27
Scope 1: direct GHG emission	tCO <sub>2</sub> e	1,845.81
Scope 2: indirect GHG emission	tCO <sub>2</sub> e	123,505.44
Total GHG emission	tCO <sub>2</sub> e	125,351.25
GHG emission per unit of operating revenue	tCO <sub>2</sub> e/RMB million	21.18

## PIONEERING AND LEADING THE LOW-CARBON INDUSTRY

- Notes:1. The calculation of GHG emission refers to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), 2006 IPCC Guidelines for National Greenhouse Gas Inventory issued by the Intergovernmental Panel on Climate Change (IPCC). The grid emission factor used in the calculation of Scope 2 refers to the average national grid factors set out in the Guideline of the Greenhouse Gas Emissions Accounting and Reporting for the Enterprises (2022 revised edition) released by the Ministry of Ecology and Environment of the People’s Republic of China;
2. The calculation of catering sewage discharge refers to The First National Survey of Pollution Sources on Urban Waste Source Discharge Coefficients Handbook.

### • Optimising resource utilisation

During the Year, Xiabuxiabu carried out comprehensive energy conservation and consumption reduction activities, continued to improve the energy-saving technology, applied new technologies, new processes and new materials, and enhanced the awareness of energy conservation, consumption reduction and environmental protection of all employees. We completed the determined targets of energy conservation throughout the year and met the industry standards of energy consumption. In addition, the Company advocated a circular economy, promoted degradable packaging materials, and strengthened the recycling of packaging materials. The main packaging materials used by the Company included carton boxes, paper cups, plastic cups, PP bags, packing bags, plastic straws, packaging boxes, take-away packaging materials and degradable packaging materials. The total consumption of the above-mentioned packaging materials was 11,787.64 tonnes, representing the consumption of packaging materials per RMB1 million operating revenue of 1.99 tonnes.

#### Energy Management

- In order to strengthen the Company’s energy-saving management and improve energy efficiency, Xiabuxiabu has formulated the Energy Conservation Management System;
- Xiabuxiabu has set up an energy management group led by the Vice President with participation from multiple departments, and defined the responsibilities and task objectives of the team members. Members of the team provided solid support for the implementation of energy conservation work in various departments of the Company;
- The energy management group is responsible for collecting and delivering policies related to energy conservation and environmental protection, organising relevant training, organising the Company’s energy conservation and environmental protection plans, energy, and checking the statistics of energy conservation data of various departments. At the same time, it is responsible for preparing various annual report on energy utilization and actively reporting to relevant government authorities.

#### Energy-saving Technology Transformation

- LED light sources are widely used to replace the original grille lamp discs and styling lamps;
- Fixed-frequency air conditioners were gradually replaced with inverter air conditioners;
- Traditional cold storages were replaced with energy-efficient cold storage tests of motion controllers, probe sensors and electronic expansion valves.

## PIONEERING AND LEADING THE LOW-CARBON INDUSTRY

### Day-to-day energy conservation management

- To reasonable use of lighting, adjust the switching time of lighting equipment according to the business hours and weather conditions of restaurants, and select energy-efficient lighting equipment;
- To control the use of electrical appliances and reduce the use of electrical appliances, such as turning off air conditioners, televisions during non-business hours or when there are few guests. To promote the use of energy-saving electrical appliances, such as energy-saving ovens and microwave ovens;
- To use intelligent power monitoring system and conduct real-time monitoring of the energy consumption of electrical equipment, regularly check and maintain electrical equipment, timely replace damaged electrical components, optimize the use of electrical appliances, avoid energy waste and reduce power consumption;
- To achieve integrated management of the entire process through intelligent vehicle dispatching, route optimization in logistics operations to improve the overall logistics operation efficiency;
- To promote green and energy conservation initiatives in the office by posting signs such as electricity saving on switches to improve employees' awareness of energy conservation;
- To encourage employees to commute low-carbon, choose green travel methods, and advocate online meetings.

### Water Resources Management

- To promote water management in accordance with the law, use water scientifically and consciously save water and timely turn off water taps after use;
- To enhance water management, maintain pipelines in a timely manner and prevent water spraying, dripping and leaking;
- To promote the use of vegetable washers and dishwashers to significantly improve the utilisation efficiency of water resources;
- To use recycled water as much as possible for food ingredient cleaning to avoid a large amount of one-off water consumption. To choose suitable cleaning methods according to the characteristics of ingredients to reduce water consumption;
- To avoid waste of water resources, and strictly prohibit using water to flush unnecessary walls.

### Saving materials

- To implement paperless office and use both sides of printing paper, and promote online submission of electronic invoices;
- To adopt the paperless electronic invoice system, which enables customers to use QR code for invoicing;
- To use recyclable metal materials for composite wall panels to further reduce the use of materials such as sand, cement and tiles that require a lot of energy and natural resources;
- To reduce the use of disposable products, continue to promote the use of reusable containers, incubators and ice bricks, so as to reduce the usage of paper cartons and polyurethane foam cartons. The single cup bag, double cup bag and four cup bag used by Coucou, Tea Mi Tea and Xiabuxiabu, which are subordinate brand under Xiabuxiabu are all changed to degradable PLA materials.



## PIONEERING AND LEADING THE LOW-CARBON INDUSTRY

### Case: Equipment Update and System Construction to Facilitate Efficient Use of Resources

#### Recyclable metal composite wall panels



200 square metres of Xiabuxiabu restaurants are expected to save about 11m<sup>3</sup> building blocks and 197m<sup>2</sup> tiles; 500 square metres of Coucou restaurants are expected to save about 16m<sup>3</sup> building blocks and 275m<sup>2</sup> tiles.

#### Energy-saving intelligent cold storage



With the addition of intelligent control boxes and equipment in the cold storage, the average daily power consumption of the cold storage is reduced by about 1/3, i.e. 27-30 degrees, and it is expected that a cold storage can save about 4,000 degrees of electricity throughout the year.

#### Vegetable Washers



It improves the utilisation efficiency of water resources and reduces the use of water resources from the source. Each vegetable washer can save approximately 127.75 tonnes of water every year.

#### Logistics Transportation System



It strengthens the dispatch of logistics vehicles, reduces the number of delivery vehicles by approximately 7,200 times, and reduces carbon emissions by approximately 340,000 tonnes.

## PIONEERING AND LEADING THE LOW-CARBON INDUSTRY

### • Actions to address climate change

Xiabuxiabu has always been concerned about climate-related issues, actively promoted climate change response actions, and continuously transformed into a low-carbon economy. In order to implement the United Nations 2030 Agenda for Sustainable Development (《聯合國2030年可持續發展議程》), and strictly comply with China National Climate Change Program (《中國應對氣候變化國家方案》), we identify climate change risks that may have or have had a significant impact on the Company. We enhanced management over climate change risks and took actions for energy conservation and emission reduction in an orderly manner in the places where we operate, so as to reduce GHG emissions. In addition, we proactively improved information disclosure on carbon emission and aligned the climate change with the Group's future, sparing no efforts in addressing climate change.

