



唐宮(中國)控股有限公司  
TANG PALACE (CHINA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)  
Stock Code 股份代號: 1181

唐宮  
Tang Palace  
HONG KONG  
TANG PALACE  
FOOD & BEVERAGE  
GROUP  
香港  
唐宮  
飲食  
集團



2019

環境、社會及管治報告  
Environmental, Social and  
Governance Report

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2019 was a challenging year for the Group as well as for the entire catering industry. The combined impact of the downward pressure of global economy, unstable trade relations between China and the US, and social events in Hong Kong in the second half of the year, had affected consumer confidence to a certain extent. Despite such arduous operating environment, the Group's operations remained relatively stable, which was attributable to the concerted efforts of all employees during the Reporting Period. For the year ended 31 December 2019, the Group maintained the operation of 59 restaurants with six newly added joint venture restaurants, bringing the total number to 14. Of which, the Group had expanded the "Social Place" brand to Singapore, and introduced the traditional Japanese Saikyo Yaki and Kaiseki cuisine brands to Hong Kong. The Group's revenue and net profit during the Reporting Period were RMB1,495.1 million and RMB91.3 million, respectively.

Stepping into the changing and unknown future, we should uphold our core corporate values further, with the mission of "Establishing Paradigm of a Blessed Catering" and "Fostering a Centennial International Brand" in mind. Through self-review and continuous learning, we strive to optimise and improve the management system of the Group. During the Reporting Period, apart from implementing the existing management measures, such as supply chain management, operation 5S reviews and mysterious customer visits, etc., we further enhanced and improved the management and incident reporting mechanism for food and production safety. Moreover, we also increased efforts in promoting the concept of Cool Kitchen initiative, where the restaurant at Hilton hotel in Beijing was awarded the "The Model Shop of Cool Kitchen in Beijing" by ERS Institute.

While attaching importance to the management structure, we pay more attention to the people inside the structure, in a hope to embody the core values of "Conveyance of positivity and Integrity and altruism" under the operation philosophy of "devoting relentless efforts and Conveying happiness". Through diversified curriculum contents, Tang Palace people are transformed into caterers who are well geared with skills, management and mentality. We have also launched the Peixunbao (培訓寶) mobile application learning platform, so that employee training is more systematic with no geographic boundary. In addition, during the Reporting Period, we also specially invited Mr. Wang Yongjun (王永濬老師), the chief expert of corporate culture of Hanyuan Restaurant Management College (漢源餐飲商學院), to give lectures in Beijing, Shanghai and Guangdong so as to fully promote the "Moved Services", and further introduced the rule of Moved Services to promote the building of excellent service team.

We deeply understand that a company and its surrounding environment are a mutually influential community, hence, we continue to integrate the environmental friendly concept of energy conservation and emission reduction into our daily operation management. With the improvement of equipment efficiency, environment-friendly packaging design, research and development of vegetable products and internal and external publicity initiatives, we devote ourselves to promoting the importance of environmentally-friendly living to employees and customers by setting an example of personally taking part, and continue to uphold the brand image of Environmental Protection, Quality Products, Safety Assurance and Health Cultivation.



# ABOUT THIS REPORT

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# 1. ABOUT THIS REPORT

## 1.1 Reporting Period

This environmental, social and governance report (the “**Report**”, “**ESG Report**”) cover the period from 1 January 2019 to 31 December 2019 (the “**Reporting Period**”).

## 1.2 Publication Cycle

This report is issued on a yearly basis and according to relevant statutory requirements, it will be released within 3 months after the publication of annual report of the Company.

## 1.3 Reporting Scope

The statistical information in this Report primarily covers the traditional Chinese restaurant business of the Group, including the regions in Northern China (Beijing), Eastern China (Shanghai / Suzhou / Hangzhou), Southern China (Shenzhen / Dongguan) and Western China (Chengdu), which contributes the largest cash flow and income to the Group.

## 1.4 Relevant Legal Requirements

The production and operation of the Company and its subsidiaries (the “**Group**”, “**We**” or “**Tang Palace**”) are mainly located in the People’s Republic of China (the “**PRC**”). The Group also operates its restaurant business in Hong Kong Special Administrative Region, Taiwan and Singapore through self-operation or joint venture. Our compliance with relevant laws mentioned in this Report is applicable to the relevant legal requirements in various regions.

## 1.5 Basis of Preparation

This Report is prepared in accordance with the requirements of Rule 13.91 and the reporting framework set forth in the “Environmental, Social and Governance Reporting Guide” (the “**Guide**”) under Appendix 27 of the Main Board Listing Rules of Stock Exchange.

In complying with the Guide and Corporate Governance Code, the Board of directors of the Company is accountable to the overall responsibility of Group’s Environmental, Social and Governance (the “**ESG**”) strategy and reporting, and is also responsible for evaluating and determining the Group’s ESG-related

risks. The preparation of this report is based on the following principles: (Importance) The materiality matrix is sorted out by the board of directors, senior management and ESG Team based on the opinions of stakeholders that have been collected, and used as the basis for the Report; (quantitative and consistency) The quantitative key indicators in this report are collected, counted and converted according to a consistent method, and the methodology of quantification and conversion have been disclosed in the relevant positions of the report; (Balance) This Report tries to report the Group’s performance during the period as objectively as possible, avoiding inappropriate and selective disclosure, omissions or reporting formats that cause misleading to the report users.

## 1.6 Sources of Data

All information in this Report are derived from the official documents and statistical report of Tang Palace (China) Holdings Limited. During the Reporting Period, the Company engaged Carbon Care Asia Limited to perform a carbon assessment to quantify the emission of greenhouse gas generated by its operations. The quantification process, adopting the operation control method to collect data, is referenced to the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Food, Tobacco, Alcohol, Beverages and Purified Tea Manufacturing Enterprises (《食品、煙草及酒、飲料和精製茶企業溫室氣體排放核算與報告指南》) and the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Other Industrial Enterprises (《工業其他行業企業溫室氣體排放核算與報告指南》) as promulgated by National Development and Reform Commission of the People’s Republic of China, and also the International Standard ISO14064-1, so as to ensure the accuracy of the environmental key performance indicator information.

## 1.7 Access to the Report

The electronic version of this Report is available on the Company’s website (<http://www.tanggong.cn/>) and the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>).

This Report is published in both Chinese and English versions. In case of any inconsistency, the Chinese version shall prevail.

唐宮  
Tang Palace

唐 *Tang*

*Glorious Culture  
Succession*

宮 *Palace*

*Chinese Cuisine  
Inheritance*

ABOUT  
TANG PALACE



## 2. ABOUT TANG PALACE

### 2.1 Group Profile

**Place of incorporation:** The Company is registered in the Cayman Islands and listed on The Stock Exchange of Hong Kong Limited in 2011, stock code: 1181.

**Business:** restaurant operations and food production

**Number of outlets:** 59 self-operated and 14 under joint venture (As at the end of 31 December 2019)

Principal operating regions:  
Beijing, Chengdu, Shanghai,  
Shenzhen, Hong Kong

#### Self-operating brands:



Tang Palace, Tang Palace Seafood Restaurant, Tang's Cuisine, Social Place, Canton Tea Room

#### Joint venture brands:



PappaRich, Mawangzi, Bornga, Kyoto Ichinoden

#### Franchised brand:



Pepper Lunch



## 2.2 Tang Palace's Missions and Values

The culture of Chinese Cuisine has a long history, as an traditional saying that "Food is the first necessity of the people", as a company that respects traditional culture, the Group adheres to the **missions** of "With Glorious Tang Culture as Foundation, Modern Management as Core, Establishing Paradigm of a Blessed Catering, Fostering a Centennial International Brand, upholds the **core values** embracing "Filial Piety and Brotherhood, Gratitude and Humbleness Virtue, Integrity and Altruism, Refinement and Creativity, Conveyance of Positivity and All-round Blessed", and actualize in the **operation philosophy** of "Relentless Efforts, Altruistic Operation and Conveying Happiness".



## 2. ABOUT TANG PALACE

### 2.3 Awards and Accolades

Tang Palace is committed to develop and promote of the catering industry, with the responsibility of improving the level of professionalism in the restaurant environment, production and service, actively fulfilling the social responsibilities, which obtained the recognition from the authority, industry associations, customer and business partners on the Tang Palace's capability and brand value. Tang Palace has received various awards in 2019 and some are listed below.

#### Capacity ranking

##### Organisation

##### Awards #

|                           |   |
|---------------------------|---|
| China Cuisine Association | 2019 Top 100 Catering Enterprises in China              |
| China Cuisine Association | 2019 Top 500 Catering Outlets in China                  |
| China Hotel Association   | 2019 15 <sup>th</sup> of Top 50 Dinning in China        |
| Forbes China              | 2019 Top100 Most Outstanding Women in Commerce in China |



#### Social responsibility

##### Organisation

##### Awards #

|  |   |
|--|---|
| Ctrip Corporate Travel                           | Innovative Partnership Award  |
| Shanghai Restaurants Cooking Cuisine Association | <ul style="list-style-type: none"> <li>Model Shop of Green Restaurant in Shanghai F&amp;B</li> <li>Green Restaurant in Shanghai F&amp;B</li> </ul>  |
| ERS Institute                                    | <ul style="list-style-type: none"> <li>ERS Demonstration Unit – Certificate of ERS management system Certification (Excellent result)</li> <li>The Model Shop of COOL KITCHEN in Beijing</li> </ul> |

#### Brand Recognition

##### Organisation

##### Awards #

|  |   |
|--|---|
| Hong Kong Institute of Marketing                 | Market Leadership Award in Specialty Restaurant   |
| Shenzhen Catering Service Industry Association   | 2019 F&B Brand Ranking in Shenzhen – Top 10 Chinese Food  |
| Shanghai Restaurants Cooking Cuisine Association | Special Dishes in Shanghai (Black Truffle Shredded Chicken, Alaskan Crab baked with Golden sauce)   |
| Dianping   | <ul style="list-style-type: none"> <li>2019 Must-eat List</li> <li>2019 Customer Review Awards</li> </ul>   |
| Meituan Take Away                                | <ul style="list-style-type: none"> <li>Top 100 Chain Store Award</li> <li>Model Merchant Award on Co-building the Lush Mountain</li> </ul>                        |
| OpenRice (開飯喇)                                   | <ul style="list-style-type: none"> <li>2019 Best Restaurant Award</li> <li>Best Guangdong Restaurant</li> <li>Best Restaurant in Central &amp; Western</li> </ul> |
| Tripadvisor (貓途鷹)                                | Certificate of Excellence 2019  |
| TimeOut Shanghai                                 | Cantonese Restaurant of 2019  |
| The Cover (封面新聞)                                 | Sichuan Catering Brand Commercial Value Award 2019  |



## 2.4 Tang Palace’s Sustainable Development

A good corporate culture and healthy management system are essential for Tang Palace to achieve its mission of “Centennial International Brand”, both are also the foundation for the sustainable development of the company. The Group tried to implement a management system (production safety and resource management) that fits the Group's practical situation based on the 5S management concept introduced in the early years, and it has been updated from time to time (see below).

The key points of management system (production safety and resource management) :



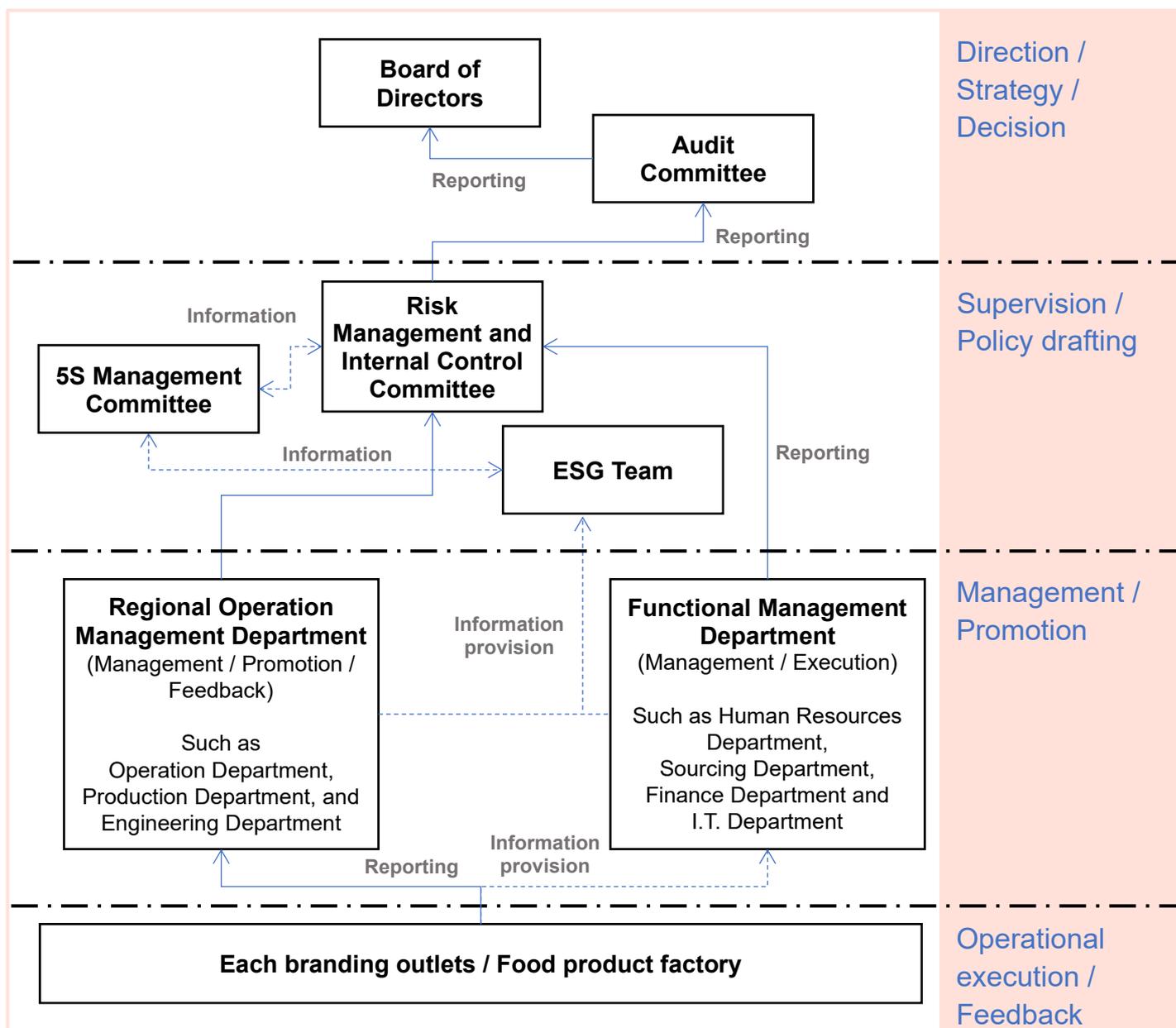
In addition, the Group is also committed to promoting the brand image of “Environmental Protection, Quality Products, Safety Assurance and Health Cultivation”, representing our response to various “Environmental, Social and Governance” issues and the key elements for our sustainable development.



