



萬隆控股集團有限公司
Ban Loong Holdings Limited

Incorporated in Bermuda with limited liability
Stock Code: 30



Environmental, Social and
Governance Report

2020-21



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ABOUT THE GROUP

Ban Loong Holdings Limited (“Ban Loong” or the “Company”) is a company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), whose principal activity is investment holding. The Company and its subsidiaries (collective referred to as the “Group”) is principally engaged in money lending business and trading of goods, commodities and cannabidiol isolate (CBD).

MONEY LENDING SEGMENT

The money lending segment refers to the money lending business engaged in Hong Kong by Ban Loong Finance Company Limited (“Ban Loong Finance”), a wholly-owned subsidiary of the Company which is a licensed money lender in Hong Kong. Its business primarily focuses in the area of short-term personal and corporate loans. To maintain credit control efficiency, Ban Loong Finance does not currently conduct business at retail level. Potential borrowers were sought from the social and business networks of the management and marketing team. To safeguard assets of the Group, the management and credit control team will review and assess the credit risk of each loan application carefully to ensure recoverability of each lending. The Group’s money lending business has been generating steady income for and continued to contribute a constant cash inflow to the Group.

TRADING SEGMENT OF GOODS, COMMODITIES AND CBD

The trading segment refers to (i) the trading of goods and commodities in the People’s Republic of China (the “PRC”) by Wan Long Xing Ye Commercial Trading (Shenzhen) Limited (萬隆興業商貿(深圳)有限公司) (“Wan Long Xing Ye”), a wholly-owned subsidiary of the Company; (ii) the trading of goods and commodities in Hong Kong by Wan Long Xing Ye Commercial Trading (Hong Kong) Limited (“Wan Long Xing Ye HK”), a wholly-owned subsidiary of the Company and (iii) the trading of CBD isolate conducted by Ban Loong Hemp Technology Limited (“Ban Loong Hemp”), a wholly-owned subsidiary of

the Company. In previous years, the trading segment of the Group successfully diversified its trading goods categories, expanding the product portfolio from refined edible oil and cosmetic products to sugar and personal care products. Leveraged on the Company’s accumulated experience and expertise in trading cosmetics and personal care products by procuring products from cosmetics and personal care product brands and supplying them to e-commerce platforms and other traders of cosmetics and personal care products, the Group has been looking for opportunities to expand its product portfolio. Going forward, as part of its business strategies, the Group intends to continue (i) to enhance the cosmetics and personal care products brand portfolio of the Group; and (ii) to intensify its efforts in expanding the suppliers network, in terms of nature of products, origins of import, and securing additional customers and sales network.

Environmental and social responsibilities are viewed as the Group’s core commitment to the environment, internal workplace and external community, and an integral part of the Group’s practice to create value for stakeholders.

The board of directors (the “Board”) has overall responsibility for the Group’s environmental, social and governance (“ESG”) strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.



MESSAGE FROM THE BOARD



We believe incorporation of the principle of sustainable development into operation is the key to long-term growth and creation of benefits to our stakeholders. During the year, while expanding all business segments, we are also actively identifying risks and opportunities in relation to sustainable development, as well as striving to enhance our performance in terms of the environmental, social and corporate governance.

To ensure effective use of resources, the Group has already formulated a set of office guidelines for environmental protection for its staff's reference. By helping the staff form good habits, it is hoped that a culture of energy and resources saving can be fostered.

As trading segment is one of our key businesses, we maintain close connections with our vendors and create a channel to receive feedbacks from them so as to ensure effective management of social and environmental risks within the supply chain. Environmental, social and corporate policies will be taken into account when selecting our vendors to minimise any risk in relation to sustainable development.

The Group has always upheld its system for product liability to establish approaches and measures for handling incident for its staff's reference and execution and monitor the risk in relation to product liability.

The importance of business operations with honesty and integrity is self-evident. As such, we provide trainings to all employees to make sure that they are faithful and self-disciplined. Relevant administrative system has also been set up to eliminate the risk of corruption as far as possible.

It comes to our awareness that there is quite a large room for improvement in Ban Loong's sustainable development. In the near future, we will try our best to understand all the needs and opinions of each of our stakeholders and improve the Group's performance in the environmental, social and corporate governance. On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to all our stakeholders for their long-term attention and support to the Group over the years. I would also like to thank the senior management team and all the staffs of the Group for their dedication, hard work and contributions to the Group during the past year.

On behalf of the Board

Chow Wang

Deputy Chairman & Chief Executive Officer





ABOUT THE REPORT

The Group is pleased to present this fifth Environmental, Social and Governance Report (the “ESG Report” or the “Report”) for the year ended 31 March 2021. This ESG Report is prepared in accordance with disclosure obligations under the “comply or explain” provisions contained in the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The purpose is to allow all stakeholders to learn more about the Group’s progress and development direction in respect of operation and sustainable development. The Group understands the importance of the ESG report and is committed to making continuous improvements in corporate social responsibility during our course of business in order to better respond to the changing needs of the advancing society. This Report shall be published in both Chinese and English on the websites of the Stock Exchange and the Company (www.0030hk.com). Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

improving internal data collection procedures and gradually extending our work relating to the environment, society and governance. We will continue to expand the scope of disclosure until it contains full coverage of all of our operations.

Information relating to the Group’s governance section can be found in the Corporate Governance Report on page 23 to 35 as incorporated in the Annual Report 2020/2021.

