



CHINA GREEN (HOLDINGS) LIMITED

中國綠色食品(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 904)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

SCOPE AND REPORTING PERIOD

This is the fourth Environmental, Social and Governance (“ESG”) report of China Green (Holdings) Limited (“Company”, together with its subsidiaries, the “Group”), highlighting its performance on environmental and social subject areas, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and has complied with the “comply or explain” provisions therein. Corporate governance is disclosed separately in the Corporate Governance Report which set out in the Annual Report of the Company for the year ended 30 April 2020 published on 30 September 2020.

The Group is a green food provider in the People’s Republic of China (the “PRC”) supplying a wide range of agricultural products to the domestic market. During the year ended 30 April 2020 (“Reporting Period”), two major sources of revenue to the Group are the multi-grain farmland in Baicheng City, Jilin Province, the PRC, and the aquatic plant farming in Tianze, Hubei Province, the PRC.

This ESG report covers the Group’s overall performance in two subject areas, namely, environmental, and social aspects of the following three operational locations in the PRC from 1 May 2019 to 30 April 2020, unless otherwise stated.

- the Zhonglv office building, including its canteen in Xiamen, Fujian Province (hereafter “Zhonglv”), that has a total area of 7,994 m²;
- the agricultural operation in the multi-grain farmland in Baicheng City, Jilin Province (hereafter “Baicheng”), which produced 56,883 tonnes of farm products including sweet corn, red beans, peanuts, mung beans and rice, with a total area of 133,332,000 m²; and
- the aquatic plant farming in Tianze, Hubei Province (hereafter “Tianze”), which had a yield volume of 30,313 tonnes of white radish, lotus root and sweet corn, with an area of 13,333,200 m².

The same operational sites as the last reporting period, being the year ended 30 April 2019 (the “Last Reporting Period”) were included in the scope of this ESG report. No major changes in the business operation have occurred.

THE GROUP'S SUSTAINABILITY STRATEGY**Vision**

The Group understands that the country's laws and regulations, ecosystems, and social dynamics are largely impactful to the existence and development of its business. Therefore, the business shall always pay close attention to these external factors to be sustainable and achieve long-term business resilience. It is also aware that the more social responsibility it holds in promoting sustainable development, the more potential value and wealth it may create for the business, its stakeholders, including its shareholders, and the wider society. Thus, the Group has made creating a healthy lifestyle in the PRC as its new notion.

In the long run, the Group hopes that it can take a lead in the food market industry and provide products that take care of its environmental footprints from the beginning to end of the production cycle. It also aims to expand its attention to people of the Group and of the wider community. These are to be achieved by adopting the following schemes:

- minimising consumption of non-renewable energy and resources;
- closely following relevant laws and regulations, as well as messages and guidelines published by authorities;
- conserve renewable and non-renewable resources and implement sustainable agriculture practices to reduce dependency on agrochemicals;
- implement the Vertical Integrated Business Model and develop sustainable supply chain management for the whole food-chain, from farmland to consumer's dining table, ensuring the best-quality, safe and healthy food from cultivation and processing, to delivery and distribution;
- transfer from environmental and social footprint (i.e. negative impacts) to a handprint (i.e. positive impacts) whenever and wherever possible;
- ensure all labour practices follow applicable laws and regulations for both internal employees and external seasonal workers on farms;
- arrange regular body checks for employees and make sure the occupational safety meet the highest standards;
- establish mutually respectful and cooperative relationships with internal and external stakeholders through fostering great corporate culture, resulting in higher employee engagement, satisfaction, and productivity, as well as customer loyalty;

- manage cultivation locations in different provinces, to maximise the efficient use of local resources, provide high-quality raw material to local food processors, to minimise unnecessary transportations;
- diversify food products and invest massively in Research & Development (R&D), launch new product lines that meet modern lifestyles while assuring the taste, quality, and healthiness of food;
- cooperate with local governments and other corporations to improve residents' living standard, improve environment protection awareness of locals to protect farmlands, and provide education and training to local labour forces; and
- ultimately, continue promoting healthy food and becoming a leader in green food market in the PRC.

Establishment of the Food Safety Committee

Led by the vice president of the Group, the Food Safety Committee tracks products and oversees the whole production cycle. Monitoring all processes from cultivating, food processing, storage, to transportation, wholesaling and retailing to assure that the best-quality food is provided to customers. The Process/Product Monitoring and Measurement Control Procedures have been implemented during the Reporting Period, and details can be found in section B6.

Adoption of Best Industrial Practices

The Group is a member of several associations, such as China's Agricultural Industrialisation Leading Enterprises Association, China's Enterprise Investment Association; and is the Executive Director of the China National Food Industry Association, and the vice president unit of the Agricultural Industrialisation Leading Enterprise Association of Fujian Province. The Group was identified as "leading enterprise for national agricultural industrialisation" and "outstanding food enterprise" by the National Ministry of Agriculture and the China National Food Industry Association.