## 2. ABOUT TANG PALACE

### Governance structure

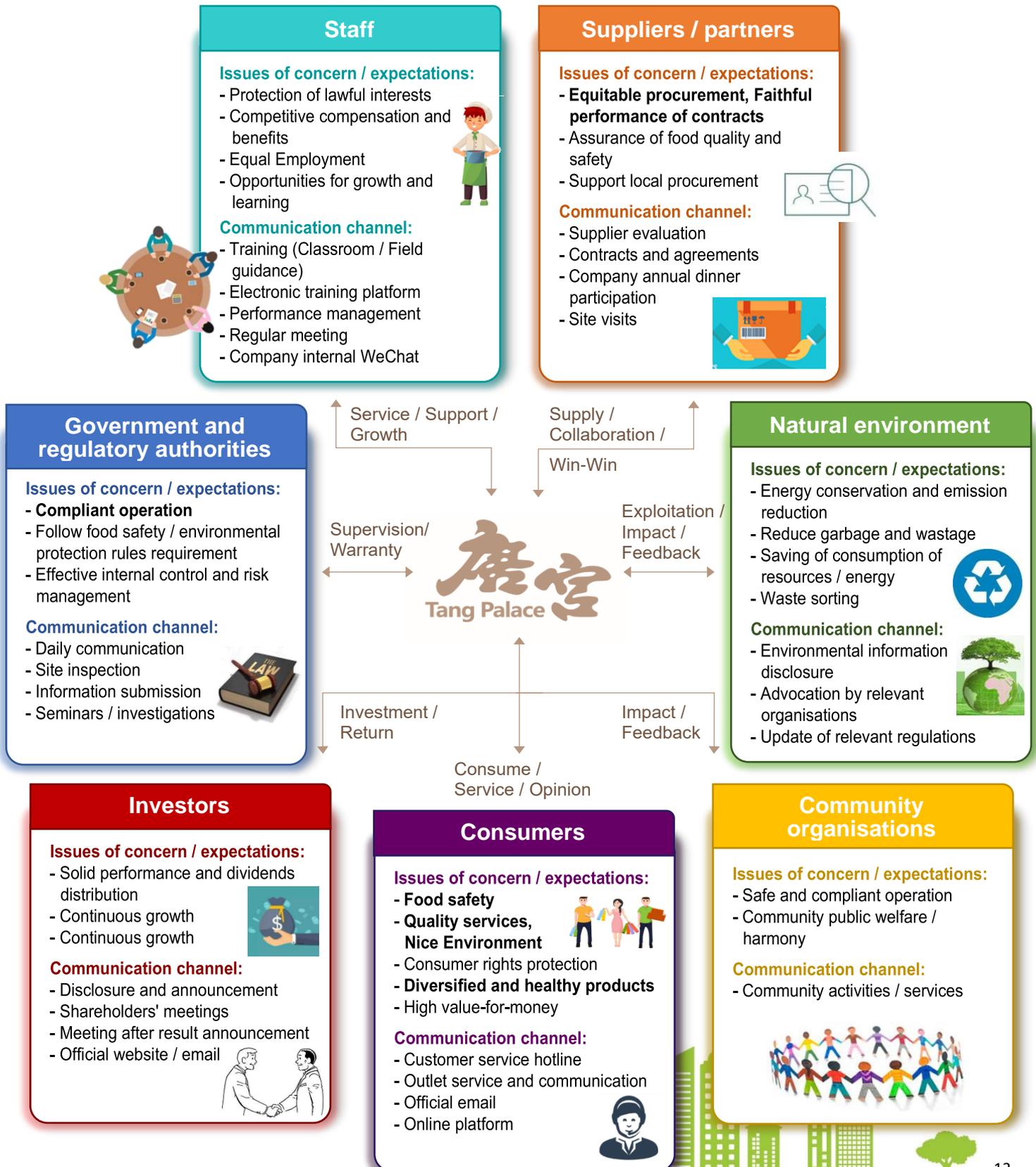
Tang Palace established Audit Committee and Risk Management and Internal Control Committee under the board of directors according to the company's own governance needs and the requirements of the Main Board Listing rules of Stock Exchange, to assist the board of directors in reviewing the Group's financial and internal control, as well as the risk management measures and systems. Relevant issues in the ESG report (“**ESG issues**”) often involve important risk management, the Company's board of directors is responsible for reviewing major ESG issues and is responsible for the overall disclosure of this Report, and through a dedicated working group (“**ESG Team**”), sort out and integrate ESG related work in each operating district and collect relevant data and information. Through the coordination with the supervising and management departments, at group and various operation districts level, the ESG Team advocate the strategy formulated by the group in order to address various ESG issues, and understand their implementation by the operational and managerial department, so as to feedback the latest information to the board of directors and facilitate them for a more effective assessment of the key ESG issues.





## 2.5 Stakeholders Communication

We believed that comprehensive communication channel can facilitate the Companies to fully grasp the concerns and demands of various stakeholders, leading to a more balanced and healthy business development, and in return achieving sustainable development.

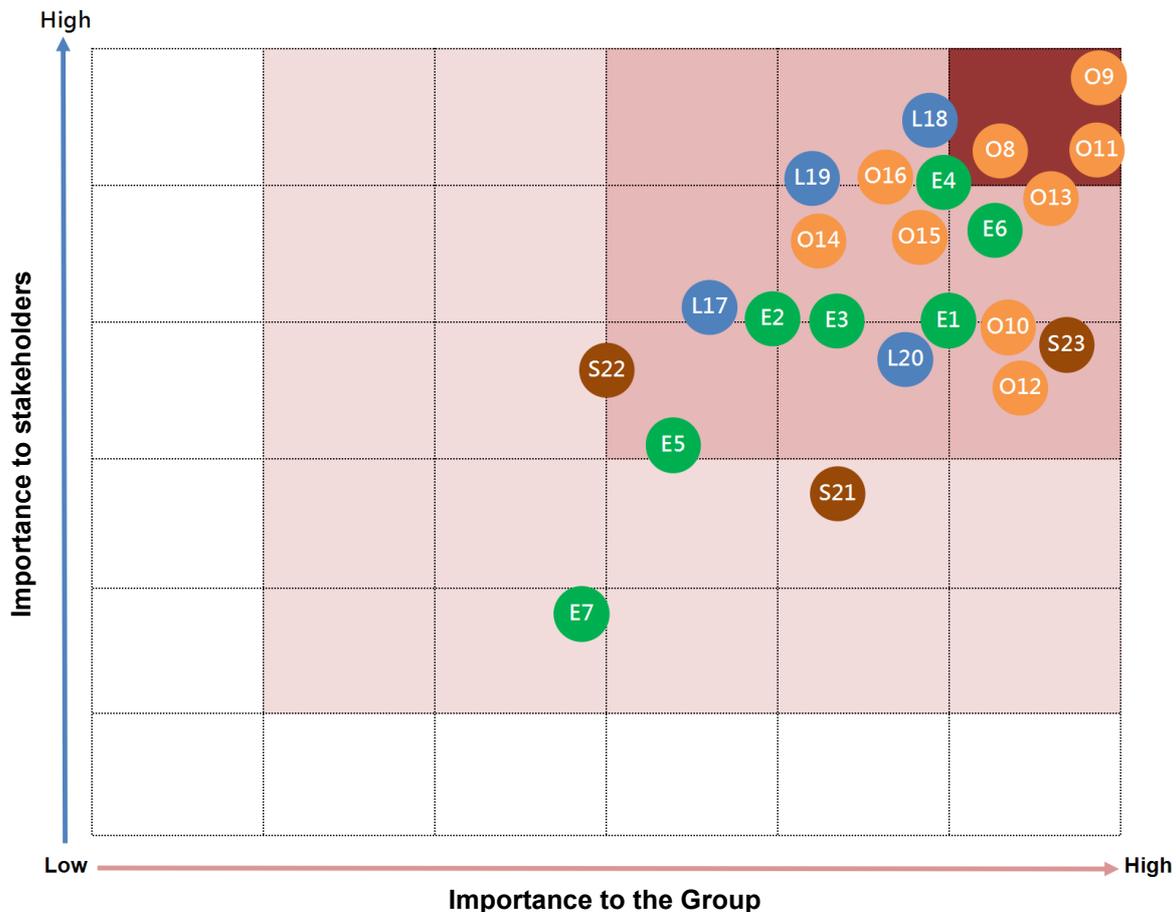


# 2. ABOUT TANG PALACE

## 2.6 Materiality Analysis of Various Issues

During the Reporting Period, the Group collected opinions from internal and external stakeholders through the existing communication channels, and through the communication and collaboration of the Company's board of directors, executives and ESG Team, formulated judgement on the importance of related issues and sorted out the ESG issues that ranked by importance and disclosed in the following matrix.

Similar to the previous report, food and environmental safety, quality service and dining environment, diversified and healthy products with quality, occupational safety and health, probity and honest business are still the main major ESG issues and are the key issues disclosed in this Report.



- E Environment Responsibility**
1. Energy saving and water management
  2. Sewage treatment
  3. Air pollution and greenhouse gas emission management
  4. Solid waste treatment
  5. Environmental friendly product takeaway packaging design
  6. Measures to reduce food waste
  7. Company's participation in environmental protection activities

- O Operational Responsibility**
8. Product diversity / quality / health
  9. Food and environmental safety
  10. Supply chain risk Management
  11. Excellent service / dining environment
  12. Effective corporate governance / system
  13. Business practices with integrity and honesty
  14. Respect and protect intellectual property
  15. Protect customer information and privacy
  16. Anti-bribery and anti-corruption

- L Labour Responsibility**
17. Equal employment / anti-discrimination
  18. Employee occupational health/environmental safety
  19. Employee rights protection
  20. Staff training / promotion

- S Social Responsibility**
21. Promotion of industry development
  22. Participation in public welfare and charity / community care
  23. Employee Caring



# Environmental Responsibility

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**The global warming problem continue to be more and more severe , the regulatory awareness of governments and various sectors over the world on the environmental protection issue are raising constantly, it is also one of the key element in Tang Palace 's sustainable development.**

**We are convinced that only by maintaining a harmonious and balanced relationship with nature, can we achieve our mission of "Blessed Catering" and "Centennial Brand".**



# 3. Environmental Responsibility

## 3.1 Relevant Data for Carbon Emission

| Greenhouse gas emissions         | Sources of Emission  | Unit   | Emission Amount |
|----------------------------------|--|--------|-----------------|
| <b>Carbon Dioxide Equivalent</b> | Direct Emission - Fossil fuel consumption by equipment and vehicles owned or controlled by the Group, and the Exhaust emissions of refrigerants (mainly used in refrigerators) | Tonnes | 10,669          |
|                                  | Indirect Emission from Energy-Purchased electricity and heating powers   | Tonnes | 14,395          |
|                                  | Other indirect emission-Commercial flights   | Tonnes | 246             |

Total Emission: 25,310 Tonnes Carbon Dioxide Equivalent

Intensity: 0.02 Tonnes or (20KG) Carbon Dioxide Equivalent / RMB1,000 revenue

| Exhaust gases              | Sources of Emission              | Unit | Emission Amount |
|----------------------------|----------------------------------|------|-----------------|
| <b>Oxysulphide</b>         | Fuel vehicles and cooking stoves | KG   | 61              |
| <b>Nitrogen oxide</b>      | Fuel vehicles and cooking stoves | KG   | 7,490           |
| <b>Particulate matters</b> | Fuel vehicles and cooking stoves | KG   | 142             |

| Waste                      | Sources   | Unit   | Weight | Total Weight    | Intensity                      |
|----------------------------|---|--------|--------|-----------------|--------------------------------|
| <b>Non-hazardous waste</b> | Food waste  | Tonnes | 4,479  | 6,780<br>Tonnes | 5.4 KG /<br>RMB1,000 revenue   |
|                            | Other waste   | Tonnes | 1,637  |                 |                                |
|                            | Recyclable waste  | Tonnes | 603    |                 |                                |
|                            | Waste oil   | Tonnes | 61     |                 |                                |
| <b>Hazardous waste</b>     | Detergents and insecticides containers containing chemical substances | Tonnes |        | 27<br>Tonnes    | 0.021 KG /<br>RMB1,000 revenue |