EXPLANATIONS ON DATA

Financial data in the Report are extracted from the Annual Report 2020/2021. Other data are extracted from the Company’s internal management system and statistics, and partly comprise of data from previous years. Unless otherwise stated, Hong Kong dollars (“HK\$”) is used in this report as its functional currency. The intensity disclosed for the Reporting Period was calculated by dividing the amount of the emission/waste/resources consumption by the Group’s revenue of approximately HK\$1,217 million during the year ended 31 March 2021.

APPLICABLE SCOPE AND REPORTING PERIOD OF THE REPORT

This Report covers the Group’s overall environmental, social and governance performance and selected key performance indicators (“KPI”) from 1 April 2020 to 31 March 2021 (the “Reporting Period”). A complete index is appended in the last chapter hereof for reading this Report in accordance with the ESG Guide. The scope of this report focus on the three identified segments, namely the money lending segment, the trading of goods and commodities segment and CBD isolate segment. To facilitate readers’ comparison of the Group’s annual performance, the report structure is approximate to the fourth report. The Group has been continuously

CONFIRMATION AND APPROVAL

The information contained herein is sourced from official documents and statistics data of the Group, and management and operation information collected in accordance with the Group’s systems. This Report has been confirmed and approved by the Board of the Company.

REPORTING FORM

The report is issued in print and electronic versions. Please visit company website to download the report. Please call (852) 2549 8222 if you need a print version.

OPINIONS AND FEEDBACK FROM STAKEHOLDERS

The Group values the opinions of stakeholders. If you have any question or recommendation about the content or form of reporting of this report, you are welcome to contact the Group through the following methods:

Address: Room 2709-10, 27/F, China Resources Building,
No. 26 Harbour Road, Wanchai, Hong Kong

Email: info@0030.com.hk

Tel: (+852) 2549 8222

FAX: (+852) 2549 3331

STAKEHOLDERS ENGAGEMENT AND MATERIALITY



Stakeholders' engagement is essential to the formulation of strategies for sustainable development. It allows the Group to understand risks and opportunities. Our key stakeholders include government, shareholders and investors, employees, customers, supplier/partners, peer/industry associations, market regulator and public and communities. The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with stakeholders:

Stakeholder	Expectation	Engagement channel	Measures
Government	<ul style="list-style-type: none"> - To comply with laws - Proper tax payment - Promote regional economic development and employment 	<ul style="list-style-type: none"> - On-site inspections and checks - Research and discussion through work conferences, work reports preparation and submission for approval - Public information disclosed in Stock Exchange website, such as: interim reports, annual reports and announcements - Company website 	<ul style="list-style-type: none"> - Operated, managed, paid taxes according to laws and regulations, strengthened safety management, accepted the government's supervision, inspection and evaluation, and actively undertook social responsibilities.
Shareholders and Investors	<ul style="list-style-type: none"> - Return on investment - Information disclosure and transparency - Protection of interests and fair treatment of shareholders - Business risk management 	<ul style="list-style-type: none"> - Annual general meeting and other shareholder meetings - Public information disclosed on Stock Exchange website, such as: interim reports, annual reports and announcements - Meeting with investors and analysts - Company website 	<ul style="list-style-type: none"> - Issued notices of general meeting and proposed resolutions according to regulations, disclosed company's information by publishing announcements/circulars and periodic reports in the year. Disclosed company contact details on website and in reports and ensured all communication channels available and effective.
Employees	<ul style="list-style-type: none"> - Safeguard rights and interests of employees - Health and safety - Working environment - Career development opportunities - Self-actualization 	<ul style="list-style-type: none"> - Regular meetings - Training, seminars and briefing sessions - Intranet and emails - Annual performance appraisal 	<ul style="list-style-type: none"> - Provided a healthy and safe working environment - Developed a fair mechanism for promotion.





STAKEHOLDERS ENGAGEMENT AND MATERIALITY

Stakeholder	Expectation	Engagement channel	Measures
Customers	<ul style="list-style-type: none"> – Safe and high-quality products and services – Stable relationship – Information transparency – Integrity – Business ethics 	<ul style="list-style-type: none"> – Company website, brochures, interim reports, annual report and announcements – Email and customer service hotline – Feedback forms – Regular meetings 	<ul style="list-style-type: none"> – Strengthened quality management to ensure stable service quality, and entered into long-term strategic cooperation agreements.
Suppliers/ Partners	<ul style="list-style-type: none"> – Long-term partnership – Honest cooperation – Fair and open – Information resources sharing – Risk reduction 	<ul style="list-style-type: none"> – Business meetings, supplier conferences, phone calls and interviews – Regular meetings – Review and assessment – Email, circulars and manual – Company website 	<ul style="list-style-type: none"> – Invited tenders publicly to select the best suppliers/ partners, performed contracts obligation according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers/partners
Horizontal /Industry associations	<ul style="list-style-type: none"> – Experience sharing – Corporations – Fair competition 	<ul style="list-style-type: none"> – Industry conferences – Site visit 	<ul style="list-style-type: none"> – Stuck to fair play, cooperated with horizontal to realize win-win results, shared experiences and attended different seminars of the industry so as to promote sustainable development of the industry.
Market regulator	<ul style="list-style-type: none"> – Compliance with the law and regulations – Information disclosures 	<ul style="list-style-type: none"> – Information disclosure – Reports 	<ul style="list-style-type: none"> – Complied with regulatory requirements in a strict manner, disclosed and reported real information in a timely and accurate manner according to law.
Public and communities	<ul style="list-style-type: none"> – Community involvement – Social responsibilities – Employment promotion 	<ul style="list-style-type: none"> – Voluntary work – Charity and social investment 	<ul style="list-style-type: none"> – Gave priority to local people seeking jobs from the Company so as to promote community building and development, protected the communities' ecological environment, and provided timely compensation and assistance.