Climate-related risks	Risk category	Potential impact	Response methods
Transition risk	Policy and regulatory risks	With increasingly stringent regulatory and disclosure requirements related to climate change, the Company needs to meet more compliance requirements for promoting global business;	We are actively concerned about policy trends, set up a special working group and personnel to track the dynamics of domestic and foreign regulations, manage the environmental problems of enterprises in accordance with regulations, avoid compliance risks, and help the development of international business;
		With the introduction of environmental policies such as carbon neutrality, our failure to adjust the Company's strategies and formulate response methods in a timely manner may result in additional cost pressure on the Company's business;	We incorporate environmental governance into the Company's long-term planning and evaluate performance costs;
		Non-compliance with laws will result in litigation risks and loss of fines.	We manage the environmental problems of enterprises in accordance with the standards stipulated by national laws and avoid the risk of litigation, fines and losses.
Market risk	Market risk	As a result of climate change, the costs of raw materials, warehousing and logistics have risen, posing the risk of an increase in the Company's costs;	We pay attention to the impact of climate change on the market continuously and formulate response methods in advance. We strengthen the construction of supply chain integration, improve the resilience of supply chain, and jointly strengthen the ability to respond to climate risks;
		Customers are paying more attention to sustainable development, and may be more inclined to providing low-carbon and environmental protection services to enterprises. Failure to adjust the Company's strategy in a timely manner may lead to the risk of a decline in market share.	We formulate sustainable development strategies, strengthen our environmental management capabilities and increase our investment in environmental protection to meet customers' expectations for the Company.
Technology risk	Technology risk	Failure to identify and adopt energy-saving and digital technologies in a timely manner will lead to an increase in the energy consumption of the Company's operations, warehousing and logistics, as well as the increase in costs.	We actively adopt low-carbon technologies, gradually eliminate high-emission equipment, and actively promote the construction of the Company's digital system.

## PIONEERING AND LEADING THE LOW-CARBON INDUSTRY

Climate-related risks	Risk category	Potential impact	Response methods
	Reputational risk	As investors and stakeholders continue to improve the disclosure and transparency of climate risks, failure to disclose timely and provide comprehensive climate-related information may cause investors to lose confidence and the Company may lose more financing opportunity.	The Company actively responds to the demands of various stakeholders, strengthens the disclosure of climate-related information, and improves the transparency of the Company's information.
Physical Risks	Acute risks	The production location of raw materials and the transportation of dishes are affected by typhoons, floods, droughts, extreme cold, extreme heat and other weather conditions, which may cause supply chain disruptions and affect the quality of raw materials.	We fully identify and assess the acute risks brought by climate change, pay attention to the early warning of extreme weather, formulate emergency plans and emergency drill plans, and comprehensively improve the emergency rescue and handling capabilities of the Company and relevant personnel.
	Chronic risk	Extreme weather such as global warming and rising sea level may affect the production bases in coastal areas;  Climate change leads to fragile urban infrastructure and may affect logistics and transportation.	We develop a comprehensive climate risk management strategy to ensure that climate risks are fully considered in the Company's overall strategy.
Climate-related opportunities	Opportunity category	Opportunity impact	Seizing opportunities
Digital carbon reduction solutions	Products and services	Digital development may bring new opportunities for the Company to save energy and reduce carbon emissions.	The Company promotes smart logistics solutions and promotes efficient logistics.
Application of energy-saving measures	Energy	We identify and adopt energy-saving measures to reduce energy consumption and thus reducing operating expenses.	We actively adopt low-carbon technologies and promote the implementation of energy-saving measures.
Attracting market investments	Marketplace	We actively respond to climate change and maintain a good reputation in the capital market, which will help attract investment and reduce financing costs.	We will continue to improve climate management strategies and measures, actively carry out actions, and strengthen climate-related disclosure to become a leader on climate-related matters.

## PIONEERING AND LEADING THE LOW-CARBON INDUSTRY

### 3.2 OPTIMISE EMISSION MANAGEMENT

Xiabuxiabu regards waste discharge management as a key aspect of environmental management, strictly abides by the Law on Prevention and Control of Environmental Pollution by Solid Waste and other relevant national laws and regulations, attaches great importance to the management of different types of emissions, formulates corresponding management systems, continuously monitors emissions, strictly controls pollutant emissions, and actively carries out emission reduction measures such as waste classification to reduce the impact of emissions on the environment.

#### • Emission management

Xiabuxiabu enters into regular testing agreements with qualified units to continuously track and grasp the pollutant discharge level, and make timely rectification in case of exceeding the standard to ensure that the discharging process of pollutants are compliant and meet the discharge standards. During the Year, Xiabuxiabu met the discharge standards for wastewater, exhaust air, noise and other environmental pollutants. At the same time, in order to better fulfil the social responsibility of reducing environmental pollution and saving land resources, we continue to implement proper waste classification, promote clean vegetables, and reduce the generation of kitchen waste. 100% of the non-hazardous recyclable waste generated in the central kitchen is recycled by professional recycling companies.

#### Kitchen waste treatment

<b>Classified treatment</b>	Waste classification is an important part of the daily operation of restaurants. According to the nature of waste, it is divided into organic, inorganic and hazardous waste, which is convenient for subsequent professional treatment. Organic waste can be bio-treated and converted into fertiliser or biogas; inorganic waste can be recycled or landfilled; and hazardous waste shall be handled professionally to avoid pollution to the environment.
<b>Recycling</b>	Recyclable items such as paper products, plastics and glass in restaurants should be regularly collected and handed over to professional recycling agencies to realise the recycling of resources, beverage bottles, food packaging and other recyclable items, and customers are encouraged to put them into the designated recycling boxes in restaurants to facilitate subsequent recycling work.
<b>Bioprocessing</b>	Organic waste, such as kitchen waste, can be composted or anaerobic fermented with microbial agents, converted into fertiliser or biogas for gardening, cooking, etc. Biological treatment not only solves the problem of waste treatment, but also realises the recycling of resources and reduces the burden on the environment.
<b>Incineration treatment</b>	Waste that cannot be recycled or bio-treated, such as plastic and paper, can be incinerated, and the heat generated by incineration can be used for power generation or heating to realise the recycling of energy. The incineration treatment should be equipped with advanced flue gas treatment equipment to reduce the pollution to the atmosphere.
<b>Landfill treatment</b>	Some waste that cannot be recycled, bio-treated and incinerated, such as construction waste, can be landfilled. The landfill shall be constructed and managed in strict accordance with relevant regulations to prevent pollution to groundwater and the surrounding environment.

#### Explore the potential of and reduce waste: using simulated bamboo leaves instead of fresh bamboo leaves

The fresh bamboo leaves used in Xiabuxiabu restaurants are disposable products, which are directly discarded after use and cannot be reused due to material reasons. After testing, the simulated bamboo leaves can be completely replaced with the fresh ones, so ensuring that the restaurants can reuse them. During the Reporting Period, Xiabuxiabu restaurants at premium level replaced the fresh bamboo leaves with simulated ones to reduce one-off usage, change to reuse and reduce waste generation.