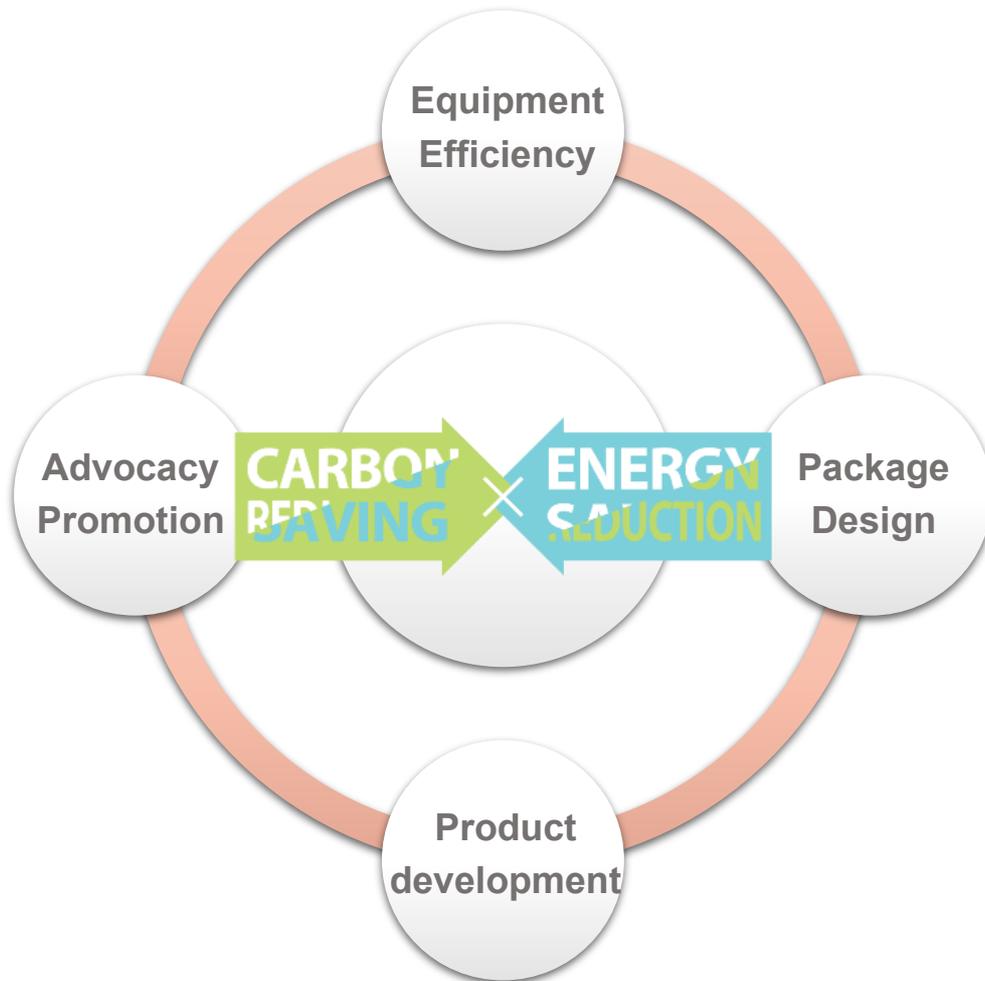
## 3.2 Relevant Data for Resources Consumption

| Resources Consumption                    | Sources                         | Unit           | Weight / consumption | Total Weight / consumption  |   |
|--|---------------------------------|----------------|----------------------|-----------------------------|---|
| <b>Packaging materials</b>               | Sauces for internal use         | Tonnes         | 8.9                  | 219.3<br>Tonnes             | 0.2 KG /<br>RMB1,000 revenue                  |
|  | Product takeaway                | Tonnes         | 121.9                |                             |   |
|  | New Year Cake/<br>Rice Dumpling | Tonnes         | 27.2                 |                             |   |
|  | Moon Cake                       | Tonnes         | 61.3                 |                             |   |
| <b>Energy / Water consumption</b>        | Direct Energy – Gasoline        | GJ             | 1,362                | 73,353<br>MWh<br>Equivalent | 0.059 MWh<br>Equivalent /<br>RMB1,000 revenue |
|  |                                 | MWh Equivalent | 378                  |                             |   |
|  | Direct Energy – Diesel          | GJ             | 898                  |                             |   |
|  |                                 | MWh Equivalent | 249                  |                             |   |
|  | Direct Energy – Natural gas     | GJ             | 176,498              |                             |   |
|  |                                 | MWh Equivalent | 49,027               |                             |   |
| Indirect energy- Purchased heating power | GJ                              | 1,071          |                      |                             |   |
|  | MWh Equivalent                  | 298            |                      |                             |   |
| Indirect energy- Purchased electricity   | MWh                             | 23,401         |                      |                             |   |
| Water resource                           | cubic meter                     |                |                      | 667,749<br>cubic<br>meters  | 0.54 cubic meter /<br>RMB1,000 revenue        |



### 3.3 Various Environmental Protection Measures

The cooking process and auxiliary services in catering industry will cause impact to the environment at various extent, such as the consumption of water, electricity, natural gas, food ingredients and packaging resources, and the harmful substances contained in the fume will affect human health and air quality, which in return will have a direct impact on the quality of the surrounding living environment.



The followings are the objectives of the various environmental protection measures implemented by the Group:

- Control of greenhouse gas and waste gas emission
- Reduction in generating and proper disposal of waste
- Improvement of energy efficiency
- Control resources consumption (including water resources) of business



# 3. Environmental Responsibility

## 3.3.1 Improvement of equipment efficiency

During the restaurant operating process, the running of various equipment will consume different energy and resources such as electricity, natural gas and water, which are mainly used for lighting, air-conditioning, air exhaust, refrigeration and cooking. Through routine inspection and regular contact with equipment suppliers, our engineering management department ensures that the relevant equipment is in good working conditions, and upgrade the equipment with more energy efficiency functions as appropriate. Followings are the relevant case examples of equipment improvement through which the Group implemented to achieve better energy efficiency during the Reporting Period:

### Case example: Optimization of air-conditioning unit

During the Reporting Period, the air-conditioning units of the outlet in Dongguan (the non-central air-conditioning outlet) was changed from old style screwing machine unit to more energy-saving air-cooling modular machine unit.



Old screw machine unit



New air-cooling modular machine unit

### Case example: Popularization of steam recovery system

Heat energy recovery from steam cabinets to generate hot water for use in dishwasher



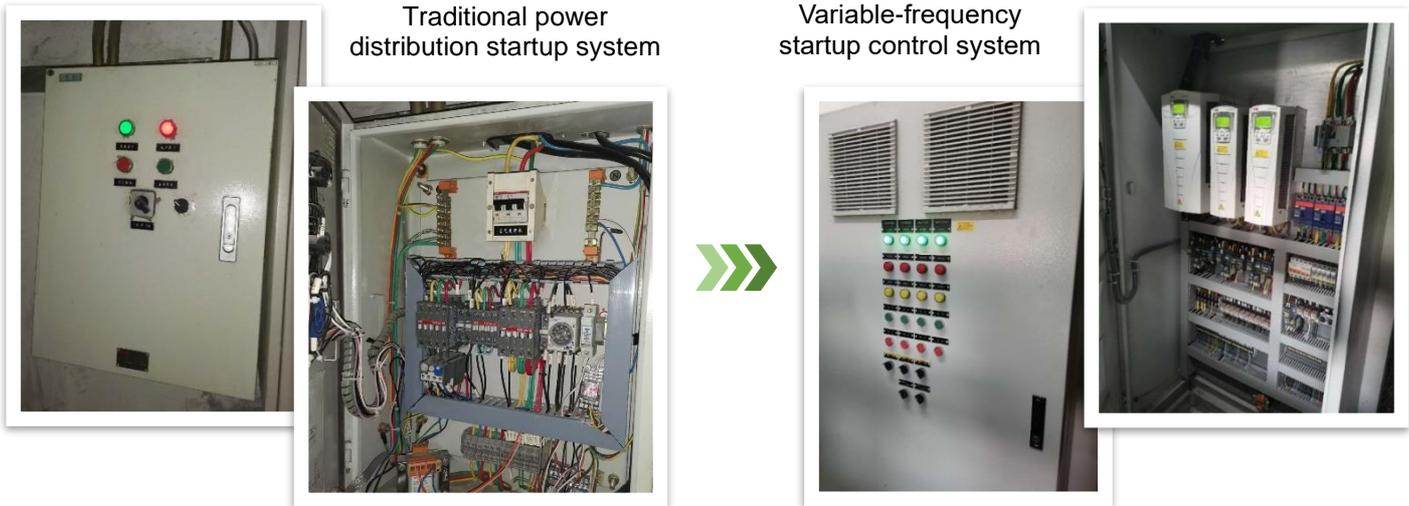
Last ESG report mentioned that the outlets have installed steam recovery systems successively since 2018, to recover heat energy generated by steam cabinets and generate hot water at 60°C-80°C usage in the rough processing, utensils cleaning and tea stalls. Only three outlets in Beijing were equipped with such equipment last year, during the Reporting Period, the steam recovery equipment were installed to another 3 outlets in Beijing and planned to

scale up to the remaining outlets if feasible; all of the five traditional Chinese restaurants in Shenzhen and Dongguan have already installed with relevant equipment; all traditional Chinese restaurant in Shanghai, except those that have space restrictions, have been installed. During the Reporting Period, the Group further reduced the purchase of hot water supply from property management companies, reducing 146 MWh equivalent energy consumption from purchased heating.



Case example: exhaust system optimization

During the Reporting Period, one outlet in Beijing has changed its exhaust fan unit from a traditional power distribution startup system to a more energy-efficient variable-frequency startup control system, it is prudently estimated that it can save about 21,200 kilowatts (kwh) of electricity per annum. Currently there are two outlets in Beijing using such variable-frequency startup control system for exhaust air, the performance of which is being closely observed and may be considered to promote to other outlets.



Case example: further enhancement in lighting equipment

Currently, energy-saving lighting has basically been used in the business area of the outlets (except for a small part of the scene that continues to use traditional lighting due to light color needs), the kitchen of Shanghai Huijing outlet has further completed the renovation on energy-saving lighting (from traditional lighting to LED) during the Reporting Period, the electricity consumption has changed from 36w to 18w, which is about 40% less than traditional lighting, it is planned that there will be further promotion of kitchen lighting renovation.



Case example: other energy saving measures

Apart from the relatively larger equipment mentioned above, the awareness in environmental protection and energy saving is also fully reflected in different scenarios, like our outlets recycle water with detergents in dishwasher for special greasy tableware pre-washing process before conducting normal cleaning procedures, so as to effectively reduce the consumption of clean water; besides, the fume extractors in kitchen and water heaters in office are equipped with timers to avoid wastage caused by employee negligence in turning them off.

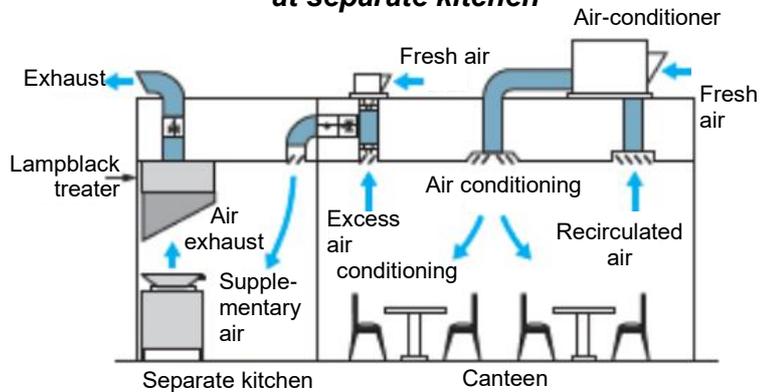
# 3. Environmental Responsibility

## Case example: Cool Kitchen Initiative

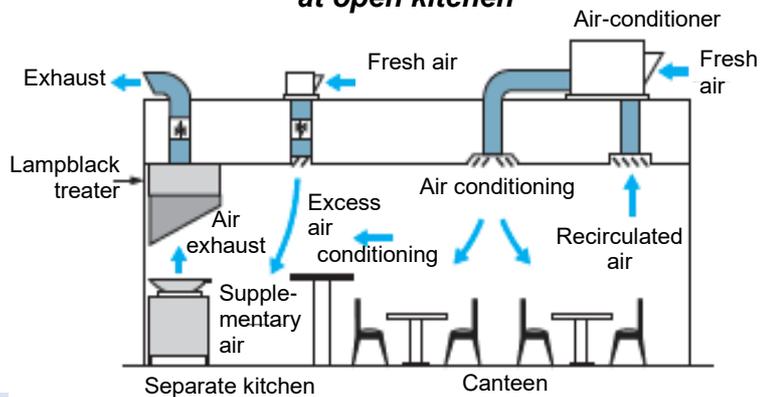
The Group is well aware that kitchen operation is an important core of catering operations, while it affects the outlets' core competence like products quality, it is also the area that most energy consumption take place. Therefore, since 2018, the Group introduced the Cool kitchen concept to our newly opened traditional Chinese restaurants, and when practicable, will also be adopted in other existing outlets that under renovation.