Based on the stakeholder engagement, we have identified issues with significant environmental and social impact and issues concerning stakeholders. The results of materiality assessment prioritised stakeholder inputs and made us focused on the material aspects for actions, achievement and reporting. Through the materiality analysis, the Group identified “use of resources”, “healthy and safety” and “quality management” as issues of high importance, priced the risks and opportunities hidden behind these mater and elaborated more under different sections of this ESG report. We present below the relevant and required disclosure.



The Group believes that it is the social responsibility of all corporations to ensure that emissions of pollutants and resource consumption are minimised and carbon emissions are reduced. For such purpose, the Group formulates and implements “Environment and natural resources policy”, aims to achieve its stated goals by reducing carbon dioxide emissions, resource consumption and waste production.

A1. EMISSIONS

Exhaust Emission

The exhaust emission of the Group mainly derives from the fuels used by vehicles. During the Reporting Period, the Group’s vehicles had consumed an aggregate of approximately 12,598 litres of petrol with the driving mileage of approximately 13,400 kilometres in total. As the results of the work-from-home to contain COVID-19 and the disposal of vehicle by Wan Long Xing Ye, the use of petrol and the driving mileage decreased. Due to the business nature of the Group, employees take public transport to visit customers’ companies and vehicles of the Group are used only in special cases. Meanwhile, the Group encourages employees to take public transport whenever possible for meetings or activities and to reduce the use of private cars. For activities at nearer destinations, the Group encourages employees to walk as far as possible instead of taking transportation. The Group will try its best to set up video conferences to allow its employees to conduct remote meetings with various customers at any time.

During the Reporting Period, exhaust emissions were as follows:

KPI A1.1: Exhaust Emission	
Type of Exhaust	Amount of Emissions (kg)
Nitrogen oxides	1.00
Sulphur oxides	0.19
Particulate matter	0.07

Greenhouse Gas Emissions

There is consensus that human activity is causing climate change. The warming climate has significant negative impact on human health. The Group is committed to take sustainable, long-term actions to manage the carbon footprint of our own operations.

Based on the business nature, the Group’s main sources of greenhouse gas emissions are direct emissions from vehicles, indirect emissions from electricity consumption for office operation. The Group attaches great importance to adopting the energy saving initiatives as mentioned in the section “Use of Resources”; and reduce the impact of these emissions on the environment by monitoring energy consumption and reducing itineraries which require the Group’s senior management taking private cars.

Greenhouse gas emissions are partly generated from combusting gasoline by the vehicles owned by the Group. Meanwhile, greenhouse gas emissions are also generated from electricity consumption for the Group’s office operation. The Group aims to reduce electricity consumption in daily operation as the amount of indirect greenhouse gas emissions depend on the units of electricity consumed. Specific measures adopted by the Group to reduce electricity consumption are set out in the section headed “Use of Resources – Electricity” of this Report.

As a result of the COVID-19, there was no air business trips of employees incurred during the Reporting Period.





ENVIRONMENTAL ASPECTS

During the Reporting Period, greenhouse gas emissions were as follows:

KPI A1.2: GHG Emission		
Type of Emission	Amount (Tonnes of carbon dioxide equivalent)	Intensity (Tonnes/Revenue of HK\$ million)
Scope 1 – direct emissions	34.11	0.03
Scope 2 – energy indirect emissions	28.16	0.02
Total	62.27	0.05

Waste and Wastewater

Due to our business nature, there is no hazardous waste produced during the operation. Major wastes generated by the Group are nonhazardous wastes, including office papers, newspapers and other domestic wastes. During the Reporting Period, our Shenzhen Office produced approximately 30 tonnes of nonhazardous wastes in total, all of which were sorted and recycled by qualified contractors.

The Group places high attention to proper disposal of wastes and has clearly set out ways of office waste disposals, including general waste, toner cartridges, wasted paper, computers with related accessories and batteries, in the “Environment Guidelines”. It has established a waste sorting system for recycling and contacted contractors to recycle used toner cartridges from time to time to reduce wastes.

The Group is committed to reducing waste production and encourages employees to recycle stationery and reduce waste with an aim to reduce waste production from the source. Moreover, the Group has adopted a digital operation model to centralise the handling of documents and regularly convey environmental protection messages to employees. Permission is also required for printing in the office for statistics and adjustments in respect of paper usage in order to enhance resource utilisation.

No hazardous waste was generated by the Group during the Reporting Period (KPI A1.3).

As sewage volume depends on water consumption, specific measures have been adopted by the Company to reduce water consumption, details of which are set out in the section headed “Use of Resources – Water” of this ESG Report. Besides, sewage generated from the Group is from the daily use of employees, which will be discharged from local water pipelines to sewage treatment plant for treatment.

KPI A1.4: Waste		
Type of waste	Amount of non-hazardous waste (Tonnes)	Intensity (Tonnes/Revenue of HK\$ million)
Non-hazardous waste		
General office waste	30	0.02



A2. USE OF RESOURCES

The Group attaches great importance to the effective use of resources and is committed to reducing waste of resources in daily operation. During the Reporting Period, the Group has complied with relevant laws and regulations in relation to the use of energy. Resources used by the Group were mainly electricity, water and paper and packaging material.