## PIONEERING AND LEADING THE LOW-CARBON INDUSTRY

### 3.3 SMART PROTECTION ACTIONS

Xiabuxiabu always adheres to the corporate philosophy of “Universal involvement in protecting the ecological environment, enjoy clean sky and pristine water”. By carrying out various environmental protection activities, we implement environmental protection requirements and actively cultivate employees’ awareness of environmental protection. At the same time, we attach importance to green catering and are committed to spreading the green concept of eliminating waste, cherishing food and protecting the environment to customers.

#### • Environmental protection and green activities

The Company took the system as the starting point, began with trivial things, and encouraged everyone to participate in environmental protection to improve the sense of responsibility and mission of all employees. The Company carried out garbage classification publicity for all employees, posted garbage classification publicity pictures at garbage points, and implemented garbage classification requirements. In addition, we carried out environmental protection publicity activities such as “4.22 Earth Day” and “6.5 World Environment Day” and posted environmental protection slogans.

#### • Anti-food waste

In terms of anti-food waste, Xiabuxiabu carried out all-round green transformation from the entire catering industry chain to reduce food waste and actively create sustainable value. At the same time, the Company launched the concepts of “clean plate campaign”, “food conservation” and “reducing waste”, made adjustment on product and launched semi-dishes, small dishes and size reduction vegetable plates with nutrition reasonable collocation, so as to promote suitable ordering of customers. For the remaining food, customers are encouraged to take them away to reduce food waste.

#### Transformation of anti-food waste throughout the industry chain:

##### At the Product End

- We launched packages, double-dishes and small dishes to ensure the reduction of food waste with balanced nutrition.

##### At the Supply Chain End

- We adopt the “farm-to-table” model to test the purchase of vegetables with root stems;
- Digital reform is carried out to reduce food waste and digital control is carried out through the TMS transportation management system.

##### At the Store End

- We use the “operation brain” for restaurant – BOH store kitchen management digital platform realises digital management of ordering, inventory, loss, water and electricity, and the loss rate is greatly reduced.

## PIONEERING AND LEADING THE LOW-CARBON INDUSTRY

### Advocate suitable ordering by customer

- Xiabuxiabu launched small dishes in 2023, which have currently promoted in 311 stores across the country, covering the markets of East China, South China, Central China, Northeast China and Northwest China;
- The implementation of the nationwide size reduction vegetable dishes has been effective and well received. We preserved the ingredients that are preferred by diners and optimised other ingredients. We have basically achieved no waste of ingredients and the concept of “clean plate campaign” through restaurants on-site observation.
- The average monthly sales volume of organic vegetables since its launch was 1,100, and the average click ratio was 3.4%;
- The total click ratio of small dishes is 55.8%, and the average click ratio of a single product is 3.88%;



### To reduce food waste at staff canteen

#### Adjustment food supply mode to improve saving efficiency:

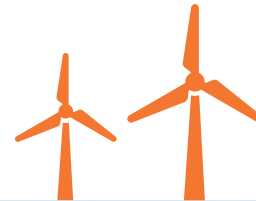
When the number of lunchtime dinners is concentrated, the inquiry-type form of meal preparation will be adopted, which is to provided food according to the amount of food eaten by the staff; when the number of dinner is reduced, the self-service form will be adopted, which encourages the staff to take the meals appropriately, and to take the food and eat up all food taken, and “clean your plate”. The average kitchen waste per meal was reduced from 25kg to 10kg, which greatly reduced food waste and the discharge of kitchen garbage.

#### Establish a disciplinary mechanism and make announcements on waste behaviour:

In the office area, staff canteens and other places, the Company vigorously promotes the slogans of saving food and an-waste, and advocates the spirit of saving. The Company delegates special personnel to manage and conduct spot checks and supervision during meals, persuades food waste, and publicises repeated waste, so as to truly raise the anti-food waste to the level of enterprise management.

4

# CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY



## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY



“People-oriented” is the basic philosophy that Xiabuxiabu always adheres to. We regard employees as an important resource for corporate development, and firmly believe that when the Company is committed to safeguarding the basic rights and interests of the employees, cares for the physical and mental well-being of the employees, and assists employees in growing, we can support the long-term development of the Company. In addition, the Company proactively fulfils its social responsibilities, takes part in public welfare and carries out various public welfare and charity activities to benefit people in need and promote the common prosperity of the society.

### 4.1 PROTECTING RIGHTS AND INTERESTS OF THE EMPLOYEES

Xiabuxiabu strictly abides by the Labour Law of the People’s Republic of China, the Labour Contract Law of the People’s Republic of China, Provisions on Prohibition of Child Labour and other relevant laws and regulations, and continuously optimises the human resources management mechanism. We respect human rights, insist on equal and compliant employment, oppose any form of discrimination behaviors, establish a fair and unified remuneration and benefit system, clarify and effectively protect the basic rights of every employee, and encourage employees to make progress together with the Company. In addition, the Company has smooth democratic management channels, establishes a sound mechanism to facilitate feedback and communication with the employees, consolidates integrates internal and external talent resources, and is committed to building a diverse and inclusive talent team.

During the reporting period, the Company was not involved in any lawsuit relating to child labour or forced labour.

#### • Fair and compliant employment

Upholding the principle of “fairness, openness and equality” and the concept of “merit-based selection” in recruitment, Xiabuxiabu is committed to building a trustworthy employer brand, attracting diversified and suitable talents, and providing reliable guarantee for the business expansion and structure adjustment of the Company. The Company has established sound labour protection systems, safeguards the rights of all employees in accordance with the laws, has zero tolerance towards any form of discrimination, resolutely prohibits the use of child and forced labour, and strives to realise diverse, fair, legitimate and compliant employment.



CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY



Recruitment Policy:

**Ensure compliant employment and prohibit the use of child and forced labour**

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

**Deepen school-enterprise cooperation and expand recruitment channels**

The Company will further strengthen and expand the construction of domestic recruitment channels, deepen school-enterprise cooperation, integrate online and offline recruitment resources, innovate a number of online recruitment approaches, and ensure recruitment efficiency and quality through internal and external integration. At the same time, we will actively expand overseas recruitment channels to attract more outstanding talents with international vision.

**Strengthen fair competition and motivate internal recruitment**

The Company utilizes internal recruitment resources in a reasonable manner, reviews its in-house position composition, optimises organisational structure, increases publicity of internal recruitment incentive policies such as internal recommendation, re-employment, ensures in-house excellent personnel to enjoy equal competition opportunities, and ensures the stability of employees while shortening the recruitment cycle.

**Insist on diversity in employment and advocate inclusive concept**

The Company adheres to the employment principle of equality between men and women, continuously promotes diversity of employees, advocates a diversified and inclusive workplace atmosphere, and adopts a variety of approaches to attract and retain suitable talents with diverse background. The Company prohibits any discrimination on ground of age, gender, geographical region, cultural background, religion and other factors, achieves reasonable distribution of employees, and ensures a diversified, equal and inclusive working atmosphere.