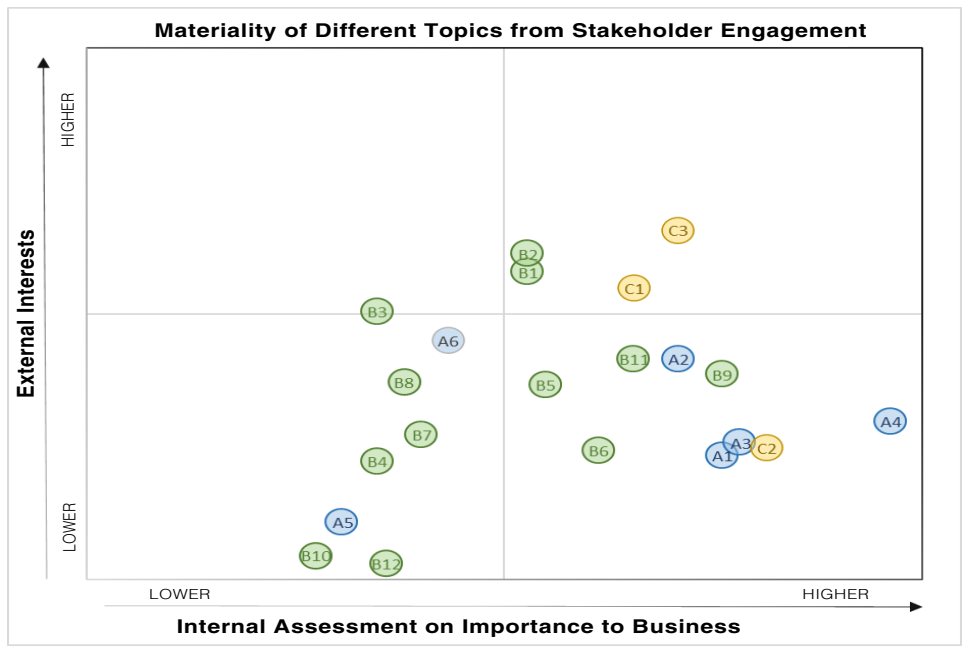
The Group strives for excellence, not just compliance, and closely monitors its environmental performance even when not required by national and/or local regulations. For example, while there is no control/monitoring standard for farmland water pollutants, the Group acknowledges the potential non-point pollution source from the farmland and tests the water quality in the drainage system to make sure minimum pollutants were carried over to nearby watersheds and ecosystems.

The Group has also obtained the following certificates:

- ISO 9001 Quality Management System;
- HACCP international food safety certification; and
- Pollution-free agricultural products certification mark.

Stakeholder Engagement and Materiality

The Group continues to engage with its stakeholders to understand their needs, concerns, motivations and objectives. Key external stakeholders engaged include shareholders, clients, employees and suppliers. Their views and expectations regarding the Group’s business operation and ESG performances are asked during their regular communication, conference calls, meetings, meal gatherings, etc. On top of that, the Group also discusses with its board of directors and senior management in weekly meetings on major projects and events, operational performance, and review and resolve any problems identified. During the Reporting Period, the Group distributed a stakeholder engagement survey to gather quantitative data on its stakeholders’ view on its ESG performance. A materiality assessment was then carried out and shown on the matrix as follows:



Environmental

- A1 Energy
- A2 Water
- A3 Air Emission
- A4 Waste and Effluent
- A5 Other Raw Materials Consumption
- A6 Environmental Protection Measures

Social

- B1 Employment
- B2 Occupational Health and Safety
- B3 Development and Training
- B4 Labour Standards
- B5 Supplier Management
- B6 Intellectual Property
- B7 Data Protection
- B8 Customer Service
- B9 Product/Service Quality
- B10 Advertisement and Labelling
- B11 Anti-corruption
- B12 Community Investment

Others

- C1 Farming Activities
- C2 Food Safety in Canteen
- C3 Safety of Food Products Produced

According to the matrix, five of the top material aspects are:

1. Safety of Food Products Produced
2. Waste and Effluent
3. Farming Activities
4. Occupational Health and Safety
5. Product/Service Quality

The above aspects were strictly managed through the Group's policies and guidelines. The Group continues to invest in financial and non-financial resources to: 1) provide a safe, respectful, and professional working environment for all levels of staff; 2) prohibit any forms of discrimination against any employees for equal chances of getting a promotion; 3) establish a robust system for training and development and create a healthy corporate culture for career development; 4) establish a food safety committee to monitor its food products; and 5) hold seminars on legal topics and changes in laws and regulations for improvement in awareness among employees in abiding by relevant laws.

Key achievements realised during the Reporting Period also corresponds to the continuous improvement made on the above material topics. The Group will continue to identify areas of improvement for the concerned aspects and keep close communication with its stakeholders to share and exchange ideas for advancing the Group's ESG management.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on the ESG approach and performance. Please give your suggestions or share your views with us via email at ir@chinagreen.com.hk.

A. ENVIRONMENTAL

The Group highly values the physical environment and the ecological dynamics and adopts comprehensive Environmental Management System. Energy and water conservation policies and practices are widely implemented throughout the Group, both at the office building and agricultural fields. All farms operated by the Group strictly prohibit any on-site burning of any materials, regardless of whether it is organic or non-organic farming waste.

A1. Emissions

The Group stringently complies with national and local laws and regulations concerning environmental protection and pollution control, including but not limited to the followings:

- Environmental Protection Law of the PRC;
- Law of the PRC on the Prevention and Control of Atmospheric Pollution;
- Water Pollution Prevention and Control Law of the PRC;
- Soil Pollution Prevention and Control Law of the PRC;
- Regulations on Environmental Protection in Jilin Province; and
- Regulations on Environmental Protection in Hubei Province.

The Group also follows the list of prohibited and restricted pesticides published by the Ministry of Agriculture of the PRC closely. A total of 42 and 27 types of pesticides are prohibited and restricted respectively to be applied on all farms operated by the Group.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been identified during the Reporting Period.

A1.1 Air Emissions

During the Reporting Period, there were no major air emissions from the farming practices of the Group. The diffusion of the chemical molecules during the application of agrochemicals was insignificant and not measured/reported.

The use of liquefied petroleum gas, together with the utilisation of passenger cars and shuttle bus that operated on petrol and diesel for daily business operation contributed to certain emissions as follows:

Emissions		2019/20	2018/19 ¹	2017/18
Nitrogen Oxides (NO _x)	kg	64.06	14.21	250.56
Sulphur Oxides (SO _x)	kg	0.54	1.40	0.44
Particulate Matter (PM)	kg	1.73	1.56	16.97

Note 1: The record on kilometres travelled by mobile vehicles was not complete properly in the last Reporting Period, hence, NO_x and PM generation stated from the year 2018/19 did not reflect the actual amount emitted.