Electricity

The Company acknowledges the importance of energy saving and the fact that reducing electricity consumption will indirectly reduce greenhouse gas emission so the Group has promoted various energy saving strategies. To strengthen each employee's awareness on environmental protection and energy saving, the Group has placed reminders of "For electricity saving, please switch off the light when leaving" at prominent places in the office. The Group encourages employees to set office air conditioner at a moderate temperature and switch them off when they are not in use to reduce electricity consumption. More energy saving electrical appliances are used during the operation of the Group.

All electricity consumption by the Group was directly from daily office operation. During the Reporting Period, total electricity consumption of the Group amounted to approximately 41,562 kWh.

Water

The Group has consumed approximately 444 tonnes of water during the Reporting Period. Meanwhile, the Group endeavoured to reduce water usage, for example, promote to and educate employees to save water regularly, place water saving slogans in prominent places and encourage water conservation and report to the property management company to fix dripping taps immediately when the taps are broken. During the Reporting Period, the Group did not encounter any problems in purchasing water sources.

Paper and packaging material

The Group has implemented environmental protection measures to minimise paper usage at the office. Employees are encouraged to use both sides of paper, and the back of single-sided documents is used for printing or as draft paper. If possible, employees may use the suitable font size and indentation to minimise the pages. Besides, electronic media is recommended for circulation and communication so as to minimise paper usage. During the Reporting Period, the total office paper consumption was approximately 532 kg. The Group has not engaged in the manufacturing business, and no packaging materials were used.

The Group has set up "Office Check List" for Administration Department to monitor and ensure the measures for resources saving were fully implemented by the staff. The measures for water and energy saving, as well as paper and materials recycling are included in the check list. Managers shall propose specific remedial measures for noncompliance matters.



ENVIRONMENTAL ASPECTS

Energy

- Turn on the power saver mode on electrical equipment
- Turn off idle electrical equipment
- Set the air conditions at room temperature (25.5°C)

Water

- Reuse sewage on green irrigation
- Report and arrange maintenance for leaking of faucet or water pipe in a timely manner

Paper

- Encourage communication via electronic means
- Use environmental-friendly paper for printing
- Reuse single-side paper for internal documents
- Print internal documents on both sides of a page and in reduced format

Other supplies

- Reuse delivery materials
- Use supplementary cleansing products
- Handle and store materials in a proper manner to avoid waste
- Use environmental-friendly cutlery

During the Reporting Period, total resource consumption was as follows:

Use of Resources	Amount	Intensity (Unit/ Revenue of HK\$ million)
KPI A2.1 - Electricity consumption (kWh)	41,562	34.15
KPI A2.2 - Water consumption (Tonnes)	444	0.36
Paper consumption (Kg)	532	0.44

The Group will keep recording its resource consumption for reviewing effectiveness of its conservation measures in the future and formulating more specific improvement measures and objectives.

A3. THE ENVIRONMENT AND NATURAL RESOURCES

The operations of the Group do not involve soil pollution, land erosion or biodiversity conservation. Given the impact of edible palm oil on the ecological environment, the trading business of the Group has expanded to other finished edible oil products to alleviate the impact on the environment.

The Group understands the importance of the environment and natural resources. The Group is committed to developing a sustainable environment. It emphasises the importance of preventing the pollution of natural resources, such as rivers, air and land, in the "Code of Conduct for Staff"; and the use of biodegradable or nonphosphorus detergents is required under the "Environment Guidelines" to reduce negative impact on the environment.

The Group complies with national and regional laws and regulations such as the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) and the Regulations of the Shenzhen Special Economic Zone on Environmental Protection (深圳經濟特區環境保護條例). During the Reporting Period, the Group did not identify any noncompliance of laws or regulations in relation to emissions or environment.

The Group will continue to implement environment-friendly practices in the Group's operation in order to enhance environmental sustainability.

EMPLOYMENT AND LABOUR PRACTICES

The Group regards employees as the cornerstone of its corporate operation and development. Therefore, the Group attaches great importance to the training and welfare of employees and is committed to providing a working environment with job satisfaction. The Group provides competitive remuneration and sound promotion opportunities to facilitate career development of employees. Meanwhile, the Group has adopted a series of policy measures relating to employment system, occupational safety and health, trainings as well as labour standards, with a view to achieving win-win situation between employees and employers.

During the Reporting Period, the Group strictly complied with labour legislations and related regulations in the PRC and Hong Kong. The Group was not involved in any violation relating to labour practices during the Reporting Period and would have a significant impact on the Group.