WORK HIGHLIGHTS IN 2023:

**EXPAND OVERSEAS RECRUITMENT CHANNELS**

In 2023, the Group actively explored overseas recruitment channels, and has explored a total of nearly 10 channels in Southeast Asia regions such as and Singapore.

**STRENGTHEN INTERNATIONAL VISION**

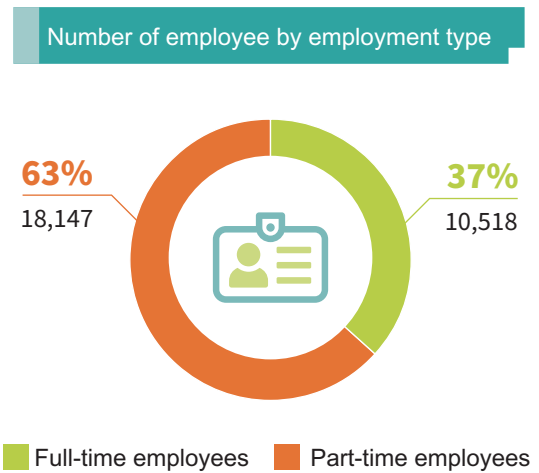
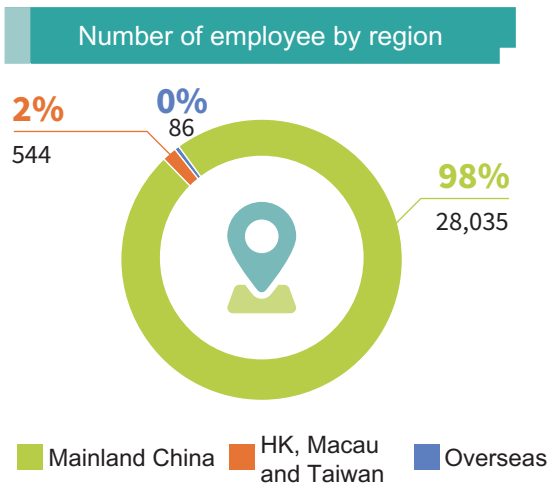
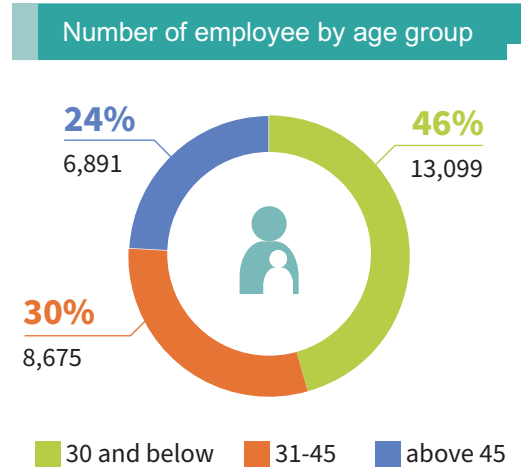
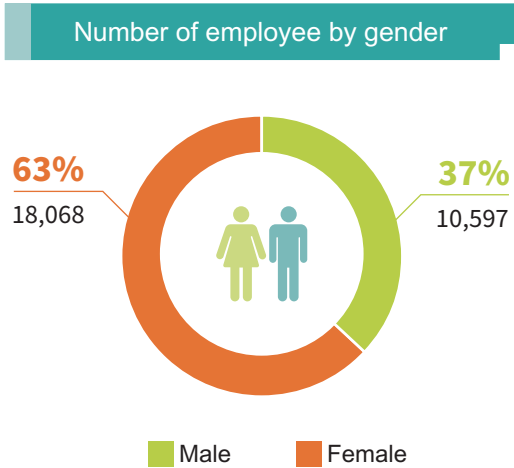
In 2023, the proportion of director-level personnel with backgrounds of overseas study or work experience increased by nearly 20%, effectively helping the establishment of the Group's international BU division and the implementation of its work.

**PROMOTE RECRUITMENT OF SHANGHAI OFFICE**

The Group set up its second headquarters in Shanghai in 2022. In 2023, the achievement rate of post recruitment for Shanghai Office of the Group's headquarters was 98%, which guaranteed the smooth development of the Group's headquarters in Shanghai.

CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

Xiabuxiabu adheres to equal employment and continuously optimizes the personnel structure. As of the end of the reporting period, Xiabuxiabu had a total of 28,665 employees, and the employee distribution structure was as follows:



## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

Indicator	Unit	FY2023
<b>Employee turnover</b>		
Employee turnover rate	%	127.64%
Male employee turnover rate	%	159.01%
Female employee turnover rate	%	109.15%
Turnover rate of employees aged 30 and below	%	286.00%
Turnover rate of employees aged 31-45	%	91.00%
Turnover rate of employees aged above 45	%	17.00%
Employee turnover rate in Mainland China	%	127.00%
Employee turnover rate in Hong Kong, Macau and Taiwan	%	140.00%
Overseas employee turnover rate	%	127.00%
<b>Work-related injury data</b>		
Number of work-related fatalities in FY2021	person	0
Rate of work-related fatalities in FY2021	%	0%
Number of work-related fatalities in FY2022	person	0
Rate of work-related fatalities in FY2022	%	0%
Number of work-related fatalities in FY2023	person	0
Rate of work-related fatalities in FY2023	%	0%
Lost days due to work-related injury	day	6.33

## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

### • Remuneration and benefits

Xiabuxiabu strictly abides by the Labour Law, the Labour Contract Law and other relevant laws and regulations. Following the principle of “giving priority to efficiency while taking fairness into consideration”, the Company has established a unified remuneration system, and formulated the internal salary distribution system and form of distribution by law based on post value and individual performance with rational income gap. The Company combines the actual achievement of corporate economic benefits to improve existing employees’ remuneration level, formulates different remuneration and incentive mechanisms for the employees at different business and development stages, and implements profit distribution, monthly bonus, quarterly bonus and annual bonus. Through the three remuneration elements including post, performance and capability, we offer short-term with long-term incentives, which help not only to motivate employees’ working initiatives but also drive growth in profitability of the Company, realizing a win-win situation for the Company and its employees. In addition, the Company implements labour budget management to analyse employees’ income every year, which links total salary with enterprise profitability. The Company also delivers pay rise in an active and prudent manner by developing annual salary increase scheme and adjusting salary policy, so as to improve employees’ remuneration and benefits.

In 2023, the Company continuously promoted the improvement and perfection of the operation incentives and functional assessment mechanism, guided the business end to focus more on operation, and guided the functional end to make every effort to support the work. At the same time, the Company revised the restricted stock incentive mechanism, improved the incentive rules for business units, and fully embodied the principle of more pay for more work based on the performance contribution of each unit to motivate employees to make progress.

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

## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

### 4.2 PROMOTING CARE FOR EMPLOYEES

Xiabuxiabu always adheres to the principle of “people-oriented, integrity and pragmatism”. As a responsible employer, the Company attaches great importance to safeguarding safety and physical and mental well-being of employees, regards production safety and occupational health as the first priority of our work, comprehensively creates a safe and comfortable working environment through implementation of relevant systems and measures. At the same time, we emphasize the importance of caring for employees and provide smooth communication channels for employees, organise various employee care activities, and encourage employees to strike a work and life balance, with an aim to enhance the employees’ sense of happiness and belonging and improve the enterprise’s cohesion.