Cool kitchen has a series of standardize auxiliary facilities, in which the optimization of kitchen layout/passage and the use of energy-saving equipment can reduce energy consumption effectively.

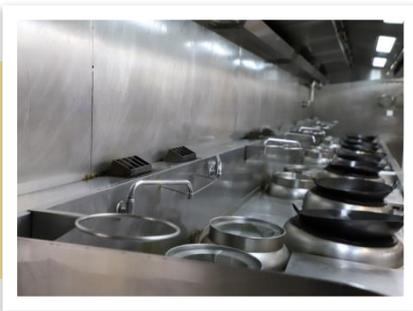
### Recycling of excess air-conditioning at separate kitchen



### Recycling of excess air-conditioning at open kitchen



Use environment-friendly and energy-saving electric frying stove to reduce noise and kitchen temperature



Use low-electric soup stove to reduce heating time, safer and more energy efficient



Food waste processor can separate oil from kitchen waste, then dehydrate, crush and press to reduce waste volume



Use of water-saving valves to reduce fresh water wastage in kitchen operation

Recycle air-conditioning from dining area for kitchen use, reduce kitchen air-conditioning usage

- Air volume control gate
- Fire damper
- Exhaust fan

## 3C

Cool (清涼)

Clean (衛生)

Control (控制)

## 5S

Strong (強力)

Speedy (迅速調整)

Safety (安全)

Save Energy (節能)

Save Money (節省)



### Water Resources Management

At the press conference held by the State Council Information Office on 22 March 2019, Wei Shanzhong, vice minister of Ministry of Water Resources of the PRC, stated that the current situation of water resources in the PRC is still acute, with serious problems such as water shortage and water ecological damage. In addition, massive exploitation of underground water has led to attenuation of surface water. Wei Shanzhong revealed that in recent years, the PRC government has made positive progress and remarkable achievements in water saving, protection and administration. However, he also indicated that with the economic and social development, the situation of water resources in PRC is still acute, with serious problems such as water shortage, water ecological damage and water environmental pollution.

During the reporting period, the Group did not encounter any problems in obtaining water, and the water supply costs in various districts were also in a stable state. However, due to China's unique topographical situation, water sources are more in the south and less in the north. Among them, North China is one of the most severely water-scarce regions, and China is also a backward country in terms of water resources per capita. Therefore, the Group also needs to maintain water conservation awareness and continue to use and review the effectiveness of related water-saving equipment (such as water-saving valves and inductive faucets).

### 3.3.2 Adopt environmental protection packaging concept

Different packaging materials are used in seasonal products and daily take-away, in order to reduce the environmental impact of packaging waste, in addition to focusing on appearance and practicality, the marketing department of the Group also attaches importance to adding different environmental protection ideas:

|   |  |   |
|---|--|---|
| <p><b>Environmental-friendly material, Caring to nature</b></p>  <p>Using paper card packaging certified by the Forest Stewardship Council (FSC) to reduce the impact of the material extraction process on nature</p> | <p><b>Dignified and exquisite, encourage reuse</b></p>  <p>Exquisite packaging boxes and bags (with insulation layer) can be used for storage with different purpose</p> | <p><b>Light and simple, easy to decompose</b></p>  <p>Simple paper material, easy to decompose and compress, reduce the environmental impact of disposal</p> |
|---|--|---|

### Case example: Disposable tableware

In Shanghai, no free disposable tableware will be provided for takeaway from 1 July 2019 onwards, and other operation districts also won't provide disposable tableware unless upon request, or have printed environmental friendly wordings on chopsticks packs, which use paper packaging, to explain the quality of the chopsticks so as to encourage the recycling use. In addition, some outlets participated in environmental charitable activities, a donation of RMB0.05 per order of takeaway to environmental protection organization (Merchants of Lush Mountain Public Welfare).

# 3. Environmental Responsibility

## 3.3.3 Product Innovation

We will also consider environmentally friendly elements when deciding dishes and selecting food ingredients. By creating more vegetable dishes with different tastes and cooking methods, we encourage healthy eating habits with exquisite and delicious products, while also reduce the consumption of meat ingredients that causes carbon emission.



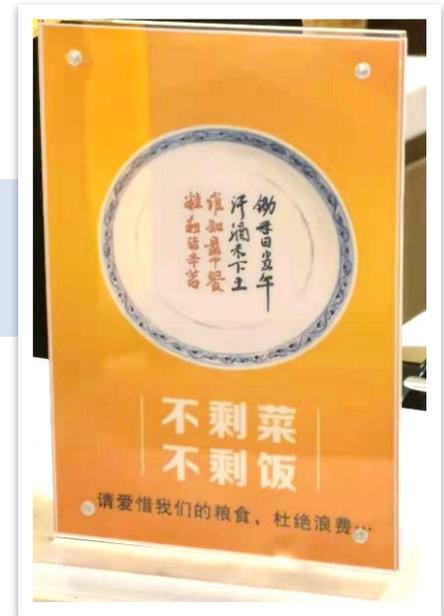
In addition, the lobsters selected by the Group are wild and sustainable seafood. Lobsters is one of our commonly used food ingredients, we hope to reduce the impact on natural resources through careful selection of food ingredients.





### 3.3.4 Advocacy initiative

We promote the awareness of environmental protection and waste reduction to employees and customers in different situations and channels, and start from the Company itself, such as the use of degradable environmentally friendly packaging bags, posting and putting reminders slogan in the staff canteens and restaurants to promote cherishing of food and waste reduction, and using environmental protection as the theme of the Company's annual dinner, so as to integrate environmental awareness into daily life.



Slogans of cherishing food are placed on the walls and tables of the restaurant



Mobile message to remind the takeaway tableware could be reused and encourages no tableware to reduce waste

Starting from July 1, 2019, the Shanghai Domestic Waste Management Regulations have come into effective, and compulsory waste sorting has generally begun. Other key cities in China such as Beijing and Guangzhou also have relevant laws and regulations. The Group's outlets in various districts actively carry out improvement work in accordance with the requirements of local management departments, and train employees to strengthen the awareness of waste classification.

The company's annual dinner with the theme of environmental protection (encourage waste classification)



# 3. Environmental Responsibility

## Case example: Earth Hour

The outlets in Beijing responded to the “Earth Hour” campaign initiated by the World Wildlife Fund (WWF) (starting at 8:30 pm on March 30, 2019, and stopping electric lighting for 1 hour) to inspire people's sense of responsibility for protecting the earth, and thinking about environmental issues such as climate change. One that day, after proper communication with our guests, we stopped the electricity at the dining area and invited customers to light the candles together, and synchronously broadcast the descriptions of the Earth Hour event.

All the guests expressed their great support for the “Earth Hour” activity and believed that it is not only meaning, but also enhanced the dining atmosphere, some guests even asked for the continuation and not turning on the lights until their meal completed!



Dear honorable guests,  
I solemnly announce: The “Earth Hour” event ended successfully, thank you for your contribution to the energy saving and emission reduction of the earth! We are grateful to have your support and trust!  
Our Tang Palace will work together with all mankind to contribute to the protection of the earth!





# Operational Responsibility

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**Catering is an industry directly related to people's livelihood, with the mission of conveying happiness through catering, we believed that a conscientious, law-abiding and rigorous attitude is the basis for the responsibility of the operator, and also the most convincing demonstration of the Company's core values.**



# 4. Operational Responsibility

## 4.1 Well established mechanism for safety

Food safety and production safety are the core concerns of every catering operator, while the government's control is becoming more strict and meticulous; on the other hand, the general awareness of the market is increasing. Coupled with the prevalence of Internet communication platforms, any negative news is now more easier to be exposed than before, which can have a direct, rapid and profound influence on the company's brand image. From a positive aspect, this also continues to encourage catering companies to continuously improve their governance, and contribute their best effort to mitigate and control the risk of various accidents, so that the entire industry could grow in a healthy way.

As a forever learning company, we continue to review and improve the operation process and management mechanism through internal staff training, learning by external peer communication and industry information updates, striving to produce high-quality products that customers can enjoy at ease and with confidence, and provide employees with safe and pleasant working environment. During the Reporting Period, there were no major accidents that were in breach of regulations in relation to product liability and foods which needed to be recalled due to safety issues.

| Main management measures                        |   | Human  | Mechanism   | Equipment  | Methods   | Environment  |                         |
|---|---|--|---|--|---|--|-------------------------|
|   |   | Employee training  | Management mechanism and regulations<br>Incident follow-up system | Rapid testing equipment / safety production equipment / fire equipment | Regular inspection / Communication within industry                              | Enhance environment / Atmosphere creation                                |                         |
| Safety  | Select qualified suppliers with good quality          | --   | Supplier introduction and evaluation mechanism                    | --   | Supplier site visit   | Annual dinner recognizes suppliers with good quality                     |                         |
|   | Ensure the quality of ingredients from the source     | --   | Strictly compliance with source testing and record requirements   | Improve food testing equipment   | Food ingredient testing from source   | --   |                         |
|   | Clear standards for hygiene in each production phrase | Various specific trainings:<br>1) Food preparation requirements<br>2) Store hygiene requirements<br>3) Feedback follow-up skills | Regular audit inspection (self-audit and external audit)          | --   | Standard production process<br>Rules and regulations for each production phrase | Different site guidelines/signs, the policy is posted in the store       |                         |
|   | Maintain environmental hygiene                        |  |   | --   | Cleaning standards for each location  |  |                         |
|   | Keep equipment clean and in good condition            |  |   | Use different colors to distinguish tools for different purposes       | Equipment cleaning standards  |  |                         |
|   | Follow up customer comments/ complaints cautiously    |  |   | Complaint handling and follow-up reporting mechanism                   | --  |  | Secret customer         |
| Production equipment protection and performance | Guidance before using special equipment               |  |   | Cool kitchen initiative  | High-risk equipment has a protective cover and properly placed                  |  | Cool kitchen initiative |
| Safe and effective working environment layout   | --  | Cool kitchen assessment mechanism and related measures   |   |  |   |  |                         |
| Production                                      | Fire safety equipment and awareness                   | Regular fire drill   | Periodic inspection (External inspection and self-examination)    | Improve fire equipment   | --  | Fire equipment is well placed / unobstructed access                      |                         |
|   | Staff occupational safety and health awareness        | Occupational safety and health knowledge training  | Work injury reporting and review mechanism                        | Use automated machinery to handle repetitive work                      | Promote to do simple exercises during rest time (swinging arms exercise)        | Occupational safety and health information posted in the employee lounge |                         |

S

Supply Chain Management

S

Standard formulation and implementation

C

Cool Kitchen Initiative

I

Incident reporting and handling

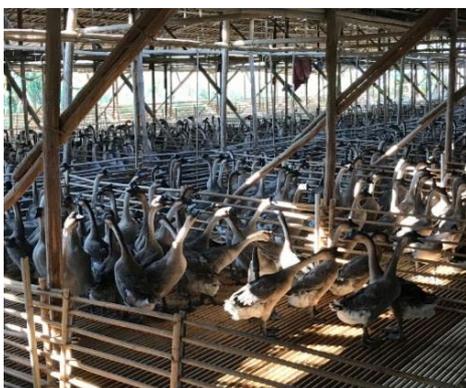


### 4.1.1 Supply Chain Management

The Group has an established supplier introduction evaluation mechanism, all major suppliers must complete the license inspection and with the sample trial passed before their introduction, and be approved by the person in charge of the Group procurement department in order to become the Group supplier. In addition, we will also conduct on-site inspections of supplier factories to understand the quality of food ingredients from their source, suppliers with good performance (including the quality, price and stability of supply) will be recognized in the company's annual dinner.

Outlets and food factories will also strictly abide by the food ingredients acceptance standards, retain official quality checking documents for record and conduct various tests, reject unqualified food ingredients from entering the production process. The Group has approximately 460 suppliers, of which approximately 73 in the northern region (Beijing), approximately 181 in the eastern region (including Shanghai/Suzhou/Hangzhou), approximately 182 in the southern region (including Shenzhen/Dongguan/Hong Kong), and approximately 24 in western region (Chengdu). During the Reporting Period, there was no cases which the food ingredients supply needed to be stopped due to quality problems.