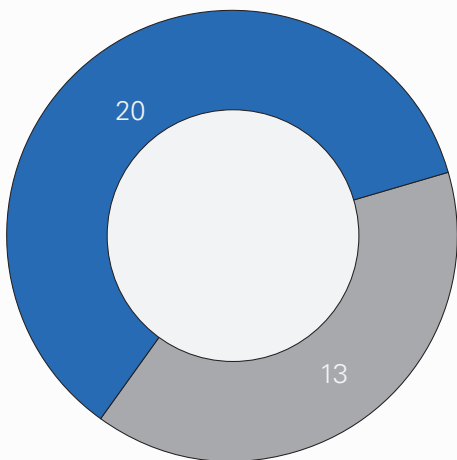
B1. EMPLOYEES

The Group aims to attract and retain talents, ensures a safe and equal working environment for employees, provides development opportunities and promotes employees' health and wellbeing. The Group has formulated the staff manual according to relevant labour regulations, covering the Group's remuneration and dismissal, recruitment and promotion, working hours, statutory holidays, social security, and standards of other rights and benefits. The Group complies with the laws and regulations in relation to employment and equal opportunities such as the Labour Law of the People's Republic of China (中華人民共和國勞動法), the Labour Contract (Law of the People's Republic of China (中華人民共和國勞動合同法), Law on the Protection of Persons with Disabilities (殘疾人保障法), the Employment Promotion Law (就業促進法) and, Regulations on the Wage Payment to Employees of Shenzhen (深圳市員工工資支付條例) and Employment Ordinance of Hong Kong.

As at 31 March 2021, the Group had a total of 33 employees (2020:29 employees), with the employee structure as follows, all of them are full time employees.

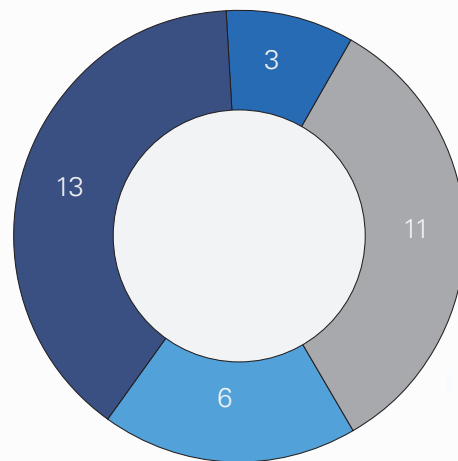
GENDER

■ Male ■ Female



AGE GROUP

■ 26-30 ■ 31-40 ■ 41-50 ■ Elder than 50



Talent Recruitment and Retention

Employees are the core assets to maintain corporate competitiveness, and the key to corporate success. The Group provides a fair and impartial talent selection system and continuously improves the system to recruit talents. The Group has formulated an annual recruitment plan and filled job vacancies based on the principle of "internal staffs superior to external candidates" in order to offer internal promotion and redesignation opportunities to existing employees. The Group recruits external candidates through the Company's website, recruitment website, job market, newspapers and media, headhunting companies and employee's referral. The Group ensures that the recruitment and promotion processes are fair, open and transparent, and selects candidates depending on objective factors such as candidates' working experience, skills, academic background, communication skills, personal qualities.

The Group adheres to the principle of employing talents with both ability and moral integrity, and regards morality, knowledge, ability and performance as the main evaluation criteria, so as to put talents at suitable positions and retain talents. The Group has formulated a set of staff performance appraisal mechanism, in which appropriate remuneration adjustment is made annually based on staff performance to reduce talent loss.

Remuneration and Benefits

We offer reasonable and competitive salary and benefits to staff. Employees are awarded salary adjustment and promotion based on their job performance, as well progress achievement and the results of performance appraisal. We make timely contribution to social insurances (i.e., pension, medical insurance, unemployment insurance, maternity insurance, and occupational injury insurance) and the housing fund (五險一金), mandatory provident fund and employees' compensation insurance in strict accordance with the Social Security Law of the People's Republic of China, the Labour Law of the People's Republic of China, the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong). Apart from basic statutory holidays, wedding and funeral leave, maternity leave, work-related injury leave, annual leave, family planning leave and paternity leave, employees are also entitled to other staff benefits including luncheon and transportation allowances. These benefits boost employees' sense of belonging to the Company, create good working atmosphere and enhance corporate cohesion.

Equal Opportunity and Diversity

As a diversified enterprise, the Group strives to create a fair, diversified and harmonious working environment for employees and protect them from discrimination and harassment. The Group formulates employment policies in strict accordance with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and Hong Kong Employment Ordinance and provides equal opportunities in respect of recruitment, training, promotion, job transfer, remuneration, benefits, and termination of contracts. These equal employment opportunities are not affected by age, gender, physical conditions, marital status, family status, race, color, nationality, religion, political connection or sexual orientation. The Group formulates policies addressing "Promotion, Equal Opportunities, Diversity and Antidiscrimination" to make sure every staff being treated fairly in terms of recruitment process, remuneration and benefits, training opportunities, working arrangement, promotion and disciplinary punishment.

The Group also place high value on female employees' career development by ensuring that they have equal promotion opportunities as male employees. The Group also complies with the requirements under the Law of the People's Republic of China on the Protection of Women's Rights and Interests (中華人民共和國婦女權益保障法), which stipulates that female employees are entitled to basic salary and their employment contracts will not be released or terminated, without cause, during their pregnancy, maternity leave or breastfeeding period.

Dismissal Policy

With regards to the policies relating to dismissal of employees, if an employee has committed serious misconduct and fails to improve in spite of repeated warnings, his/her supervisor and the senior management of the Company will have a thorough internal discussion and allow the employee to answer and explain before the dismissal is announced. The reasons for the dismissal will be conveyed to the employee clearly. The dismissal procedure must be in accordance with applicable laws and regulations as well.

Staff Communication

We appreciate the significance of communication with and care for our employees. We believe that maintaining a close relationship with our staff allows us to better understand their needs. Besides, orientation with introduction of corporate system, culture and other information would be conveyed to employee when they are on board. The Group has also established a mechanism to handle the advise and complaints from staff.