#### • Employee health and safety

Xiabuxiabu strictly complies with the Fire Prevention Law of the People’s Republic of China, the Safety Law of the People’s Republic of China, the Measures for the Administration of Contingency Plans for Work Safety Incidents, the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases, the Special Equipment Safety Law of the People’s Republic of China, the Regulations on the Safety Management of Hazardous Chemicals and other laws and regulations, adheres to the management concept of “anti-violation, blocking loopholes, checking hidden dangers, and ensuring safety”, updates the personnel of the management agency, revises the responsibility system and rules and regulations related to production safety in a timely manner, assigns dedicated personnel to regularly allocate and maintain safety facilities, and adopts a number of measures in parallel, so as to provide employees with a safe and harmless working environment. During the Reporting Period, the rectification rate of hidden dangers reached 100%, and the Company was not aware of any serious work safety accident or safety issue due to negligence in safety inspections.

#### Strengthening risk prevention and control

- The Company assigns dedicated personnel to conduct regular inspections on the fire extinguishers and fire pumps of the Company, and completes in the spot checks record form. At the same time, the Company signs maintenance agreements with qualified fire-fighting units to regularly maintain fire alarm and fire extinguishing systems and various fire-fighting equipment to ensure that the fire-fighting facilities and equipment are complete and effective;
- The Company strengthens the supervision and control of key areas and key parts, including special equipment registration and annual inspection, special operators review and obtain certificates, daily inspection of power distribution room and charging room;
- The Company carries out special safety inspection activities for the production safety month event, and conducts daily, weekly and monthly inspections, with an aim to facilitate timely rectification of potential hazards.

#### Safety emergency drill

- The Company carries out establishment of emergency rescue system, updates its emergency rescue plan in a timely manner;
- The Company regularly conducts emergency rescue drills such as fire extinguishment, evacuation and first-aid training in accordance with such plan.

## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

Health  
and safety  
training

- The Company rigorously carries out three-level safety training for the new employees, with an aim to ensure a three-level education training rate of 100% for the new employees;
- The Company formulates the safety education and training plan and organises lecturing and training activities in accordance with the aforesaid plan;
- The Company organises professional certification trainings for special operators or special equipment operators;
- The Company proactively organises a wide variety of afterwork activities for the promotion of safety knowledge in a flexible and diverse manner via bulletin boards, banners, social software, pre-shift or post-shift meetings.

Staff food  
safety

- With reference to the Food Safety Law, the canteen implements strict control over the quality of canteen ingredients as well as the quality process, the hygiene process and the serving process, and the qualification rate in random inspections for tableware washing and sterilisation reaches 100%. At the same time, it carries out monthly smearing inspection on employees' shared tableware and appliances of the meal-serving room to fully ensure the food hygiene and safety of diners;
- The Company requires the person-in-charge of the canteen to smear inspection to the valve and key connection parts of the canteen gas at morning shift, check whether there is gas leakage, and fill in the inspection record every morning;
- The administrative staff implements strict control on bottled water and boiled water, so that all of the drinking water provided for staff members is safe and healthy. In addition, the Company cleans all water boilers and inspects and replaces the screening program of water purifiers quarterly.

Safeguarding  
physical  
and mental  
wellbeing

- All employees receive health examination regularly;
- The administrative logistics maintenance staff carries out a series of upgrade, maintenance and renovation of the air-conditioners, domestic water heaters and dormitory facilities to improve the comfort of employees' work environment;
- The shuttle buses of the Company arrive at the designated place on time every day to effectively ensure the normal commuting of employees;
- The Company manages and maintains the coffee machines and vending machines in the Company to ensure the needs of the Company's employees to the maximum extent;
- The Company replaces the green plants in the office premise from time to time, and carries out decoration for various festivals to deliver a festive atmosphere, enabling our staff to keep a pleasant and relaxing mood in their busy work;
- The Company strictly manages the staff dormitories in the factory area to meet the accommodation needs of employees, keep the dormitories clean without any fire safety hazards.

## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

### • Care for employees

Xiabuxiabu attaches great importance to humanistic care and is committed to creating a democratic and comfortable working environment for employees. We actively carry out various employee activities, provide smooth communication, enrich employees' daily life, respecting and paying close attention to the employees' expectations and satisfying the actual needs of employees, commend advanced employees and establish learning benchmarks, encourage employees to strike a work and life balance, enhance the employees' sense of belonging and happiness, and enhance the harmony extent of the teams, with an aim to create a progressive, harmonious and friendly team atmosphere.

#### Organise employee activities

- The Company organised seminars for new employees, departmental team building, Spring Festival party and other activities to gather cohesiveness, let employees experience the feeling of home and improve their sense of identification with the corporate culture.

#### Attaching importance to care for the employees

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

#### Enhance communication with the employees

- Each outlet holds democratic life meetings on a regular basis, organises corporate culture learning and understands employees' expectations in a timely manner;
- The Company organised communication and exchange meetings for the new employees, accepted the advice and established a communication and exchange platform.