A1.2 Greenhouse Gas (GHG) Emissions

During the Reporting Period, the Group contributed to 8,664.22 tonnes of carbon dioxide equivalent (tCO₂e) GHG (mainly composed of carbon dioxide, methane, and nitrous oxide). The intensity was 0.59 tCO₂e/ha, and 93.16 tCO₂e/employee. The breakdown of such emissions with yearly comparison is listed as follows:

Greenhouse Gas Emission		2019/20	2018/19	2017/18
Scope 1 ²	tCO ₂ e	8,245.25	269.28	88.06
Scope 2	tCO ₂ e	381.41	372.03	381.75
Scope 3	tCO ₂ e	36.56	48.15	62.19
Total ³	tCO ₂ e	8,664.22	689.46	532.02
Intensity ³	tCO ₂ e/ha	0.59	0.00	0.00
	tCO ₂ e/employee	93.16	6.96	4.55

Note 2: The GHG emissions from cultivation activities is newly added in the calculation in this ESG report, as the Group has come up with improved recording systems and calculating methods.

Note 3: As there was a significant increase in scope 1 emissions as a result of the inclusion of cultivation activities, comparisons shall not be made for total emissions and intensity between the Reporting Period and the previous reporting periods.

Scope and sources of GHG emissions			GHG Emission (tCO ₂ e)	Sub-total (tCO ₂ e)	Total emission (%)
Scope 1	Cultivation Activities ⁵	Rice Paddy	2,458.82	8,246.25	95.2
Direct emission ⁴		Crop Residues	1,349.19		
		Synthetic Fertilisers	4,336.90		
	Combustion of fuels in mobile sources	Diesel	64.49		
		Petrol	27.80		
	Combustion of fuels in stationary sources	Liquefied Petroleum Gas	9.05		
Scope 2	Purchased electricity	381.41	381.41	4.4	
	Energy indirect emission ⁶				
Scope 3	Paper waste disposed at landfills	9.52	36.56	0.4	
	Other indirect emission				
		Electricity used for processing fresh water and sewage by government departments/third parties ⁷	4.83		
		Business air travel by employees	22.21		
Total				8,664.22	100

Note 4: Emission factors for calculations on environmental parameters throughout this ESG report were made reference to Appendix 27 to the Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

Note 5: Emission factors for calculations on cultivation activities throughout this ESG report were based on the FAOSTAT database as published by the Food and Agriculture Organisation of the United Nations.

Note 6: Combined margin emission factor of 0.6485, 0.7129, and 0.6063 tCO₂e/MWh were used for purchased electricity in Fujian (for Zhonglv), Jilin (for Baicheng), and Hubei (for Tianze) respectively.

Note 7: Water and sewage processed only included those from the Zhonglv Office, as Baicheng and Tianze source water from rivers, hydro-projects, or underground and the electricity.

A1.3 Hazardous Waste

Both the office building and the two farms did not generate hazardous waste. Zhonglv leased office electronic equipment, and the leasing company was responsible for any maintenance, refilling consumable items, and end-of-life treatment. For the farm operations, the waste hazardous products (e.g., waste agrochemical bottles, non-used pesticide and insecticides) are collected by the suppliers for further processing. On-site self-treatment of hazardous materials is strictly prohibited.

A1.4 Non-hazardous Waste

During the Reporting Period, the Group recorded the disposal of approximately 9.27 tonnes of non-hazardous waste. They were mainly contributed by food waste, waste paper, and office waste.

Non-Hazardous Waste		2019/20	2018/19	2017/18
Office waste	tonne	1.13	1.24	–
Organic waste	tonne	6.02	6.30	8.00
Office paper	tonne	2.12	2.15	0.90
Total	tonne	9.27	9.69	8.90
Intensity	waste/ha	0.63	0.66	0.61
	waste/employee	99.72	97.88	76.07

Non-hazardous waste from Zhonglv was mainly organic waste from the canteen. For farm operations, there were approximately 88,343.92 tonnes of crop residues from the harvesting processes. Though, they were directly returned to the field after collection, rather than being disposed of, hence, did not become waste. Other waste disposed during the farming operations was not recorded during the Reporting Period due to insignificant quantity.

A1.5 Measures to Mitigate Emissions

The Group has a management policy on the efficient usage of the vehicles and agro-machinery to reduce direct and indirect air emissions. Dedicated personnel are appointed to manage, inspect, control, and record scheduling and fuel consumption data of such vehicles and machinery. The main purposes of these measures are to ensure that they are in good technical condition, and that unnecessary trips or fuel consumption are avoided to reduce carbon emissions. At the same time, the Group actively responds to National Energy Conservation and Emission Reduction Policies, by giving priority to low-emission vehicles when purchasing new vehicles. In addition, as both Tianze and Baicheng return crop residues back to their own fields, air emission that would have otherwise been generated from incineration is prevented. Making well use of such crop residues that contain high nitrogen value to increase soil fertility also saves the need to purchase and apply additional fertilisers of the same function that might bring about extra emissions. As the Group has only been recording its emissions for a short period of time, and data recorded have not been most consistent, a significant trend is not yet available at the moment, making it too early to conclude if the policies are effective. Having said that, the drop in NO_x and PM emissions in 2019/20 from 2017/18 suggests that the management policy of vehicles and agro-machinery may be working. To achieve a significant reduction in emissions, the Group will keep up with monitoring its emissions and update its policies when appropriate for maximised outcomes.