Working Hours and Rest Periods

The Group has formulated its policy based on local labour laws including the Provisions of the State Council on Employees' Working Hours ("國務院關於職工工作時間的規定") and Hong Kong Employment Ordinance to determine working hours and rest periods for employees. The Group would compensate those who work overtime with extra pay or additional days off.

B2. HEALTH AND SAFETY

The Group attaches high attention to the health and welfare of each and every employee. The Group has established and implemented a “Health and Safety System”, striving to build a healthy and safe working environment for our employees.

Due to our business nature, the operation of the Group mainly involves clerical work and no position has been identified as having high safety risks. However, the Group understands that our staff spend most of the time on computer work, therefore we plan to enhance education in relation to office health and safety for employees, such as promoting safety use of office equipment and correct working postures, or organize workshops for workplace stretching exercises to reduce the possibility of injury and occupational diseases.

Following the outbreak of COVID-19, a series of precautionary measures have been adopted by the Group according to the requirements of the government, including work-from-home arrangement, providing masks to staff, requiring staff and visitors to take body temperature and sterilize hands before entering into working area, requiring staff and visitors to wear masks during working hour and sterilizing the working area from time to time.

The Group sponsors the occupational health examination before, after and during their induction for early detection of latent illness and timely medical treatments. Besides, for any staff suffering from infectious diseases, the Group will timely allow sick leaves for him/her to receive proper medical treatment and arrange segregation of relevant departments as well as vaccination for staff who have insufficient antibodies. First aid kits are also available in Shenzhen Office and labour protective equipment satisfying the national safety and health standards are also provided. In order to ensure the employee’s awareness of occupational safety, all newcomers must receive safety training to identify, reduce or eliminate occupational risks.

During the Reporting Period, there was no accident of work-related injuries/fatalities and no lost days due to work injury recorded by the Group (for the year ended 31 March 2020: Nil). The Group has no violation of the laws and regulations regarding the provision of safe working environment during the Reporting Period.

B3. DEVELOPMENT AND TRAINING

The Group values the continuous development of staff and strives to enable our staff to grow alongside with the Group. The Group has formulated and implemented a “Development and Training System” for a comprehensive training system, which sets out the administrative duties of the officers of training teams under each department and the related policies, and provides corresponding learning and training courses for employees, thus allowing continuous updating of job knowledge and skills of employees.

In addition to the internal trainings delivered by external lecturers and the inspections and assessments afterwards, such as the finance and taxation training courses by the Finance Department to update the knowledge of finance and taxation regulations, the Group also encourages and provides subsidies to employees to participate training courses held by other institutions in a compensated way, so as to enhance job-required knowledge and enrich their skills. Besides, the “Code of Conducts for Staff” sets out training and development policies for newcomers, including the arrangements and contents of trainings, in order to help them quickly learn about job-required knowledge and adapt to the working environment. The licensed staff should complete their continuing professional development program under professional requirements and provide the relevant certificates to the Company. Trainings have covered a variety of topics in order to cater the needs for employees from different departments.

In order to evaluate employees' working performance and potential in an efficient way, The Group has established and implemented the "Employee Promotion Policy", so as to set up a fair and comprehensive competition and promotion mechanism as well as to motivate our staff to enhance their working quality and capability. Staff can apply for internal transfer within the Group according to their own personal development needs.

B4. LABOUR STANDARDS

The Group strictly complies with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, Employment Ordinance of Hong Kong and other relevant labour laws and regulations in Hong Kong and PRC. The Group tolerates no child labour or forced and compulsory labour, allows no employment of child labour or forced and compulsory labour which are prohibited by international standards and relevant regulations. Candidates are required to provide identity proof for verification to prevent child labour recruitment. In the event that there is any mistakenly-hired child labour, the Group will immediately suspend his/her work, inform his/her parents or legal guardians and return him/her to his/her residence, and bear all the costs incurred.

The Group bans the employment of forced labour in any ways and ensure all job duties are in compliance with labour contracts. It is clearly stated in the labour contracts that employees have the right to refuse any dangerous work arrangement. Our staff can immediately terminate the labor contract and obtain economic compensations if they are forced to perform such job duties by means of violence, threats or illegal restrictions on personal freedom. The Group will never force employees to work overtime. The Group would compensate those who work overtime with extra pay or additional days off. If labour disputes are found, employees can seek for mediation by the labour union or labour dispute mediation committee of the Group and they can also apply for arbitration with Labour Dispute Arbitration Committee directly.

During the Reporting Period, no non-compliance regarding child labour, forced or compulsory labour has been recorded by the Group in its operation.

Upholding Employee Rights

The Group is committed to protecting human rights, and has established a respectful, honest and fair working environment for employees and customers and complied all relevant laws and regulations. Laws and regulations related to employment and labour which would have significant impacts on the Group include the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Employment Ordinance of Hong Kong. There was no significant violation by the Group during the Reporting Period.

Operational Practices

The Group believes that the best operational practices are keys to the realisation of sustainable development and long-term corporate growth. Our qualities of integrity, honesty and fairness have also been reflected in the Code of Business Conduct, Employee Code of Conduct, supply chain management, environmental protection practices and product assurance.