Departmental team building

Communication with new employees

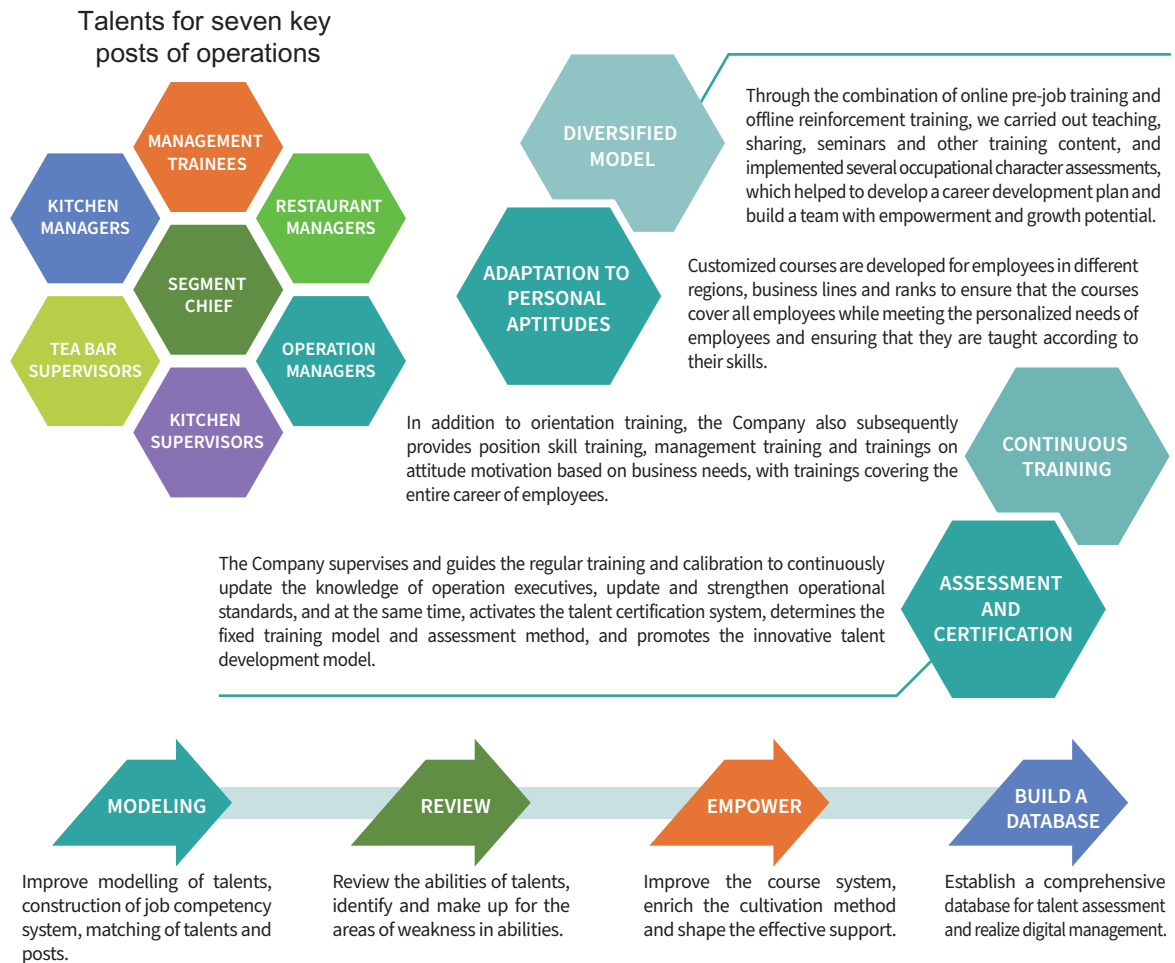
## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

### 4.3 PROMOTING EMPLOYEE DEVELOPMENT

Xiabuxiabu firmly believes that the growth of talents is the backbone force for the long-term development of the Company. We place great emphasis on talent cultivation, further improve and perfect the “Employee Training and Development Management System”, continuously optimise the training and learning platforms, formulate the annual training plan, provide employees with rich learning resources and convenient learning channels, offering them personalised career advancement channels, and setting specific performance appraisal requirements to improve the comprehensive quality of employees and better adapt to market demand and the strategies of the Company.

#### • Diversified training mechanism

Xiabuxiabu attaches great importance to talent cultivation and firmly believes that talents are the first element of the Company’s development, and urges employees to apply what they have learned and integrate knowledge with practice. We accelerate the establishment of a standardised and transparent talent certification system and customize targeted training programmes for employees at different levels and different business units. Through providing professional, abundant, diversified and scientific training content, we enhance work and management skills of employees, continuously stimulate their potential, urge employees to better exert the spirit of teamwork and improve the Company’s overall performance, the Company’s brand reputation and competitiveness.





## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

### Xiabuxiabu operations training - “TTT” training

Xiabuxiabu “TTT” training empowers full-time lecturers at each BU training end, aiming to improve professional skills such as lecturer course development and teaching, help trainers to independently develop mature courses, develop and draft their own topics for the teaching content, and complete online course assignment submission and offline course teaching through OMO. The training camp has improved the skills of course extraction, summarization and courseware production of full-time lecturers at the operation training end, ensured the practicability, comprehensiveness and fun of the courses output, and effectively built a competitive trainer team.



## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

## Cocou elite manager training camp

Cocou elite manager training camp is aimed at the first person in charge of restaurants, gathering the strength of the person in charge of each restaurant and breaking through various difficulties in restaurant operation. The training camp has helped managers to improve their professional management knowledge and fill in the capacity gap of talents; deeply understand the various systems and regulations introduced by the Group and reach a deep consensus between the front office and middle office. During the year, the elite manager training camp held 4 sessions of national training, with 220 persons in charge of the restaurants participating in the training.



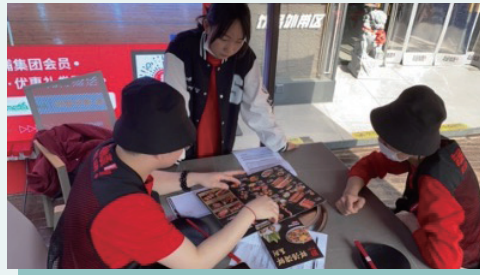
## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

### Shaohot's talent and skill cultivation

Shaohot planned two routes for talent and skill cultivation to help the brands to implement rapid store development strategy and quick accumulation of talent reserve pool:

**Service and production positions:** We mainly regulate the skills of grilled meat in a rapid manner by using the standard operation checklist of the positions and combining with the job operation videos, strengthen the muscle memory of partners through a large number of simulated practical exercises, and create a training environment conducive to the practical operation of partners' services before opening in a fully simulated environment, while the kitchen partners purchase similar meat on site and constantly carry out practical exercises every day based on the training teaching documents and practical videos.

**Operation and management positions:** Based on the Standard Operation Manual (SOP) and combined with one-hour face-to-face courses every day, we consolidate and unify the management methods and thinking of new management personnel through continuous communication of ideas and introduction of management concepts, and test the management ability and degree of qualification through daily written tests and rapid questions, so as to screen and plan the core management personnel for the opening of the stores.



Indicator	Unit	FY2023
Percentage of female employees trained	%	62.77%
Average training hours received by female employees	hours	4.03
Percentage of male employees trained	%	37.23%
Average training hours received by male employees	hours	4.49
Percentage of managers or above trained	%	2.09%
Average training hours received by managers or above	hours	7.35
Percentage of other level employees trained	%	97.91%
Average training hours received by other level employees	hours	6.44

## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

### • Appraisal and promotion

Xiabuxiabu constantly steps up efforts to build up talent reserve, and is committed to offering the employees with a fair, just and open environment for career development. It attaches great importance to employee appraisal and long-term incentives, opens up vertical and horizontal career development channels for employees, encourages outstanding employees to be reasonably promoted, and enhances employees' sense of professional identity within the Company. In 2023, the Company established an annual talent review and reporting mechanism, and the employees increased focus on improving their own work efficiency and quality.

Talent appraisal system	The Company has established a perfect talent appraisal system, with an aim to ensure fair and scientific appraisal results. The Company implements monthly appraisal, quarterly appraisal and special appraisal for performance appraisal, and regularly tracks and analyses the employees' accomplishment of performance tar-gets.
In-house competition policy	The Company has established perfect in-house competition policy, reviewed its internal position composition, offered more promotion opportunities for its employees, so as to make full use of its in-house talent reserve, and enabled employees to obtain diversified development opportunities.