**Case example: The person in charge of the Group production visit the fungus and poultry farm to understand the production process, and recognize quality suppliers at the annual dinner.**



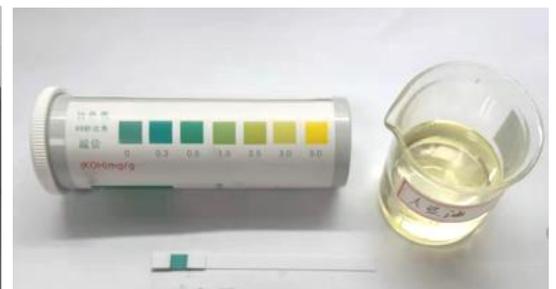
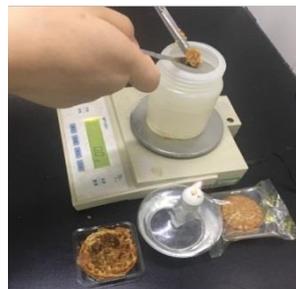
# 4. Operational Responsibility

Case example: Fast testing of food ingredients in food factories



| 检测日期      | 产品名称 | 供应商         | 生产日期      | 厂号 | 检测项目与结果 |    |    | 判定 |
|-----------|------|-------------|-----------|----|---------|----|----|----|
|           |      |             |           |    | 克伦      | 莱克 | 沙丁 |    |
| 2019-12-1 | 猪肉   | 上海都聚南实业有限公司 | 2019-12-1 |    | 阴性      | 阴性 | 阴性 | 合格 |
|           | 牛肉   | 上海都聚南实业有限公司 |           |    | 阴性      | 阴性 | 阴性 | 合格 |
|           | 五花肉  | 上海都聚南实业有限公司 |           |    | 阴性      | 阴性 | 阴性 | 合格 |
| 2019-12-2 | 五花肉  | 上海都聚南实业有限公司 | 2019-12-2 |    | 阴性      | 阴性 | 阴性 | 合格 |

| Testing object     | Test content                             | Result time | No. of testing (in the Report Period) |
|--------------------|--|-------------|---------------------------------------|
| Fresh vegetables   | Pesticide residue                        | 10 minutes  | 566 Times                             |
| Fresh meat         | Moisture and Clenbuterol                 | 5 minutes   | 481 Times                             |
| Cooking oil        | Peroxide value / Peroxyacid value        | 1 minute    | 440 Times                             |
| Seasonal products  | The coliforms / total number of colonies | 48 hours    | 663 Times                             |
| Hands and utensils | Bacteria detection                       | 15 seconds  | 240 Times                             |



## 微生物检验原始记录

| 编号 | 检验日期     | 结果日期     | 样品名称 | 规格   | 生产日期     | 大肠菌群                    |      |     |    | 培养温度 | 培养设备    | 菌落总数       |        |        |    | 判定                  | 检测人 | 备注  |
|----|----------|----------|------|------|----------|-------------------------|------|-----|----|------|---------|------------|--------|--------|----|---------------------|-----|-----|
|    |          |          |      |      |          | MPN/100g (m1)/CFU/(g)ml |      |     |    |      |         | CFU/(g)ml  |        |        |    |                     |     |     |
|    |          |          |      |      |          | (36°C 24h)              |      |     |    |      |         | (36°C 48h) |        |        |    |                     |     |     |
|    |          |          |      |      |          | 0.1                     | 0.01 | 0   | 空白 |      |         | 报告         | 0.1    | 0.01   | 空白 |                     |     |     |
| 1  | 2019-7-1 | 2019-7-3 | 金腿伍仁 | 170g | 2019-7-1 | 0/0                     | 0/0  | 0/0 | 0  | <10  | 36°C ±1 | 培养箱        | 33, 26 | 21, 19 | 0  | 3.0*10 <sup>2</sup> | 合格  | 柳萍婷 |
| 2  | 2019-7-1 | 2019-7-3 | 金腿伍仁 | 170g | 2019-7-1 | 0/0                     | 0/0  | 0/0 | 0  | <10  | 36°C ±1 | 培养箱        | 32, 27 | 19, 17 | 0  | 3.0*10 <sup>2</sup> | 合格  | 柳萍婷 |
| 3  | 2019-7-1 | 2019-7-3 | 金腿伍仁 | 170g | 2019-7-1 | 0/0                     | 0/0  | 0/0 | 0  | <10  | 36°C ±1 | 培养箱        | 33, 25 | 21, 16 | 0  | 2.9*10 <sup>2</sup> | 合格  | 柳萍婷 |



#### 4.1.2 Standard formulation and implementation

The Group has a designated 5S management committee responsible to formulate standard management requirements for floor plan layout, auxiliary tools, operation processes and sanitation, and form a regular review mechanism to ensure that relevant standards are implemented properly in outlets and food factories. Besides, the 5S committee will also review the existing mechanism from time to time to ensure continuous improvement in accordance with the changing operating environment.

During the Reporting Period, in addition to the monthly self examination and assessment performed by the outlets themselves, the 5S management committee also completed the Group initiated internal audit for 29 outlets and external audit of two outlets, no major rectification issue were identified during the audit. The outlet in Hilton hotel in Beijing has an excellent performance in promoting the concept of Cool Kitchen Initiative, and has been awarded with "The Model Shop of COOL KITCHEN in Beijing " by the ERS Institute.



# 4. Operational Responsibility

Besides, the 5S Management Committee further improved the following mechanisms during the Reporting Period:

- 1) Strengthening the quarterly audits with more focus on the food safety and the implementation of related management measures
- 2) Deepening the specific inspection items in the food safety management mechanism and improved the management forms and templates



Outlet Management Manual



Food Safety Checklist



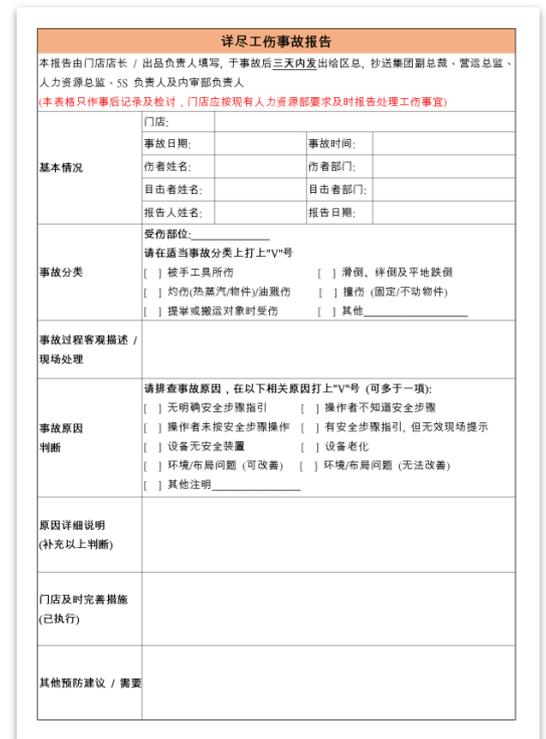
Quarterly review form

## 4.1.3 Incident reporting and handling

In order to further enhance the management level of food safety and production safety, during the Reporting Period, the Group has strengthened the reporting mechanism in relation to the food safety and work injury accidents, and deepened the content of the relevant accident records, so as to detail analyse each case, learn from it for better future prevention.



Food safety complaint Follow-up Record Form

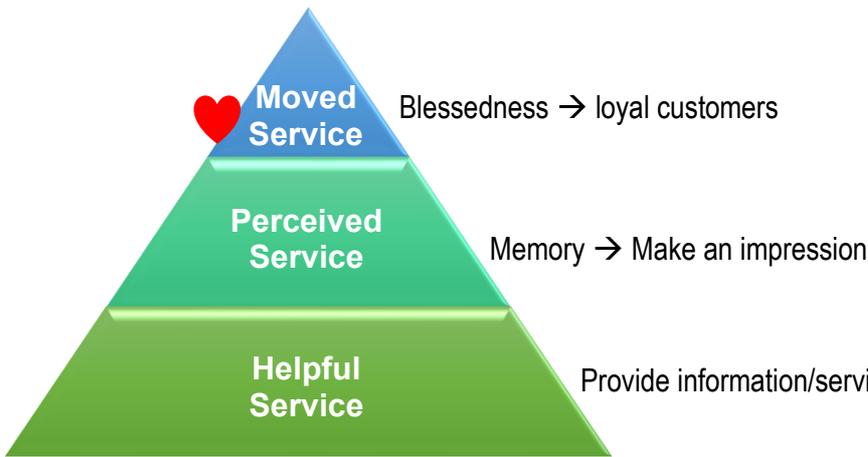


Detailed work injury report



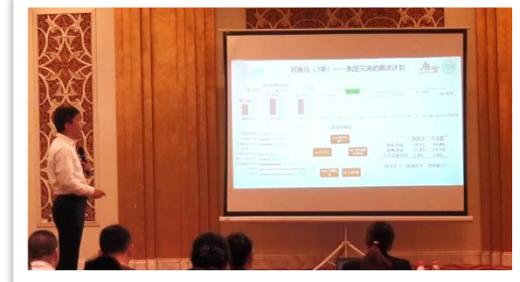
## 4.2 Moved service with heart and professionalism

In line with the mission of “Establishing Paradigm of a Blessed Catering”, we hope that with high-quality and attentive services, customers could enjoy satisfying and hear-felt hospitality in every visit, while also feel the unique corporate culture of Tang Palace. Therefore, the Group's operation management department is equipped with a series of management tools to continuously improve the service level, to review service process standards, implementation status and analyze customer opinions from time to time, so as to have a thorough and all-rounded understanding of the service status. During the Reporting Period, there were no major complaints about products and services.



### Case example: Mystery customer

In order to have a more objective view of the outlets service level, during the Reporting Period, we engaged professional mystery customer consultants to conduct mysterious visit in our outlets, according to the review standards specifically determined with the management, there are a total of 884 visits covering 40 Chinese food outlets in Beijing, Shanghai, Guangdong and Chengdu.



- Greetings/smiles/ express gratitude
- Booking accurately
- Focus on special need
- Asking for feedback
- Problem handling
- Ordering skills
- Attentive
- Farewell



# 4. Operational Responsibility

## 4.3 Integrity and compliance, continuous improvement

We attach great importance to the operation of integrity and compliance. We are convinced that this is the key element for being a “Centennial international brand”. While we identify concisely the specific practice requirements at the operation process level, we also promote personal virtue of “Gratitude and humbleness, Integrity and altruism” through cultural training. The Group also established a mechanism for reporting misconduct, employees can report suspected violations of laws and regulations via email to the internal audit department. The internal audit department will conduct investigation according to the established procedures and notify the audit committee and the board of directors as necessary. During the Reporting Period, the internal audit department did not receive any complaints about violations of laws and regulations, nor other improper acts that is harmful to the company’s interests, nor any concluded legal cases regarding corruption practices that brought against the Group or its employees.



Gratitude and humbleness virtue

- The code of staff expressly prohibits all acts that abuse of power for private benefit and jeopardize the interests of the Company
- Terms are included in the contracts with suppliers to reject any unauthorized kickback
- Keep update with the latest information from the anti-corruption department
- Regular cultural training to improve employees' personal conduct

Integrity And altruism



- Integrity
- Altruistic operation
- Conveying happiness
- Relentless efforts
- Conveyance of positivity

- Compliant business promotion practices, rejects all exaggerated, misleading and inaccurate publicity measures
- Clear and reasonable pricing, open and transparent for customers to choose
- Mystery customer, objectively and seriously examine service issues
- Respect and handle customer information with due care, will not obtain any unnecessary customer information
- Require all system vendors for proper data encryption, prohibit the unintended use and disclosure of customer information to third party

- Enhance trademark registration and maintenance mechanisms to protect own brand trademarks and respect others
- Maintain good communication with copyrighted software suppliers to formulate tailor-made solutions for enterprise, Employees are prohibited from downloading pirated software
- The established process for strict follow-up of complaints related to products, and feedback to relevant business departments



# Social Responsibility

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**The catering industry is closely related to people's livelihood. Internally it involves the well-being of thousands of employees and their families, while the products and services we provide to the outside world are related to the health and dining experience of customers.**

**We hope that with the help of a healthy and positive corporate culture and training, employees will be moved first, and then the concept of happiness and well-being will be passed on to each customer by moving services.**



# 5. Social Responsibility

## 5.1 Stable employment, equality and diversity

Human resources have always been the key elements of the catering industry's success. As a company that respects traditional culture and takes the mission of delivering blessedness, we pay special attention to the legal and reasonable treatment of employees. The Group's human resources department reviews the company's policies and systems from time to time, and maintains good communication with the local labor management departments to obtain the latest regulatory requirements, so as to make the Group's human resources related policy competitive in the market and comply with regulatory requirements.

Despite many potential instability factors in the global economy during the Reporting Period, and the spreading of coronavirus epidemic since early 2020 that further hit the worldwide economy, we still insist on providing a platform that employees could perform under such a challenging business environment, and at the same time abide to the following human resources policies:

- 1) Respect the legitimate rights and interests of employees
- 2) Provide stable and equal employment opportunities
- 3) Well-established and transparent remuneration and promotion system
- 4) Comprehensive training mechanism
- 5) Caring and positive corporate culture
- 6) Diversified employment, against different forms of workplace discrimination
- 7) Well-established management measures to prevent child labor and forced labor

During the Report Period, the Group has not violated relevant laws and regulations on child labor and forced labor, nor has there been any other major violations of labor regulations, nor serious incidents of labor disputes. Generally, inquiries and opinions about human resources have been reported, attended to and handled promptly and properly.