A1.6 Wastes Handling and Reduction Initiatives

The waste handling and treatment method of the Group’s non-hazardous waste is as follows:

Non-hazardous waste	Total generation (tonnes)	Treatment method
Food waste	6.02	Collected by designated waste handlers
Office paper	2.12	Reused by employees and collected by designated waste handlers
Other office waste	1.13	Collected by designated waste handlers
Crop Residues	88,343.92	Returned and ploughed back to farmlands

To reduce its waste produced, Zhonglv office established a “trade-in” rule. When employees need to apply for new batteries and office stationeries, they need to bring in the used ones for replacement. This allows the administrative department to track the consumption record and to achieve a further reduction on unnecessary usage of office stationeries. The office also encourages double-sided printing and reuse from the recycling box provided next to the printer. Employees can reclaim wastepaper for internal circulation of daily business documents. In addition, the office building utilises Office Automation (OA) to enable an electronic led office system and avoid paper use wherever possible. In the office building’s canteen, reusable cutlery and stainless-steel utensils are utilised, such that the amount of disposable waste is minimised.

In Baicheng and Tianze, the Group minimises waste generation by reusing agricultural waste efficiently. While their crop residues and the organic materials are retained and ploughed back to the fields, their water plants cultivation are also handled with integrative breeding practices, for example, allowing lotus leaves to self-decay and return to the field as nutrients. These reduce the amount of waste produced and handled. The Group is not able to conclude whether the policies are effective as of now, as data has not been recorded long enough to provide a clear trend of whether any results were achieved. Having said that, the Group is determined to keep track of such information such that better targets can be set in the future.

A2. Use of Resources

The Group's operation heavily relies on both natural resources (such as water and soil) and non-natural resources (such as agrochemicals input). The Group strives to meet the production capacity and market demand while at the same time, conserve resources to the maximum extent. To achieve sustainable agriculture practices, the Group continues to improve its fertilisation and sowing technology, reduce pesticide pollution, rely on scientific and rational use of chemical fertilisers, improve soil organic matter content, and improve soil fertility.

A2.1 Energy Consumption

During the Reporting Period, the Group consumed 961,077 kilowatt-hour (kWh) of energy, with an intensity of 65.53 kWh/ha and 9,707.85 kWh/employee. The source of energy was from purchased electricity, petrol, diesel, and liquified petroleum gas (LPG). The detail sources of consumption are as follows:

Energy Consumption		2019/20	2018/19	2017/18
Electricity	kWh	586,454	528,784	542,855
Diesel for agro-machineries and group-owned vehicles	L	24,145	15,552	–
	kWh	241,407	155,494	–
Petrol for group-owned vehicles	L	10,314	77,640	29,500
	kWh	91,400	688,019	261,418
LPG for Zhonglv canteen operation	Kg	3,000	6,342	6,648
	kWh	41,816	88,402	92,670
Yearly Comparison on Energy Consumption by Operation		2019/20	2018/19	2017/18
Zhonglv	Consumption (kWh)	774,977	595,000	704,648
	Intensity (kWh/m ² office area)	96.94	74.43	88.15
Baicheng	Consumption (kWh)	24,841	11,225	8,266
	Intensity (kWh/tonne yield)	0.44	0.19	0.13
Tianze	Consumption (kWh)	161,259	162,093	6,090
	Intensity (kWh/tonne yield)	5.32	5.71	0.22
Total	kWh	961,077	768,319	719,004

Energy consumption increased during the Reporting Period mainly because of changes in certain energy usage in Zhonglv. In terms of electricity consumption, renovation was undergone on 2 floors in the office building, the baking studio also commenced operation, contributing to a 11% increase. In terms of diesel consumption, routes of the shuttle bus service operated mainly for the daily commute of the Group's employees were re-designed and lengthened to cover more stops; there were also a higher usage of mobile vehicles for the reception of business partners and team building activities. Both factors combined contributed to a 2-times increase in diesel consumption for mobile vehicles.

A2.2 Water Consumption

During the Reporting Period, the total water consumption for the Group was 85,012,950 m³, with an intensity of 5,796 m³/ha, and 858,717 m³/employee. Zhonglv sourced all water from municipal water supply, whereas the farm operations sourced water from rivers and underground water. No issues were reported in sourcing water. The water consumption for both Baicheng and Tianze was estimated by agricultural experts, based on the water demand of each crop grown. To control the water quality, on-site tests have been performed at least twice a year to ensure that the irrigation water meets the Water Quality Standard for Farmland Irrigation in the PRC.

Water Consumption by Operation		2019/20	2018/19	2017/18
Zhonglv	Consumption (m ³)	8,050	8,124	8,333
	Intensity (m ³ /m ²)	1.01	1.02	1.04
Baicheng	Consumption (m ³)	78,654,900	79,844,800	54,960,000
	Intensity (m ³ /tonne yield)	1,382.76	1,331.19	885.10
Tianze	Consumption (m ³)	6,350,000	6,400,000	7,950,000
	Intensity (m ³ /tonne yield)	209.48	225.53	283.32
Total	m ³	85,012,950	86,252,924	62,918,333

Wastewater

During the Reporting Period, Zhonglv did not have separate wastewater treatment nor records wastewater amount as they are connected to central wastewater treatment pipelines and treated in the municipal wastewater treatment plant. The wastewater from farmland is mixed with irrigation water in the on-site irrigation channels. There are no national standards on agriculture wastewater monitoring, nevertheless, the Group self-monitors and applies third-party independent testing to make sure there is no excessive leaching to the surrounding environment.