### 4.4 PRACTICING SOCIAL RESPONSIBILITY

Xiabuxiabu firmly believes that the development of an enterprise benefits from the progress of the society, and the promotion of good social development is an important part of the sustainable development of an enterprise. We attach great importance to corporate social responsibilities, continuously pay attention to the needs of the community, and unwaveringly fulfil its social responsibilities with practical actions. While ensuring stable operation, the Company makes proactive efforts to serve and give back to the society, promotes industrial and ecological poverty alleviation programs, facilitates local economic development, as well as participates in and support public welfare activities, charitable donations and voluntary activities, and works with all sectors of society to build a better society.

In 2023, Xiabuxiabu participated in a total of 21 public welfare activities and charity activities, which effectively improved the brand warmth and greatly demonstrated its corporate social responsibility.

#### “Safeguarding the youth, girls are not simple” online consumption donation project

Thousands of restaurants of Xiabuxiabu across the country participated in the public welfare project online consumption donation event of “Safeguarding the youth, girls are not simple”. The Company sincerely undertook that: Xiabuxiabu will donate RMB 1 cent to the online consumption donation event of “Safeguarding the youth, girls are not simple” after each customer who dined in our restaurants used Alipay. The event not only injected new power to public welfare projects, but also provided robust and sound financial support for pubertal girls in need to live a dignified life, and built a bridge of love for the caring people to participate in social public welfare, so that each of Xiabuxiabu consumers became a participant in supporting the event of “Safeguarding the youth, girls are not simple” to care for pubertal girls in need, and became the power of lo of the public welfare team in China.



## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

### Xiabuxiabu's heart-warming courier stations

Xiabuxiabu has established 16 heart-warming courier stations, which mainly provide heart-warming services to customers, takeaway boys and internal employees. The heart-warming courier stations are managed by dedicated service personnel, sign boards are hanged at prominent positions in the service area of the restaurants, and the stations are equipped with daily necessities such as tables and chairs, drinking water, air conditioners, disposable paper cups, emergency medicine boxes. We provide services for occasional needs at work, such as free drinking water supply, cooling and heating, meal heating, rest and going to the toilet.

The small heart-warming courier stations not only conveyed the care of Xiabuxiabu's Labour Union for the takeaway boys, but also created a cultural atmosphere of strong care and love, so that the takeaway boys can actually feel the warmth of "home".



## CONTINUOUS IMPROVEMENT AND PRACTICING SOCIAL RESPONSIBILITY

## Collaborating with flood control and disaster relief of Beijing-Tianjin-Hebei to overcome difficulties together

Affected by Typhoon “Doksuri”, extreme rainfall occurred in many places in Beijing-Tianjin-Hebei region, resulting in significant losses, and the disaster touched people’s hearts. On 4 August 2023, Xiabuxiabu urgently assisted in flood control and disaster relief in the Beijing-Tianjin-Hebei region. The Group, together with its brands and companies such as Xiabuxiabu, Coucou, Shaohot, Tea Mi Tea, One Heart Kitchen, Xiabu Food, donated RMB1 million through the China Foundation for Rural Development. At the same time, we donated 500 caring meals to the villagers in Fangshan, Beijing, and delivered them to the villagers via lifeboats and assault boats. In addition, in response to the needs of the local government in Inner Mongolia, our Yishun plant in Xilin Gol League urgently allocated 100 tonnes of mutton to support Beijing. Although the flood was merciless, there was love among people. Xiabuxiabu continued to pay attention to the progress of disaster relief and provided assistance within its capacity to help the people in the disaster areas to tide over the difficulties together.



Yishun plant allocated 100 tonnes of mutton to support Beijing



500 pieces of hot rice were delivered to the affected villagers in Xiaonanluo Village, Liuli River, Fangshan



“Children of the Stars” autistic children care activity



“City Marathon” has set up tea stations for refuelling

## FUTURE OUTLOOK

Looking forward to 2024, against the background of the changing macro environment, the emergence of new forms of consumption, and a series of external changes such as the new concept of consumption in the Z era, Xiabuxiabu always adheres to the core values of “unity, pragmatism, integrity, diligence and creativity”, seeks new development opportunities amid changes, gives full play to our advantages in the face of new opportunities, and maintains continuous leadership and constant development.

In the future, we will focus on brand building, digital leadership, optimisation of development layout, upgrading of supply chain and optimisation of personnel structure, so as to ensure that the Group achieves the goals of business development rationalisation, scientific layout and refined expense management. Xiabuxiabu will continue to create differentiation among the five major brands, namely Xiabuxiabu, Coucou, Shaohot, Tea Mi Tea and Xiabu Food with Taiwanese cultural features. By providing unique products, services and scenario atmosphere, the brands will become the first choice for social gathering among consumers, and the brand effect will be exerted to empower business development. The five major brands will continue to strategically focus on the super membership all-you-can-eat card, and digital marketing for members will become the first driving force to lead the growth of the brands and the businesses.

Looking ahead, we will increase the scale of cooperation with high-quality real estate developers, accelerate the layout of potential cities, steadily explore the profit space of the lower-tier market, and continue to build the global hotspot brand effect through the overseas strategy. The Group will continue to promote a five-year digital and intelligent supply chain system, leverage on the advantages of the Group’s global business layout, realise an efficient and sustainable global supply chain system, and continuously empower the development of major brands.

In the future, we will adhere to the mission of sustainable development, actively respond to various national policies, assume corporate responsibilities, attach importance to green catering, and strengthen the concept of low-carbon and green operation and management. We will continue to reduce food waste through the core business model of “one-person one-pot”, combined with product research and development and menu design. At the same time, we will adhere to green and sustainable operation through technical reform, equipment renewal and other measures, and spread the green concept of eliminating waste, cherishing food and protecting the environment to customers.

In the future, Xiabuxiabu will optimise its internal talent cultivation strategy, pay attention to talent exploration and growth, improve the efficiency of talents, continuously enhance the professionalism and skills of our staff, comprehensively empower and assist our frontline operations, and create a highly competitive organisational and performance culture that enables employees to be promoted and demoted. In addition, we will continue to actively participate in various public welfare activities, fulfil the social responsibility of a responsible enterprise in terms of greening, industrial poverty alleviation, rural revitalization and donations for disasters, and achieve common prosperity of the society.

A new chapter will be unfolded and working hard will be our first priority. We give full play to the excellent style of unity and solidarity of the employees of Xiabuxiabu. The tougher the time, the more we should show our commitment and dedication. We will never forget our original aspiration and mission, be confident, work hard and forge ahead with courage, and strive for the great dream of “where there are people, there is Xiabuxiabu”.

# ESG INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
A1 Emissions	<p>General Disclosures</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust and greenhouse gas emissions, discharges into water and soil, generation of hazardous and non-hazardous wastes, etc.</p> <p>Note: Exhaust emissions include NO<sub>x</sub>, SO<sub>x</sub> and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	Disclosed	
A1.1	Types of emissions and respective emission data.	Disclosed	P44-45
A1.2	GHG emissions in total (in tonnes) and, if appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	P44-45
A1.3	Hazardous wastes generated in total (in weight or volume) and, if appropriate, intensity (e.g. per unit of production volume, per facility and per regular employee).	Not applicable	Due to the nature of the main business of the Company, no significant amount of hazardous wastes are generated during the operation process, thus this index is not applicable.