### Case example: Social-Company Cooperation

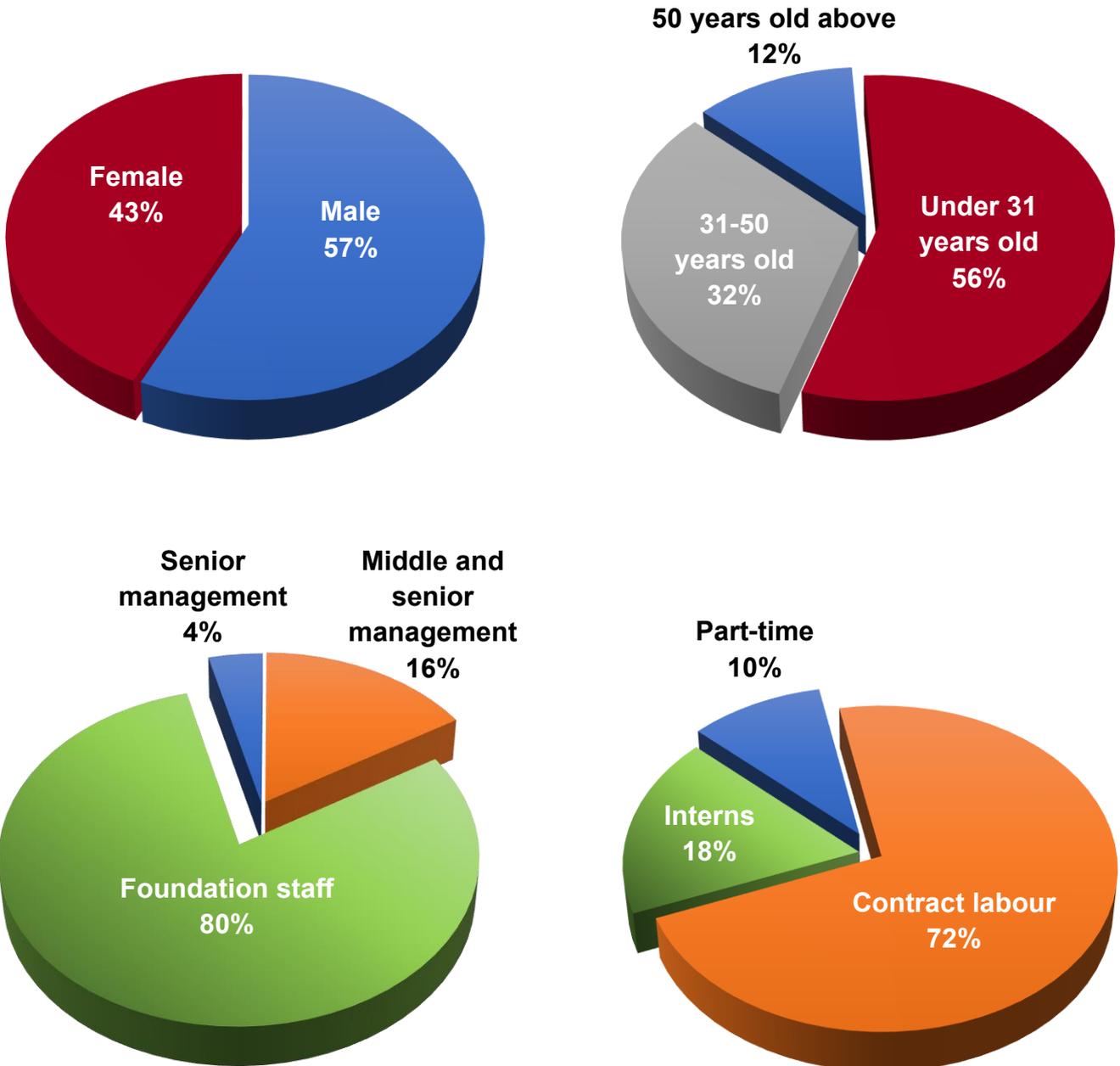
The Group has actively promoted school-company cooperation in China since 2006, and established a strategic partnership with vocational schools, by contacting the schools and providing active assistance in curriculum design (e.g. providing advice on curriculum content, and sending staff to schools for briefing in person), we provide valuable practical opportunities for many students, and also reserve talents pool for the Group (many of our existing management are previously school interns), this in return benefit all three parties including the company, schools and students. During the Reporting Period, Tang Palace established school-company cooperation with 34 schools and set up Tang Palace course programme, offering a platform of professional skills practice and occupational promotion for thousands of interns, and the number of students under coaching reached 1,264.





### 5.1.1 Diversified employment for creating opportunities

As at 31 December 2019, the Company had about 4,500 staff in total (including PRC and Hong Kong). The Group provides abundant jobs and practice opportunities for workers of all ages and genders. We also evaluate the market and industry conditions from time to time, so as to adjust the most suitable employment structure.



# 5. Social Responsibility

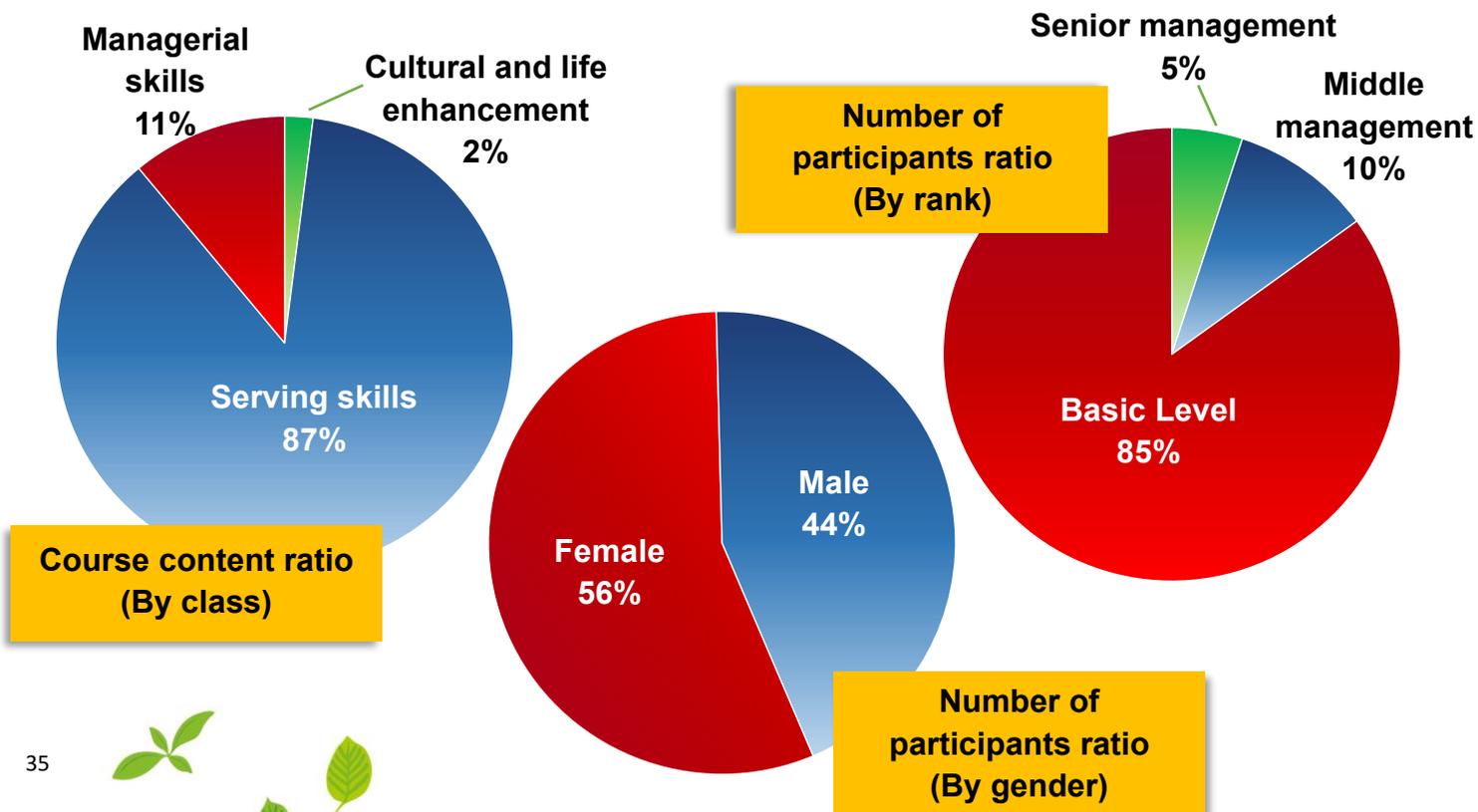
## 5.2 Life-long learning, keep abreast of the market

The catering industry has undergone unprecedented changes under the current development of network and business technologies, with iterative updates executed on a daily basis. Caterers require lifetime learning to keep pace with the times, and persist on further refinement of products and services. In addition, they shall be more fully equipped with proper management skills, thinking and mentality to give full play of bettering their roles in this challenging generation, allowing both personal as well as corporate to have sustainable development.

The Group has always attached great importance to talent training, during the Reporting Period, the Group organised 1,289 training courses in total, involving a total of 2,131 hours with overall participants reached upto 20,528 people.

|                        | Serving skill | Managerial skill | Culture and life enhancement | Total  |
|------------------------|---------------|------------------|------------------------------|--------|
| No. of training/lesson | 1,120         | 138              | 31                           | 1,289  |
| No. of people trained  | 14,474        | 4,538            | 1,516                        | 20,528 |
| Training hours         | 1,531         | 388              | 212                          | 2,131  |

|  | Senior management | Middle management | Basic Level | Male  | Female |
|--|-------------------|-------------------|-------------|-------|--------|
| No. of participants (in people)        | 1,081             | 2,095             | 17,352      | 9,087 | 11,441 |
| Average training time/staff (in hours) | 81                | 87                | 197         | 132   | 229    |





5.2.1 Diversified course content



- Moved service
- Menu products knowledge
- Ordering skills
- Customer relationship management / handling discrepancy
- The 5S management Concepts.....

Service skills

- Management mentality
- How to coach team
- Problems analysis and solving
- Service evaluation and encouraging response.....

Management skills

Cultural life



- Introduction of corporate culture
- Filial piety and blessedness
- Leadership with humbleness
- Management of attitude.....



# 5. Social Responsibility

## 5.2.2 Multiple learning platforms

To enable training to become more convenient and systematic, the Group launched the “Peixunbao”(培训寶) mobile learning platform during the Reporting Period, which was installed for most of the Group's employees according to working needs. “Peixunbao” is classified by category where coaching materials and videos are uploaded in stages, thus realising the video teaching mode of “one person for one mobile” and makes coaching easier, more convenient and interesting. The unified standard of curriculum design makes the coaching work more scheduled and targeted, reducing human delivery errors. Courses accompanied with on-site examinations and powerful backend data analysis which make coaching quality and trainee enrollment status obvious in one glance. In the future, the outlet coaching team will be able to deliver high-quality cases study of each outlet through "Peixunbao", share resources and grow together.



The head of the training department of the Group held a project start-up meeting in four districts respectively to explain the platform application and functions that are currently available. Visits to various outlets also conducted to share, demonstrate and connect the equipment, and answer the questions face to face.





### 5.2.3 Multiple learning modes

In addition to learning by means of courses and mobile programmes, we also care a lot about visiting our peer for idea exchanges and communications. During the Reporting Period, the management of the Group visited Japan Tokyo, Singapore, Beijing and Zhoushan to have exchanges and communications and learn advanced service and management models from industry peers, also understand the cuisine and food and beverages cultures in different locations, this could enrich the knowledge and insights of the management team through learning while sightseeing.



Tokyo, Japan – Learning of Moved Service



Singapore – Seafood Knowledge Exchange



Beijing – 5S Management Exchange

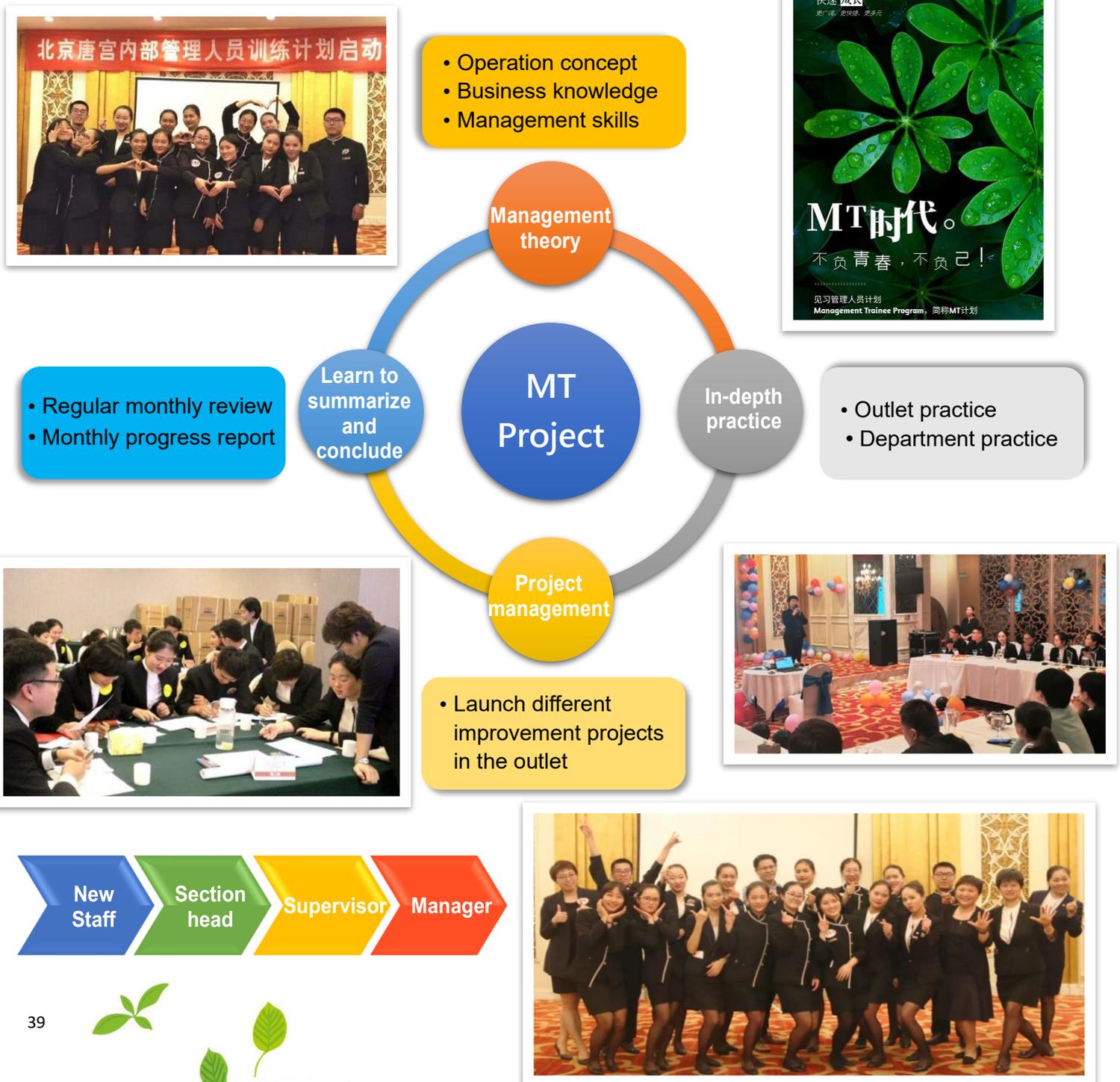
Zhoushan – Lean Management and Procurement Management