A2.3 Energy Use Efficiency Initiatives

Zhonglv office has installed sub-meters for different functional rooms to regularly monitor the electricity usage, maintenance staff also checks all sub-meters to ensure their functionality. The Air-conditioning temperature was pre-set to reduce energy consumption while maintaining a comfortable indoor environment. Energy-saving logos were placed throughout the building to remind employees for energy saving. All employees leaving work shall turn off the lights. Idle computers or computers that will not be used within two hours are required to be shut down. Regular maintenance and cleaning are performed on all computers to ensure they are dust- and moisture-proof to reduce power consumption. The office implements e-files to reduce the number of paper documents and to promote paperless office.

Baicheng mainly relies on large-scale agro-machinery for the farm operation due to its large pieces of land in the Northern Territory. In contrast, Tianze has a smaller-scale of operation with both soil and water plants, using different types of agro-machinery from Baicheng. To save energy, both farms adopt agricultural measures such as land levelling, mechanical ploughing and straw returning to increase the soil water holding capacity, thus reduce the need of using agro-machinery for reduced energy exhaustion.

Although energy use efficiency practices have been adopted throughout the Group, energy consumption has still increased during the Reporting Period, mainly due to changes in certain Group activities and operating decisions. Having said that, the negative effects of these changes are expected to be short-term. In the long term, there shall be a lower energy consumption overall when the Group and its employees gets used to the policies and put them into practice every day.

A2.4 Water Use Efficiency Initiatives

The Group continuously conserves water resources. In Zhonglv, water usage plans are outlined with reference to the municipal water use targets. Water-saving promotional materials and logos are placed throughout the building to remind staff for water saving.

For the farm's operation, crops cultivated are also generally selected with consideration of the weather of the areas where farms are geographically located at. This suggests that precipitation and water naturally available is usually sufficient to meet the water demands for the crops and do not require much more excessive water. Having said that, the Group is still keen on conserving natural resources and adopts water saving measures which are mainly achieved through improving infiltration rate and increasing water holding capacity within soil when necessary. To improve infiltration rate, irrigation technology is improved by adopting drip irrigation on top of slow irrigation. This allows more water to be absorbed by soil, rather than go to waste through evapotranspiration. As to enhance the water holding capacity within soil, crop residues return, land levelling, and mechanical ploughing are utilised, such that water can be retained more effectively after entering soil.

The continuous effort of the Group in adopting and developing water-saving practices has contributed to a 1.4% decrease in its overall water consumption. The Group is determined to keep the trend and achieve reduction in consumption every year by actively promoting such practices throughout and across its operations.

A2.5 Packaging Material

During the Reporting Period, no product packaging was involved in Zhonglv. Both Baicheng and Tianze farm operations have limited packaging as most of the raw crops are loaded to trucks and transported to millers for further processing. Major packaging materials used are woven bags, purchased from external suppliers. Due to limited usage, consumption amount was not recorded and reported during this Reporting Period. All packaging materials had no hazardous contents.

A3. The Environment and Natural Resources

The Group continuously monitors air emission, wastewater discharge, and noise level to ensure minimum impacts on the surrounding environment and creation of a healthier environment for its workers. The Group did not receive any complaints from the surrounding community regarding air pollution, odour, noise or night light pollution.

A3.1 Significant Impacts of Activities on the Environment

The Group's operation did not cause significant adverse impacts on the environment and natural resources. As described in above sections, Zhonglv has measures with the aims to reduce air emissions, waste generation, energy consumption, and water consumption. To minimise other adverse impacts that may be imposed on humans and the environment due to its other activities, it purchases environmentally friendly cleaning products for daily operations.

For the farmlands, they were not converted from other land types such as protected watershed, forests, grassland or urban land types. Therefore, no land use change, thus no impacts on the environment was caused when the farms were acquired. Still, certain practices of the operation may bring about environmental impacts. Hence, the farming operations try to preserve local eco-system through sustainable agriculture practices.

Use of Agrochemicals

The Group's farming operation utilises Integrative Pest Management (IPM), including using physical and biological pest control methods supplementary to chemical methods. When the use of pesticides is inevitable, only low toxic and low residue biological agents are utilised. They are applied according to the category and characteristics of pests to increase application efficiency. Pesticides and insecticides applied on farms are all bought from registered suppliers and these chemicals are produced under National Regulations on Pesticide Management, with low toxicity and minimum residues. As for fertilisers, both organic and compound ones are applied on farms. Organic fertilisers are mainly applied to the soil during tillage or seeding process as a base fertiliser to lock nutrients during the growing season. Compound fertilisers are mainly applied during the growing season, around 2 – 3 times per growing season. The application amount varies per crop type. Please see the table below for a list of some of the agrochemicals used in the farms:

Agrochemical Used		Baicheng		Tianze	
		Consumption (kg)	Intensity (kg/tonne annual yield)	Consumption (kg)	Intensity (kg/tonne annual yield)
Fertilisers	Compound fertiliser	3,718,600	65.37	509,100	16.79
	Ca, Mg, P	5,490,750	96.53	760,400	25.09
	Potassium chloride	1,047,950	18.42	156,600	5.17
	Urea	2,342,800	41.19	332,200	10.96
	Organic fertiliser	4,184,500	73.56	867,200	28.61
Herbicides	Butachlor	45,055	0.79	-	-
	Paraquat	26,335	0.46	-	-
Bacterial Control	Streptomycin	99,524	1.75	9,000	0.30
	Iprodione	74,160	1.30	-	-