ESG INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
A1 Emissions	A1.4 Non-hazardous wastes generated in total (in weight or volume) and, if appropriate, intensity (e.g. per unit of production volume, per facility and per regular employee).	Disclosed	P44-45
	A1.5 Description of measures to mitigate emissions and results achieved.	Disclosed	P50
	A1.6 Description of treatment of hazardous and non-hazardous wastes, reduction initiatives and results achieved.	Disclosed	P50
A2 Use of Resources	General Disclosure  Policies on efficient use of resources, including energy, water and other raw materials.  Note: Resources may be used for production, storage, transportation, buildings, electronic equipment, etc.	Disclosed	P43, P45-47
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	P44-45
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	P44-45
	A2.3 Description of energy use efficiency initiatives and results achieved.	Disclosed	P43, P45-47

## ESG INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
A2 Use of Resources	A2.4 Description of whether there is any issue in sourcing water that is fit for the purpose, water efficiency initiatives and results achieved.	Disclosed/ partial not applicable	Due to the nature of the main business of the Company, the source of water is municipal water supply and there is no issue in sourcing water.  P46-47
	A2.5 Total packaging materials used for finished products (in tonnes) and, if appropriate, packaging materials used for per unit produced.	Disclosed	P45
A3 Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Disclosed	P28, P51-52
	A3.1 Description of the significant impacts of business activities on the environment and natural resources and the actions taken to control such impacts.	Disclosed	P28, P51-52
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted and may impact the issuer.	Disclosed	P48-49
	A4.1 Description of the significant climate-related issues which have impacted and may impact the issuer, and how they are dealt with.	Disclosed	P48-49

ESG INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	P54-55, P58
	B1.1 The total number of employees by gender, employment type, age group and geographical region.	Disclosed	P56
	B1.2 The employee turnover rate by gender, age group and geographical region.	Disclosed	P57
	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.	Disclosed
	B2.1 Number and rate of work-related fatalities.	Disclosed	P57
	B2.2 Lost days due to work injury.	Disclosed	P57
	B2.3 Description of occupational health and safety measures adopted, as well as how they are implemented and monitored.	Disclosed	P59-60

## ESG INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
B3 Development and Training	General Disclosure	Disclosed	P62-66
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		
	Note: Training refers to vocational training. It may include internal and external training programs paid by the employer.		
	B3.1 The percentage of employees receiving trainings by gender and employee category (e.g. senior management, middle management, etc.).	Disclosed	P65
	B3.2 The average training hours completed per employee by gender and employee category.	Disclosed	P65
B4 Labour Standard	General Disclosure	Disclosed	P55
	Information on:		
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing use of child labour or forced labour.		
	B4.1 Description of measures to review recruitment practices to avoid child labour and forced labour.	Disclosed	P55
	B4.2 Description of steps taken to eliminate such practices when discovered.	Disclosed	P55

ESG INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
B5 Supply Chain Management	General Disclosure	Disclosed	P37-38
	Policies on managing the environmental and social risks of the supply chain.		
	B5.1 Number of suppliers by geographical region.	Disclosed	P37
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, as well as how they are implemented and monitored.	Disclosed	P37-38
B6 Product Responsibility	General Disclosure	Disclosed	P28-31, P35, P40
	Information on:		
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters in relation to products and services provided and methods of redress.		
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	P29
	B6.2 Number of products and service related complaints received and how they are dealt with.	Disclosed	P40
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Disclosed	P23
B6.4 Description of quality assurance process and recall procedures.	Disclosed	P29-30	
B6.5 Description of consumer data protection and privacy policies, as well as how they are implemented and monitored.	Disclosed	P41	

## ESG INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
B7 Anti-corruption	General Disclosure	Disclosed	P20-22
	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.		
	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.	Disclosed	P20
	B7.2 Description of preventive measures and whistleblowing procedures, and the related implementation and supervision approaches.	Disclosed	P21
	B7.3 Description of anti-corruption training provided to directors and staff.	Disclosed	P22
B8 Community Investment	General Disclosure	Disclosed	P66-68
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities taking into consideration the communities' interests.		
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	P66-68
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Disclosed	P66-68

## GRI STANDARDS INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
2-1	Organizational details		
2-2	Entities included in the organisation's sustainability reporting		
2-3	Reporting period, frequency and contacts		
2-4	Restatements of information		
2-5	External authentication		
2-6	Activities, value chain, and other business relationships		
2-7	Employees		
2-8	Workers other than employees		
2-9	Governance structure and composition		
2-10	Nomination and selection of the highest governance body		
2-11	Chair of the highest governance body		
2-12	Role of the highest governance body in overseeing the management of impacts		
2-13	Delegation of responsibility for managing impacts		
2-14	Highest governance body's role in sustainability reporting		
2-15	Conflict of interest		
2-16	Communication of critical concerns		
2-17	Common knowledge of the highest governance body		
2-18	Performance evaluation of the highest governance body		
2-19	Remuneration policies		
2-20	Process to determine remuneration		
2-21	Annual total compensation ratio		
2-22	Statement on sustainable development strategy		

## GRI STANDARDS INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
2-23	Policy commitment		
2-24	Integration policy commitment		
2-25	Procedures to remedy negative effects		
2-26	Mechanisms for seeking advice and raising concerns		
2-27	Compliance with laws and regulations		
2-28	Membership of associations		
2-29	Approach to stakeholder engagement		
2-30	Collective bargaining agreement		
3-1	The process of identifying substantive issues		
3-2	List of substantive issues		
3-3	Management of substantive issues		
201-1	Direct economic value generated and distributed		
205-2	Communication and training about anti-corruption policies and procedures		
301-1	Materials used by weight or volume		
302-1	Energy consumption within the organization		
302-3	Energy intensity		
302-4	Reduction of energy consumption		
302-5	Reductions in energy requirements of products and services		
305-1	Direct (Scope 1) GHG emissions		
305-2	Energy indirect (Scope 2) GHG emissions		
305-4	GHG emissions intensity		
306-1	Total water discharge by quality and destination		



GRI STANDARDS INDEX

No.	Description	Disclosure Status	Reference Sections in the Report
306-2	Total amount of waste by type and disposal method		
307-1	Non-compliance with environmental laws and regulations		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		
401-3	Parental leave		
404-2	Programs for upgrading employee skills and transition assistance programs		
414-2	Negative social impacts from the supply chain and actions taken		
416-1	Assessment of the health and safety impacts of products and service categories		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		

# READER FEEDBACK FORM

Thank you for reading 2023 Report of Environmental, Social and Governance of Xiabuxiabu. In order to provide you and other stakeholders with more valuable information and improve the Company's ability to fulfil ESG, we sincerely welcome any opinions and suggestions you may offer on the report via:

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Telephone: (852) 2952 3566

Email: Godfrey@xiabu.com

1 Which of the following stakeholder types applies to you? \_\_\_\_\_

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

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

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

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

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

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

A Excellent B Good C Average D Poor

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

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Thanks again for your participation!