# 5. Social Responsibility

## 5.2.4 Reserve for Management Talent

Talent development is indispensable in corporate sustainable development. To complement the Group's development pace and to meet the demand for comprehensive talents, as well as provide channel of rapid growth and promotion for employees who are interested in and with ambition in catering industry, Tang Palace Group has established the "Internal Management Training Programme" (the "MT, Management Trainee") since 2004, which provides systematic professional training and coaching for employees of Tang Palace to help colleagues to grow quickly, and the MT courses programme is updated from time to time according to industry development, so as to enable employees to become the mainstay of the Company in the generation of rapid development in the catering industry.

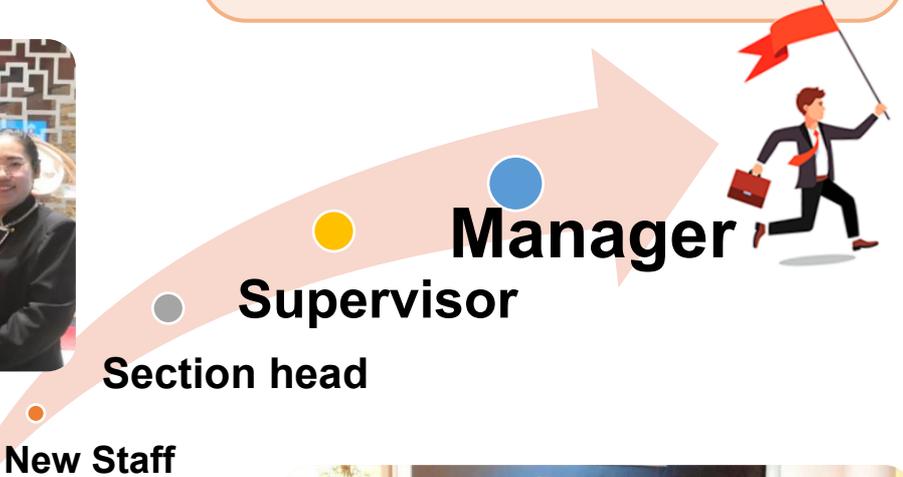




Case: Internal promotion

During the Reporting Period, the Group had a total of 209 employees who demonstrated proactive attitude in their daily work, and have undergo training in professional skills and managerial knowledge, through their unremitting efforts realised the self-value; finally passed the “promotion to section head/supervisor” assessment (organised twice per annum) which covered service, operation, product knowledge, management quality and discipline scoring, successfully promoted to section head and supervisor.

**Employee’s heartfelt words:**  
I was full of agitation, excitement and gratitude after learning the news of my promotion, and also felt the duties and missions rest upon me, I deeply realized that not only should I become a model and take the lead, I should also carry out our management system and corporate culture: to nourish more dedicated colleagues; communicate with colleagues frequently to identify their difficulties in works and living in time and help them solving them, so that colleagues are able to work and live smoothly, pragmatically, attentively, and happily. I will work harder and harder and more confidently in future. (Shanghai 889 outlet)



**Employee’s heartfelt words:**  
It has been two years since I joined Tang Palace as an intern. These two years were very important to me. **Tang Palace was not only my mentor but also my friend, and witnessed my transformation from a student to a social caterer.** When I was an intern, there were mentors taking me forward and taught me all kinds of details and workplace rules tirelessly. There were good leaders directing me to the right path, comforted me when I encountered setbacks, encouraged me when I made progress, and took me all the way forward when in bottlenecks. I would like to thank all the leaders and colleagues who are growing up with me and move forward to become better and better together. I deeply love this place and I will work harder and harder to forge ahead and staying true to myself. (Chengdu Wanli outlet)

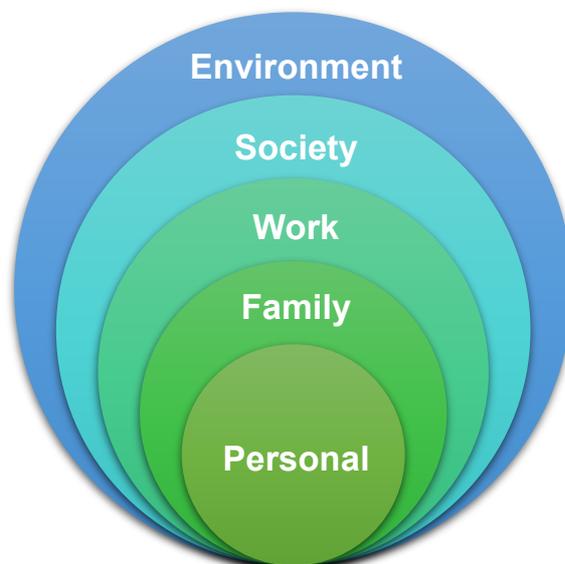


# 5. Social Responsibility

## 5.3 Wholistic Caring with Inner and External perspectives

The key to achieving “Blessed Catering” is in people. Whether it is humanism in the West or Confucianism in the East that advocated “cultivating oneself, keeping the family together, ministering the country, and pacifying the world”, both place people at first concern, this illustrating the importance of humanistic care and self-cultivation.

The Group starting at “delivering blessedness and letting love flow”, abiding by the core values of “Filial Piety and Brotherhood, Gratitude and Humbleness Virtue; Conveyance of Positivity and All-round Blessed” and through different activities and measures to integrate the “person, family, work, society, environment”, from the inside to the outside, from the near to the far, do as you would be done by, care for the universe, practice the operation philosophy of “Altruistic Operation, Relentless Efforts and Conveying Happiness”, and move towards the vision of sustainable inheritance.



### Internal: Occupational safety and health, positive life

The rapid development of society and the vicissitude of times, coupled with the characteristics of inherent long working hours and high-intensity work in the catering industry, the Group pays particular attention to the occupational safety as well as physical and mental health of employees. We are committed to employees:

- Implement a safe and healthy working environment (during the Reporting Period, the Group did not have any fatal accidents in the workplace);
- Create a safe and sanitary, united and friendly dormitory life;
- Raise “One Good Deed a Day” charity donation for employees and their families;
- Organize various activities and welfare for employees and their families that integrate corporate culture;

Through the above we wish to promote the lifestyle with filial piety and brotherhood, gratitude and humbleness, positivity and health.





Working Environment

- Implement "Cool Kitchen" initiative
- Add protective cover for dangerous equipment and properly located
- Automated equipment reduces repetitive work
- Reduce noise during operation by using new-modelled stove
- Cleanliness and sanitation in employee canteen and meal standard



Check assessment

- Conduct regular outlets inspection to identify potential problems
- Monthly regional accident report for managerial review by Group operation
- Outlet incidents are assessed as part of outlet performance



Work

Fire Safety

- Annual fire prevention training and fire drills



Occupational safety knowledge

- The Group has set up a designated training department and job guidance mentors, so that new and experienced staff can learn the correct operation and occupational safety knowledge regularly to reduce chance of accident caused by improper operation.
- Relevant policy documents kept and posted in outlet for easy reference
- Occupational safety exercise competition
- Encourage staff to do simple exercises during rest time (swinging arms exercise)



Life



Dormitory Life

- Establishing standard for fire safety and sanitation and hygiene in staff dormitory
- Conduct regular dormitory inspection to identify potential problems

Physical and mental health protection

- Organize employee tours to promote work-life balance
- Free checking for staff health certificate
- Staff physical examination subsidy
- Weekly vegan day
- Encourage mutual help amongst colleagues to reinforce kindness

Yearning for parents

- Holiday thanksgiving gifts and letters
- Consolation gifts for golden age elderlies
- Thanksgiving gifts for outstanding staff
- "Yearning for parents" birthday party
- Thanksgiving event on Father's Day and Mother's Day
- "Blessing and Wisdom Youth Camp" (福慧少年營)

One Good Deed a Day and Heartfelt donations

- Emergent helping for staff and family
- Cultivate children of staff
- Care for golden age elderlies



# 5. Social Responsibility

## External: Perform social responsibilities and commit to public welfare services

Giving back if receiving from the society. The Group sets itself as example to donate money for education, promote cooperation among school and company, cultivate catering talents and fulfill social responsibilities. Tang Palace volunteer team was set up to promulgate employees to devote themselves to charitable services in different fields by doing minor good things to everyone around with whole-hearted love, and performing more charitable activities in blessing our hearts, and become a passer of happiness and care.



**Tang Palace volunteer team  
Commit to public welfare services**

- ◆ Visit nursing homes
- Tang Palace vegan meal
- Community service station
- Volunteers work – “Tzu Chi organisation”
- ◆ Holiday gifts donation



**Education and cultivation  
Perform social responsibility**

- School-company cooperation
- Donation for education



## Facing the novel coronavirus epidemic: love is moving, moving with peer

In early 2020, the novel coronavirus epidemic (the “COVID-19”) ravaged the world, and all the Group’s outlets in Mainland China had suspended dine-in services from 26 January onwards. During the period, as the Group strictly adhered to the standards of health, safety and epidemic prevention, and dedicated to its duties, it was selected as a “guaranteed catering unit for epidemic prevention and control” and “outstanding enterprise fulfilling social responsibilities”.

The Group tailor-made the “Tang Palace Norms For Living Guidelines In Special Period” for employees, which integrates health and safety, physical and mental health, advancement in learning, leisure and entertainment elements to ensure employee safety and health through disciplined living, and encourages employees to make good use of their spare time for continuous learning and reserve more mental and physical energy.

The Group donated RMB1 million to Hubei Charity Federation for medical assistance. Employees in various regions made spontaneous donations, raised RMB250,000 to help local charitable organisations, and actively participated in volunteer activities to promote the spirit of whole-hearted love. In addition, the Group initiated three great acts of love internally, namely the medical aid for families in need, the most beautiful members of Tang Palace (the most beautiful volunteers and the best team) and scholarship from chief executive, working together to overcome difficulties with positive energy, fully embodying the mission of “Establishing Paradigm of a Blessed Catering”.



<sup>43</sup>executive, working together to overcome difficulties with positive energy, fully embodying the mission of “Establishing Paradigm of a Blessed Catering”.



# 6. Relevant laws and regulations

The Group's business operation are in compliance with the laws, regulations and policies in the PRC and Hong Kong relating to environmental, operational and social, the following are the laws and regulations that have significant impact on the Tang Palace in relevant aspects.