B5. SUPPLY CHAIN MANAGEMENT

The Group believes that establishing sustainable supply chain and facilitating interaction and communication with suppliers and banks could improve confidence of customers and other stakeholders on the Group. Therefore, the Group only maintains long-term cooperative relationships with logistics and banks with good creditworthiness, sound goodwill, quality products and services, good track record and eligibility. Focusing on establishing close cooperation relationships with suppliers, the Group has been working together with them to reduce impacts on the environment from production processes while ensuring the quality of service to customers. The Group has formulated written policies and guidance "Supplier Selection Policy" and takes the environmental, social and governance policies into consideration when managing all the suppliers. The Group will cease cooperation with suppliers which fail to meet its requirements. During the Reporting Period, there was no supplier which failed to meet such requirements.

Supplier Management Measures of the Group include the following:

- Suppliers' environmental, social and governance policies, including emissions, use of resources, environmental and natural resources, health and safety, staff development and training, the prevention of child labour, product responsibility and anti-corruption
- To deploy dedicated staff to work on-site in the office of the individual large suppliers to conduct continuous quality inspection
- To conduct unscheduled quality inspection
- To protect product supply and reduce risks through decentralized procurement
- To formulate acceptance criteria and procedures, which are detailed in the procurement contract, for each type of products

B6. PRODUCT RESPONSIBILITY

Providing efficient and high-quality services to customers have always been the utmost concern for the Group. The Group's objective is that customers have confidence in our services and they are provided with sufficient information to make informed choices. To improve service quality of the Group, the Company conducts site visits and regular visits in order to have indepth understanding on actual demands and development targets of customers. By establishing long-term and good cooperation with customers, the Company has efficiently supported the economic development in the regions of operation and indirectly facilitated employment in those regions. Meanwhile, the Group has proactively acquired customer feedbacks, including feedbacks from site visits and feedbacks by phone. Therefore, the Group has a set of policies and procedures in place to monitor and control quality, so as to ensure customers' opinions are efficiently collected and handled.

Except for the pre-market product selection and supply chain management, the Group also formulates and implements the "Product Liability System". This system classifies aftermarket incidents which jeopardize public health and safety by its actual condition into ordinary, material and serious rankings. Based on the rankings, the responsible officers of the Group of each functional departments at various levels are required to respond timely so as to mitigate the hazards and risks to the social communities.



Rankings of product liability incidents	Allocation of responsibility by positions
Ordinary	To be handled under the authorization and instruction of accounting officer
Material	To be handled jointly by accounting officer and general manager
Serious	To be handled by joint team formed by directors and legal person of the Group and insurance company

Quality Management

The Group cares about the health and safety of customers, so performance of product liability in all aspects is of vital importance. As to edible oil, the Group would examine Business License, Food Business License (食品經營許可證) and Food Circulation License (食品流通許可證) of refined oil suppliers and raw material manufacturers as well as the food inspection report issued by relevant government organization when selecting supply goods in order to safeguard the health of customers and the public and to ensure food safety. During the Reporting Period, all of the edible oil of the Group has passed the inspection.

As to trading products, when adding labels on products, the Group follows "GB 7718-2011 General Standards for the Labelling of Prepackaged Foods" (GB 7718-2011 食品安全國家標準：預包裝食品標籤通則).

As to commodities, the Group would only choose suppliers who supply certified products with high quality. If the clients have suspicion on the quality of the commodities products, the sales team would assist the clients to investigate and coordinate with the suppliers.

As to CBD isolate, according to the a non-legally binding Memorandum of Understanding the Company entered into with Yunnan Baiyao Group, Yunnan Baiyao Group agreed to and to procure its subsidiaries to, provide assistance in the hemp cultivation activities according to the instructions provided by the Group, including providing assistance in the production and preparation of industrial hemp raw materials, assisting in the allocation of facilities, operation, and the overall management of resources

in order to complete the industrial hemp cultivation, assisting in the introduction of other types of hemp seeds for research and development purpose, producing and developing the end products that contain cannabinoids and industrial hemp, providing support for the marketing of related products, and ensuring that all industrial hemp planting and related activities are carried out with relevant approval, licence and permit and complying with the relevant PRC laws and regulations.

The Group complies with the provisions concerning product liability as set out under Product Quality Law of the People's Republic of China (中華人民共和國產品質量法) and Administrative Regulations of Shenzhen Special Economic Zone on Product Quality (深圳經濟特區產品質量管理條例) and other laws and regulations. During the Reporting Period, the Group had not identified any non-compliance of laws and regulations in relation to product liability (including customers' health, safety, advertising, labelling and customers' privacy-related matters) and any recalls of products for safety and health reasons. The Group had not received any complaint in relation to product or service and had not identified any case in relation to leakage, theft or loss of customers' information.



Privacy Protection and Intellectual Property Rights

The Group takes privacy issues of our clients, internal employees, data, and external partners and suppliers very seriously. We have established confidentiality guidelines in order to demonstrate our firm commitment to privacy issue.

The Group handles significant amount of personal data and credit information of customers. The Group upholds a belief that information security and privacy are key principles for operation. The Group's employees are required to sign a confidentiality agreement acknowledging receipt and agreement of their responsibility and obligation regarding the protection and non-disclosure of customer data. In addition, information can only be used in authorised business activities. Employees disclosing such information to other parties is considered as data theft. Related employees shall bear corresponding responsibility.

During the Reporting Period, there were no noted case of violation of relevant laws or regulations regarding privacy protection and intellectual property rights.

B7. ANTI-CORRUPTION

The Group is committed to upholding ethics and integrity during the operation process. No form of corruption or bribery is tolerated. Sound judgements for transactions with customers, suppliers, contractors, job seekers, colleagues or any other third party should be ensured. All applicable laws and regulations shall be duly complied with so as to always maintain the highest standard of integrity.