Agrochemical Used		2019/2020		2018/2019		2017/2018	
		Consumption (kg)	Intensity (kg/tonne annual yield)	Consumption (kg)	Intensity (kg/tonne annual yield)	Consumption (kg)	Intensity (kg/tonne annual yield)
Fertilisers	Compound fertiliser						
Ca, Mg, P	Baicheng	5,490,750	96.53	5,430,250	90.53	1,063,245	17.12
	Tianze	760,400	25.09	776,000	27.35	423,000	15.07
Potassium chloride	Baicheng	1,047,950	18.42	1,036,050	17.27	231,397	3.73
	Tianze	156,600	5.17	159,750	5.63	86,750	3.09
Urea	Baicheng	2,342,800	41.19	2,317,200	38.63	3,071,895	49.47
	Tianze	332,200	10.96	340,000	11.98	284,400	10.14
Organic fertiliser	Baicheng	4,184,500	73.56	4,139,000	69.01	5,819,395	93.72
	Tianze	867,200	28.61	879	30.97	539,000	19.21
Herbicides	Butachlor						
Paraquat	Baicheng	26,335	0.46	N/A	N/A	N/A	N/A
	Tianze	-	-	N/A	N/A	N/A	N/A
Bacterial Control	Streptomycin						
Iprodione	Baicheng	74,160	1.30	N/A	N/A	N/A	N/A
	Tianze	-	-	N/A	N/A	N/A	N/A

Alternatives to Agrochemicals

Other than the use of agrochemicals, soil issues caused by infertility can also be addressed by improving nutrients intake and absorption of water. To achieve that, crop residues left after harvest are ploughed back to the fields. While the rich nutrients contained in the residues are helpful in fertilising soil and is able to replace intensive chemical fertiliser usage, making use of such residues also prevents the need of burning them, the greenhouse gas released of which otherwise would have caused more significant environmental harms.

Meanwhile, as part of the IPM, physical agricultural control measures are also applied and act as alternatives to chemical pesticides or insecticides to minimise such usage. It works with selecting high-quality insects-/pests-resistant varieties and allowing them to reside in the fields as natural enemies of pests to control pests physically. Such control measures are adapted per local conditions and vary across locations.

Measures to Reduce Exhaustion of Resources

While these measures are taken, the use of energy and consumption of water are also reduced. The improvement of irrigation technology, the utilisation of rain as a water source for plants, and ploughing are all important factors that help reducing additional water resources required for cultivation. The less reliance on such resources also indicates that agro-machinery does not have to be used as frequently, lessening energy use, thus emissions.

B. SOCIAL

1. Employment and labour practices

The Group stringently complies with national and local laws and regulations concerning employment and labour practices, including but not limited to the followings:

- Labour Law of the PRC
- Labour Contract Law of the PRC
- Law of the PRC on the Protection of Rights and Interests of Women
- Law of the PRC on the Protection of Minors
- Law of the PRC on the Protection of Disabled Persons
- Trade Unions of the PRC
- Social Insurance Law of the PRC
- Regulation on Paid Annual Leave for Employees
- Provisions on the Prohibition of Using Child Labour

B1. Employment

During the Reporting Period, the Group continued to follow all applicable national laws and regulations, as well as its internal human resources policy. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

Recruitment and Promotion

The Group recruits through channels such as the internet, school campus, headhunting companies, talents' market, internal referral, etc. Candidates referred by internal personnel can be considered and interviewed, on the basis that they go through the same procedures as candidates applied through external channels. The human resources department usually screens the candidates and selects a few, who will then be passed down to relevant departments for final interviews. This ensures that the selection process is done fairly. The appraisal process is clearly stated within the human resources manual and follows the below procedure: individual proposes an application, then the approval form for employee promotion application shall be filled, followed by evaluation by department supervisors, human resources department, and finally by managerial authorities. The final decision will then be made based on the evaluation results.

Compensation and Dismissal

The Group follows all applicable laws and the internal policy of "ranking by position, grading by ability, awarding by performance" to distribute compensation and benefits. The remuneration structure is set objectively based on the personnel's position and performance. When employees obtain over 90 points for their annual evaluation, they will be granted to a salary increase, providing that they meet other criteria listed under the human resources manual. The human resources policy also regulates resignation, dismissal and other related matters. The employees shall submit the resignation application form to the department 30 days in advance, and the employees in probation shall submit the application form to the department 3 days in advance. The department involved shall communicate with the resigned employees about the reasons for resignation and then sign and approve the application. The Group may, on its own initiative, terminate the employment relationship with the employees under various situations such as for those who have seriously violated the Group's rules and regulations.

Working Hours and Rest Periods

The Group does not encourage over-time (OT) work. When OT work is necessary, employees need to fill in an OT Application Form, and generally, no more than 1 hour of OT shall be performed each day. If more than three hours OT is needed, designated personnel will take charge to record the OT. All OT work will be compensated according to the national labour law as: 1) 1.5 times the hourly pay for weekdays' OT; 2) 2 times the hourly pay for weekends' OT; and 3) 3 times the hourly pay during national holidays' OT.

Equality, Diversity, and Anti-discrimination

The Group is committed to providing equal opportunities for all employees. All employees are not discriminated against or deprived of any opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability and pregnancy.

Welfare and Benefits

In many occasions, the Group has welfare policies exceeding the Labour Law of the PRC, including generous maternity leave, paternity leave, bereavement leave, etc. In addition, the Group provides commercial insurance for female and male employees over 50 and 60 years old respectively. Shuttle buses are arranged for employees to commute to and from work. During celebratory festivals, such as Chinese New Year, the International Workers' Day, Dragon Boat's Festival, Mid-Autumn Festival, the National Day, gifts will be distributed to employees, and festive food may be added to the canteen's menus. During summer times, the canteen in Zhonglv also provides refreshing summer drinks such as green bean soups, chrysanthemum tea and scaphium affine tea.