## Operational responsibility

### PRC

- The Food Safety Law of the PRC
- Catering service food safety operation specification
- The Food Hygiene Law of the PRC
- Product Quality Law of the PRC
- Hygienic Standards for Uses of Additives in Food Containers and Packaging Materials
- The Administrative Provisions on Food Labeling
- The General Principles on the Labels of Pre-Packaged Food
- The General Hygiene Rules for Food Production
- Standard for Use of Food Additives
- Law of the PRC on Protection of the Consumers Rights and Interests
- Advertising Law of the PRC
- Price Law of the PRC
- The Measures for the Supervision and Administration of the Safety of Food Offered through Online Catering Services
- Measures for Penalties Against Illegal Acts Concerning Online Food Safety
- Anti-Unfair Competition Law of the PRC
- Trademark Law of the PRC
- Copyright Law of the PRC

### Hong Kong

- Food Safety Ordinance (Cap. 612)
- Food and Drugs (Composition and Labelling) Regulation
- Public Health and Municipal Service Ordinance (Cap. 132)
- Trade Descriptions Ordinance (Cap. 362)
- Personal Data (Privacy) Ordinance (Cap. 486)
- Trade Marks Ordinance (Cap. 559)
- The Supply of Services (Implied Terms) Ordinance (Cap. 457)
- The Sale of Goods Ordinance (Cap. 26)

## Anti-corrupt

### PRC

- Criminal Law of the PRC
- The Company Law of the PRC
- The Anti-unfair Competition Law of the PRC
- The Anti-Corruption and Bribery Law of the PRC
- The Anti-money Laundering Law of the PRC

### Hong Kong

- Prevention of Bribery Ordinance (Cap. 201)

## Environmental responsibility

### PRC

- The Environmental Protection Tax Law of the PRC
- Regulation on the Implementation of the Environmental Protection Tax Law of the PRC
- The Environmental Protection Law of the PRC
- The Law of the PRC on the Prevention and Control of Water Pollution
- Regulation on the Implementation of the Law on the Prevention and Control of Water Pollution of the PRC
- The Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste
- The Law of the PRC on the Prevention and Control of Air Pollution
- The Law of the PRC on the Prevention and Control of Pollution from Environmental Noise
- The Law of the PRC on Promotion of Cleaner Production
- Energy Conservation Law of the PRC
- Marine Environmental Protection Law of the PRC
- Urban water conservation regulations

### Hong Kong

- Air Pollution Control Ordinance (Cap. 311)
- Water Pollution Control Ordinance (Cap. 358)
- Waste Disposal Ordinance (Cap. 354)
- Noise Control Ordinance (Cap. 400)
- Environmental Impact Assessment Ordinance (Cap. 499)

## Employment and occupational safety

### PRC

- The Labour Law of the PRC
- The Labour Contract Law of the PRC
- The Social Insurance Law of the PRC
- Law of the PRC on the Protection of Minors
- Trade Union Law of the PRC
- Law of the PRC on the Protection of Women's Rights and Interests
- Law of the PRC on the Protection of Disabled Persons
- The Labour Dispute Mediation and Arbitration Law of the PRC
- Regulation on Settlement Of Labour Disputes In Enterprises of the PRC
- The Prevention and Control of Occupational Diseases Law of the PRC
- Regulation on Work-Related Injury Insurance
- The Production Safety Law of the PRC
- The Implementation Rules for the Supervision and Administration on the Quality Safety of the Food Manufacturing and Processing Enterprises

### Hong Kong

- Employment Ordinance (Cap. 57)
- Minimum Wage Ordinance (Cap. 608)
- Mandatory Provident Fund Scheme Ordinance (Cap. 485)
- Disability Discrimination Ordinance (Cap. 487)
- Sex Discrimination Ordinance (Cap. 480)
- Occupational Safety and Health Ordinance (Cap. 509)
- Employees' Compensation Ordinance (Cap. 282)

Note: The English name for laws and regulations in PRC is for identification reference only

## 7. Outlook

The year 2020 has brought the biggest challenge ever to the catering industry. While there are signs of stability in Sino-U.S. trade relationship, the COVID-19 epidemic again takes the world into a war-like state since the beginning of the year. Apart from the tremendous influence that has exerted on our business, our employees are also suffering from heavy psychological burden.

In facing such adverse situation, the Group as a whole responded calmly. While actively cooperating with the prevention and control works initiated by government departments on one hand, the Group also continued to maintain its high standards in employee hygiene, outlets and dormitory environmental management, food and production safety. At the onset of the epidemic, we have formed a crisis management unit to strengthen the communication for relevant management contingency measures under the epidemic. These include outlet business model updates (such as suspension of dine-in services and focus on takeaway), preparation of epidemic prevention materials (ensure sufficient inventory of masks and disinfectant supplies), epidemic prevention management of staff dormitory and during working hours (report of daily body temperature check and entry and exit management), emergency incident notification mechanism (specify matters to be notified and contact persons) and employees' physical and mental health during the epidemic period (formulate "Tang Palace Norms For Living Guidelines In Special Period"), etc.

This epidemic is a special ordeal of our corporate governance, including business adjustment, operational response and core value practices. We are convinced that, as long as we adhere to our operation philosophy of "Altruistic operation, Relentless efforts and Conveying happiness", demonstrated by our caring for the surrounding community in addition to our relentless effort to perform the duties as a catering operator, for instance, we organized volunteer teams to provide meals to healthcare staff and made donations to charitable organizations to purchase anti-epidemic supplies, we are confident that we could strengthen the mutual assistance and trust among stakeholders, and finally overcome the challenges to achieve sustainable development.





**ESG**

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**Index**



## 8. ESG Index

| Relevant Disclosure Index                               | Description   | Disclosure Requirement | Disclosure Status | Relevant Sections in the Report |
|---|---|------------------------|-------------------|---------------------------------|
| <b>Aspect A1: Emissions</b>                             | <b><u>General Disclosure</u></b><br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.<br><i>Note:</i><br><i>Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</i><br><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i><br><i>Hazardous wastes are those defined by national regulations.</i> | Comply or Explain      | Disclosed         | P.16, 44                        |
| <b>Aspect A1: Emissions</b>                             | <b><u>KPI</u></b> A1.1 -The types of emissions and respective emissions data.   | Comply or Explain      | Disclosed         | P.15                            |
| <b>Aspect A1: Emissions</b>                             | <b><u>KPI</u></b> A1.2-Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  | Comply or Explain      | Disclosed         | P.15                            |
| <b>Aspect A1: Emissions</b>                             | <b><u>KPI</u></b> A1.3 - Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | Comply or Explain      | Disclosed         | P.15                            |
| <b>Aspect A1: Emissions</b>                             | <b><u>KPI</u></b> A1.4 - Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | Comply or Explain      | Disclosed         | P.15                            |
| <b>Aspect A1: Emissions</b>                             | <b><u>KPI</u></b> A1.5 - Description of measures to mitigate emissions and results achieved.  | Comply or Explain      | Disclosed         | P.17-19, 23                     |
| <b>Aspect A1: Emissions</b>                             | <b><u>KPI</u></b> A1.6 - Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.   | Comply or Explain      | Disclosed         | P.19-22                         |
| <b>Aspect A2: Use of Resources</b>                      | <b><u>General Disclosure</u></b><br>Policies on the efficient use of resources, including energy, water and other raw materials.<br><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>  | Comply or Explain      | Disclosed         | P.17-22                         |
| <b>Aspect A2: Use of Resources</b>                      | <b><u>KPI</u></b> 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).   | Comply or Explain      | Disclosed         | P.15                            |
| <b>Aspect A2: Use of Resources</b>                      | <b><u>KPI</u></b> A2.2 - Water consumption in total and intensity (e.g. per unit of production volume, per facility).   | Comply or Explain      | Disclosed         | P.15                            |
| <b>Aspect A2: Use of Resources</b>                      | <b><u>KPI</u></b> A2.3 - Description of energy use efficiency initiatives and results achieved.   | Comply or Explain      | Disclosed         | P.17-23                         |
| <b>Aspect A2: Use of Resources</b>                      | <b><u>KPI</u></b> A2.4 - Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.  | Comply or Explain      | Disclosed         | P.20                            |
| <b>Aspect A2: Use of Resources</b>                      | <b><u>KPI</u></b> A2.5 - Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.   | Comply or Explain      | Disclosed         | P.15                            |
| <b>Aspect A3: The Environment and Natural Resources</b> | <b><u>General Disclosure</u></b><br>Policies on minimising the issuer's significant impact on the environment and natural resources.  | Comply or Explain      | Disclosed         | P.16-23                         |
| <b>Aspect A3: The Environment and Natural Resources</b> | <b><u>KPI</u></b> A3.1 - Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.  | Comply or Explain      | Disclosed         | P.16-23                         |



| Relevant Disclosure Index                  | Description  | Disclosure Requirement  | Disclosure Status | Relevant Sections in the Report |
|--|--|-------------------------|-------------------|---------------------------------|
| <b>Aspect B1: Employment</b>               | <b>General Disclosure</b><br>Information on:<br>(a) the policies; and<br>(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. | Comply or Explain       | Disclosed         | P.32, 33, 44                    |
| <b>Aspect B1: Employment</b>               | <b>KPI B1.1</b> -Total workforce by gender, employment type, age group and geographical region.  | Recommended Disclosures | Disclosed         | P.34                            |
| <b>Aspect B1: Employment</b>               | <b>KPI B1.2</b> -Employee turnover rate by gender, age group and geographical region.  | Recommended Disclosures | Not yet disclosed | -                               |
| <b>Aspect B2: Health and Safety</b>        | <b>General Disclosure</b><br>Information on:<br>(a) the policies; and<br>(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.   | Comply or Explain       | Disclosed         | P.41, 42, 44                    |
| <b>Aspect B2: Health and Safety</b>        | <b>KPI B2.1</b> -Number and rate of work-related fatalities.   | Recommended Disclosures | Disclosed         | P.41                            |
| <b>Aspect B2: Health and Safety</b>        | <b>KPI B2.2</b> -Lost days due to work injury.   | Recommended Disclosures | Not yet disclosed | -                               |
| <b>Aspect B2: Health and Safety</b>        | <b>KPI B2.3</b> -Description of occupational health and safety measures adopted, how they are implemented and monitored.   | Recommended Disclosures | Disclosed         | P.41-42                         |
| <b>Aspect B3: Development and Training</b> | <b>General Disclosure</b><br>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.<br><i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>  | Comply or Explain       | Disclosed         | P.35-40                         |
| <b>Aspect B3: Development and Training</b> | <b>KPI B3.1</b> -The percentage of employees trained by gender and employee category (e.g. senior management, middle Management).  | Recommended Disclosures | Disclosed         | P.35                            |
| <b>Aspect B3: Development and Training</b> | <b>KPI B3.2</b> -The average training hours completed per employee by gender and employee category.  | Recommended Disclosures | Disclosed         | P.35                            |
| <b>Aspect B4: Labour Standards</b>         | <b>General Disclosure</b><br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.  | Comply or Explain       | Disclosed         | P.33, 44                        |
| <b>Aspect B4: Labour Standards</b>         | <b>KPI B4.1</b> -Description of measures to review employment practices to avoid child and forced labour.  | Recommended Disclosures | Disclosed         | P.33                            |
| <b>Aspect B4: Labour Standards</b>         | <b>KPI B4.2</b> -Description of steps taken to eliminate such practices when discovered.   | Recommended Disclosures | Disclosed         | P.33                            |
| <b>Aspect B5: Supply Chain Management</b>  | <b>General Disclosure</b><br>Policies on managing environmental and social risks of the supply chain.  | Comply or Explain       | Disclosed         | P.25-26                         |
| <b>Aspect B5: Supply Chain Management</b>  | <b>KPI B5.1</b> - Number of suppliers by geographical region.  | Recommended Disclosures | Disclosed         | P.26                            |
| <b>Aspect B5: Supply Chain Management</b>  | <b>KPI B5.2</b> -Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.   | Recommended Disclosures | Disclosed         | P.25-26                         |

## 8. ESG Index

| Relevant Disclosure Index                | Description   | Disclosure Requirement  | Disclosure Status | Relevant Sections in the Report |
|--|---|-------------------------|-------------------|---------------------------------|
| <b>Aspect B6: Product Responsibility</b> | <b>General Disclosure</b><br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress. | Comply or Explain       | Disclosed         | P.31, 44                        |
| <b>Aspect B6: Product Responsibility</b> | <b>KPI B6.1</b> - Percentage of total products sold or shipped subject to recalls for safety and health reasons.  | Recommended Disclosures | Disclosed         | P.25                            |
| <b>Aspect B6: Product Responsibility</b> | <b>KPI B6.2</b> - Number of products and service related complaints received and how they are dealt with.   | Recommended Disclosures | Disclosed         | P.30                            |
| <b>Aspect B6: Product Responsibility</b> | <b>KPI B6.3</b> - Description of practices relating to observing and protecting intellectual property rights.   | Recommended Disclosures | Disclosed         | P.31                            |
| <b>Aspect B6: Product Responsibility</b> | <b>KPI B6.4</b> - Description of quality assurance process and recall procedures.   | Recommended Disclosures | Disclosed         | P.25-27                         |
| <b>Aspect B6: Product Responsibility</b> | <b>KPI B6.5</b> - Description of consumer data protection and privacy policies, how they are implemented and monitored.   | Recommended Disclosures | Disclosed         | P.31                            |
| <b>Aspect B7: Anticorruption</b>         | <b>General Disclosure</b><br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.   | Comply or Explain       | Disclosed         | P.31 44                         |
| <b>Aspect B7: Anticorruption</b>         | <b>KPI B7.1</b> - 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.  | Recommended Disclosures | Disclosed         | P.31                            |
| <b>Aspect B7: Anticorruption</b>         | <b>KPI B7.2</b> - Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.  | Recommended Disclosures | Disclosed         | P.31                            |
| <b>Aspect B8: Community Investment</b>   | <b>General Disclosure</b><br>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.   | Comply or Explain       | Disclosed         | P.42-43                         |
| <b>Aspect B8: Community Investment</b>   | <b>KPI B8.1</b> - Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).   | Recommended Disclosures | Disclosed         | P.43                            |
| <b>Aspect B8: Community Investment</b>   | <b>KPI B8.2</b> - Resources contributed (e.g. money or time) to the focus area.   | Recommended Disclosures | Disclosed         | P.42-43                         |

Thank you for reading the “Environmental, Social and Governance Report of Tang Palace”, for the Report to be more all-rounded and provide stakeholders with more valuable information, so as to enhance our level in fulfilling the corporate social responsibility, your opinions (through email or mailing) to the Report are most welcomed.

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# 唐宮

Tang Palace