The Group has formulated and implemented a "Policy of Integrity Management (廉政管理制度)"; under which it not only strengthens the governance of its staff teams but also requires employees to learn and enforce regulations in relation to integrity and self-discipline of leading cadres announced by Central Commission for Discipline Inspection of the Communist Party of China and the Rules of Integrity (廉政準則), and to strictly comply with relevant laws and regulations. In addition, this system also prohibits staffs from accepting any expensive offerings such as monetary gift, credit card and cash voucher, etc. Furthermore, the "Code of Conducts for Staff" of the Group also sets forth the basic principles of anti-corruption, and states that employees should make appropriate adjustment in terms of benefits, for example, employees are not supposed to make any personal gain through the exercise of their official duties or they are supposed to avoid arousing suspicion and report to relevant authorities when dealing with business involving in their relatives' benefits in accordance with regulations.

During the Reporting Period, the Group rigidly abided by the Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法), China's Efforts to Combat Corruption and Build a Clean Government (中國的反腐敗和廉政建設), Anti-bribery Management Systems (反賄賂管理體系) and other laws and regulations in respect of anti-corruption, bribery, extortion, fraud and money laundering. Reference to the aforesaid laws and regulations, the Company has developed the "Anti-Money Laundering Policy", which provided that staff of the business department shall learn potential customers' background completely through consulting documentation and communicating with customers according to relevant internal guidance before commencing business dealings with them. The Company's risk management department also collects information of current customers in respect of uses of proceeds, sources of repayment funding and operational conditions. The risk management department also acquires their latest information from time to time and report to the senior management once abnormal situation is identified.

Pursuant to the Code of Conducts for Staff, employees may question suspected misconduct or misconduct orally or in writing. The Group will make every effort to treat all reports in a strictly confidential way. The identity of the reporting and complaining employee is not allowed to be disclosed without his/her consent, unless the Group is legally obliged to disclose the employee's identity and other information. In case of suspected corruption or other criminal offences, the Group will report to the applicable departments.

The Group has always strictly complied with relevant laws and regulations. During the Reporting Period, the Group had not identified any case of non-compliance of laws and regulations in relation to bribery, blackmail, fraud and money laundry nor received any relevant report.

B8. COMMUNITY INVESTMENT

The Group deeply realised the importance of returning to the society and spared no effort in providing help to community. The Group strongly encouraged its staff to participate in community activities and contribute to the sustainable development of the harmonious society.

Looking forward, the Group will continue to focus on community care and staff development with an aim to improve the society through participation in the community.

SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIS		SECTION	PAGE
ENVIRONMENTAL ASPECTS			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	"Emissions"	7-8
KPI A1.1	The types of emissions and respective emissions data.	"Emissions"	7
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	"Emissions"	8
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	"Emissions"	8
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	"Emissions"	8
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	"Emissions" and "Use of Resources"	7-10
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	"Emissions"	8
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	"Use of Resources"	9-10
KPI 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).	"Use of Resources"	10
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	"Use of Resources"	10
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	"Use of Resources"	9-10
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	"Use of Resources"	9-10
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	"Use of Resources"	N/A



SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIS	SECTION	PAGE
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Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	“The Environment and Natural Resources”	10
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	“Emissions” and “Use of Resources”	10

Aspect A4: Climate Change (Note 1)

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	To be disclosed in the following year	N/A
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	To be disclosed in the following year	N/A

SOCIAL ASPECTS (NOTE 2)

Employment and Labour Practices

Aspect B1: Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	“Employment”	11-13
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	“Employment”	11
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	To be disclosed in the following year	N/A



SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIS		SECTION	PAGE
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards.	"Health and Safety"	14
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	"Health and Safety"	14
KPI B2.2	Lost days due to work injury.	"Health and Safety"	14
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	"Health and Safety"	14
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	"Development and Training"	14-15
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	To be disclosed in the following year	N/A
KPI B3.2	The average training hours completed per employee by gender and employee category.	To be disclosed in the following year	N/A
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labour.	"Labour Standards"	15
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	"Labour Standards"	15
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	"Labour Standards"	15



SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIS	SECTION	PAGE
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Operating Practices

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	"Supply Chain Management"	16
KPI B5.1	Number of suppliers by geographical region.	To be disclosed in the following year	N/A
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	"Supply Chain Management"	16
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	"Supply Chain Management"	16
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	"Supply Chain Management"	16

Aspect B6: Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	"Product Responsibility"	16-18
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	"Product Responsibility"	17-18
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	"Product Responsibility"	17-18
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	"Product Responsibility"	18
KPI B6.4	Description of quality assurance process and recall procedures.	"Product Responsibility"	17-18
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	"Product Responsibility"	18

SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIs		SECTION	PAGE
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering.	"Anti-Corruption"	18-19
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	"Anti-Corruption"	18-19
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	"Anti-Corruption"	18-19
KPI B7.3	Description of anti-corruption training provided to directors and staff.	To be disclosed in the following year	N/A

Community

Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	"Community Investment"	19
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	"Community Investment"	19
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	To be disclosed in the following year	N/A

Note:

- Pursuant to Consultation Conclusions: Review of The Environmental, Social And Governance Reporting Guide and Related Listing Rules, this section is required to implement for financial year commencing on or after 1 July 2020 only.
- Pursuant to Appendix 27 of the Listing Rules, KPIs in this section are recommended disclosures only.