Employees Communication

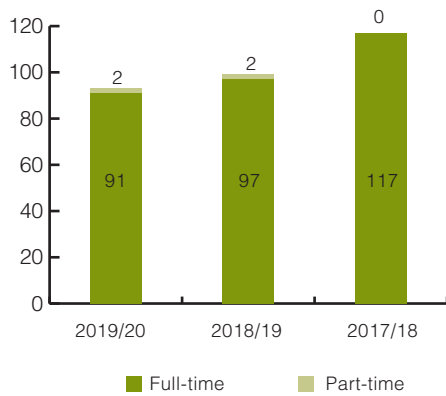
To enrich employees' after-hours activities and for the team-building purpose, the Group actively asks for employees' opinions regarding the kind of activities they like to participate in during corporate cultural events and arranges accordingly. Activities arranged during the Reporting Period included:

- Meal gatherings on the International Women's Day;
- Baking event for its employees and local community's committee members;
- Day care service for the children of employees to let them understand their parents' workplace as well as to enrich their holidays; and
- Several other team building activities in nearby villages and villas.

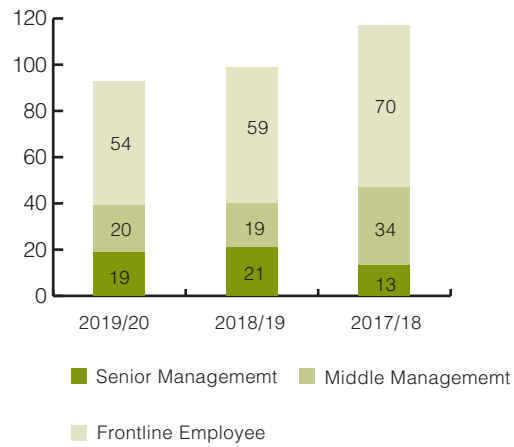
B1.1 Total Workforce

As of 30 April 2020, the Group had a total number of 93 employees from Zhonglv, Baicheng, and Tinaze. All of them work in Mainland China. See figures for a yearly comparison of detail composition of the workforce below.

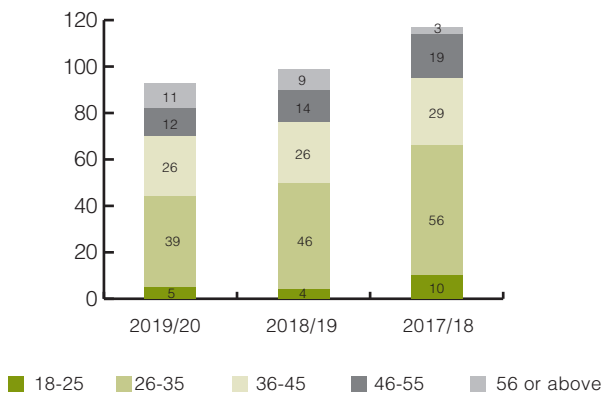
Employees by Employment Type



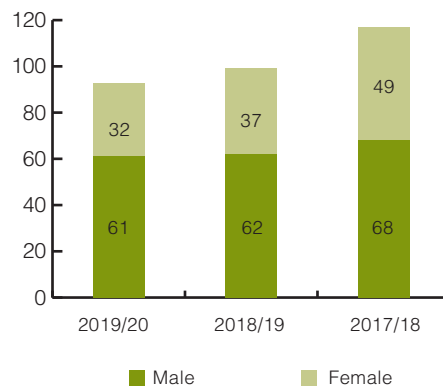
Employees by Job Grade



Employees by Age Group

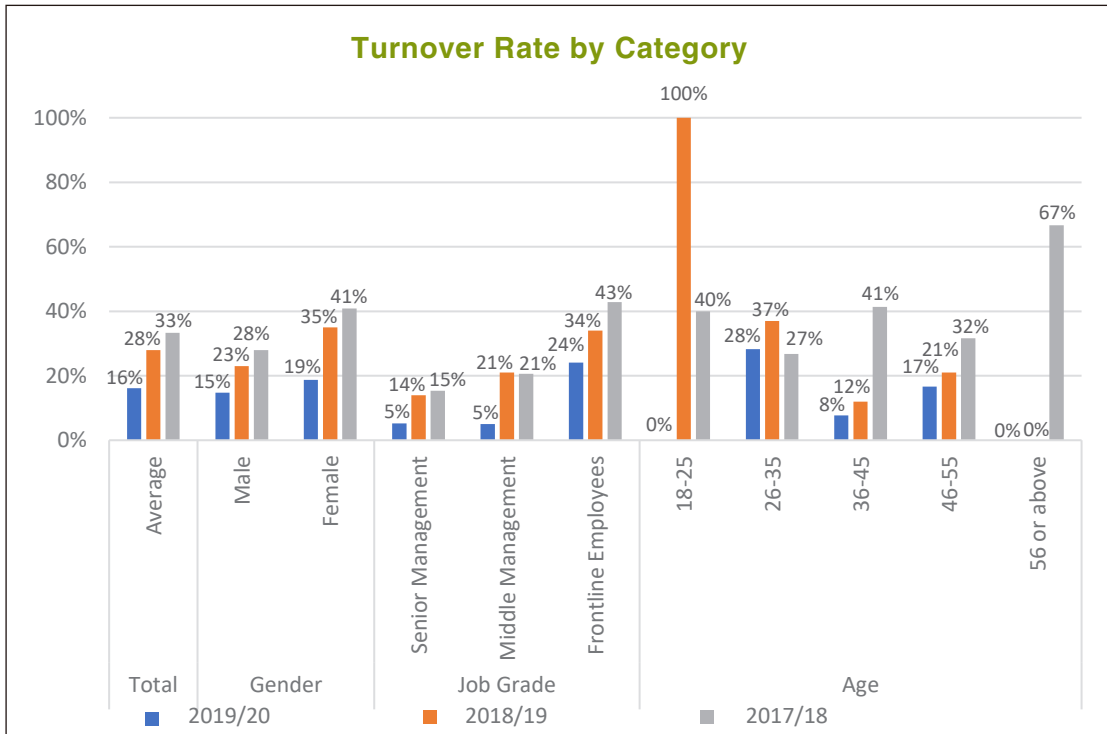


Employees by Gender



B1.2 Turnover Rate

During the Reporting Period, 15 employees left the Group, contributing to a turnover rate of 16%. It has reduced by 12 percentage points compared to that of the Last Reporting Period.



B2. Employee Health and Safety

B2.1 Number and Rate of Work-Related Fatalities

During the Reporting Period, there was no work-related fatalities or injury cases.

B2.2 Lost Days Due to Work Injury

No cases of work injury, hence lost working day was recorded during the Reporting Period.

B2.3 Occupational Health and Safety Measures

The Group regards providing a safe and accident-free working environment for employees as of high importance. The Group follows relevant laws and regulations such as Law of the PRC on the Prevention and Control of Occupational Diseases, and Law on Safety Production. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards was identified during the Reporting Period.

Agrochemicals Induced Risks in Farms

The major health risk for farm workers arises from the application of agrochemicals. While all agrochemicals applied are low-toxic and low-residue, there are inevitably health risks posed to farm workers if they are directly inhaled. Thus, all farm workers are equipped with masks, gloves and other personal protection equipment to lower any possible health risks. After taking off the personal protection equipment, they are cleaned to make sure they are safe to use again. Employees are also required to strictly follow the labels on such agrochemicals, to make sure no injuries or incidents occur due to human error. No complaints nor accidents were reported during the Reporting Period.

Health and Safety in Zhonglv Office

To make sure tasks assigned to employees would not overwhelm them, they are required to provide health certificates or health check reports issued within 3 months prior to entering the Group to prove that they are fit for work. All employees engaging in production or catering related positions (e.g. production and canteen teams) are given designated physical examination every year. Zhonglv office checks all escape exits regularly to make sure they are not blocked. Fire control system is checked to ensure their functionality in case of any emergency. Fire drills are performed half-yearly. In addition, 5S inspection and evaluation for are conducted every Friday to maintain cleanliness and tidiness in the workplace; and fire safety knowledge training is provided for the company security force.

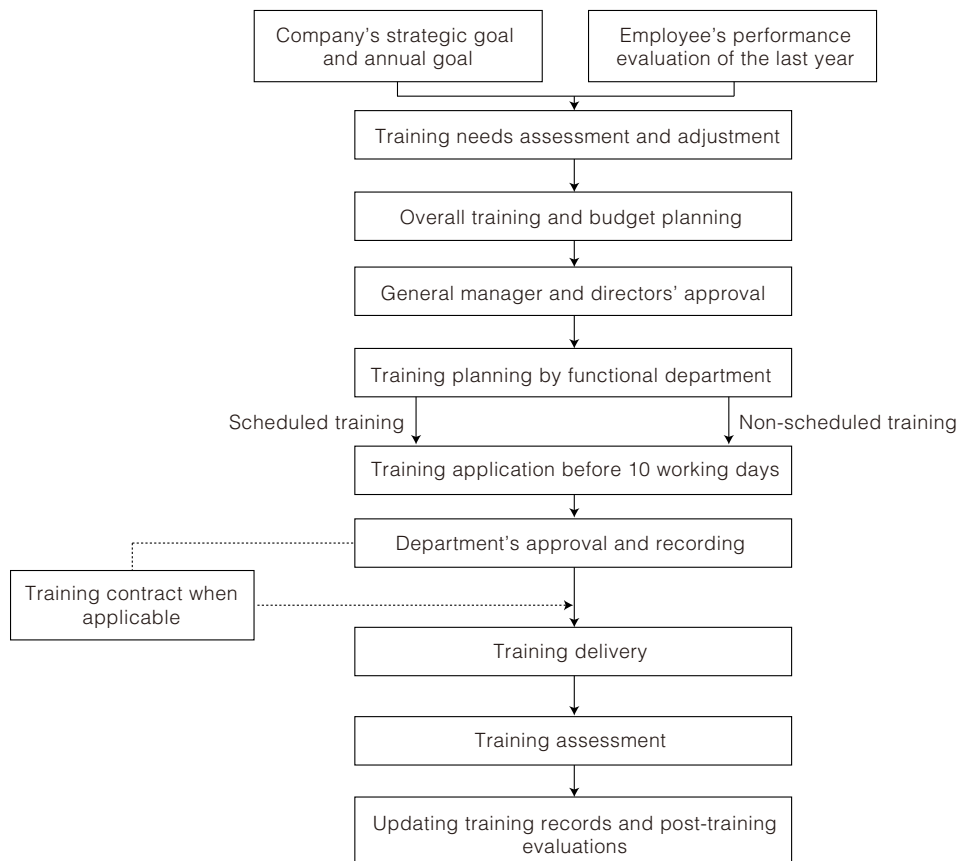
During the Reporting Period, the Group also provided eyesight check for its employees and reminded employees on the importance of eyesight protection. The Group also held a body check session for its employees and provided free consultation on keeping the body healthy.

Reaction to COVID-19

As the coronavirus disease became more severe at the beginning of 2020, the Group also took stricter measures in monitoring and recording the temperatures of its employees. Surgical masks and essential oils were distributed to employees; it was also made sure that enough hand wash and hand sanitisers were placed in washrooms to protect the health and safety of its employees.

B3. Development and Training

The Group provides comprehensive career development and training to employees. The HR Policy regulates the development and training activities within the Group. Each year before the end of December, the HR Department sends out training needs questionnaires to individual departments. The annual training plan will then be compiled, assessed, and approved by the general manager. The evaluation of training results is mainly conducted through written exams and practical operation assessment, and those failed will be required to participate in training again. The detailed training management procedure is outlined as follows:



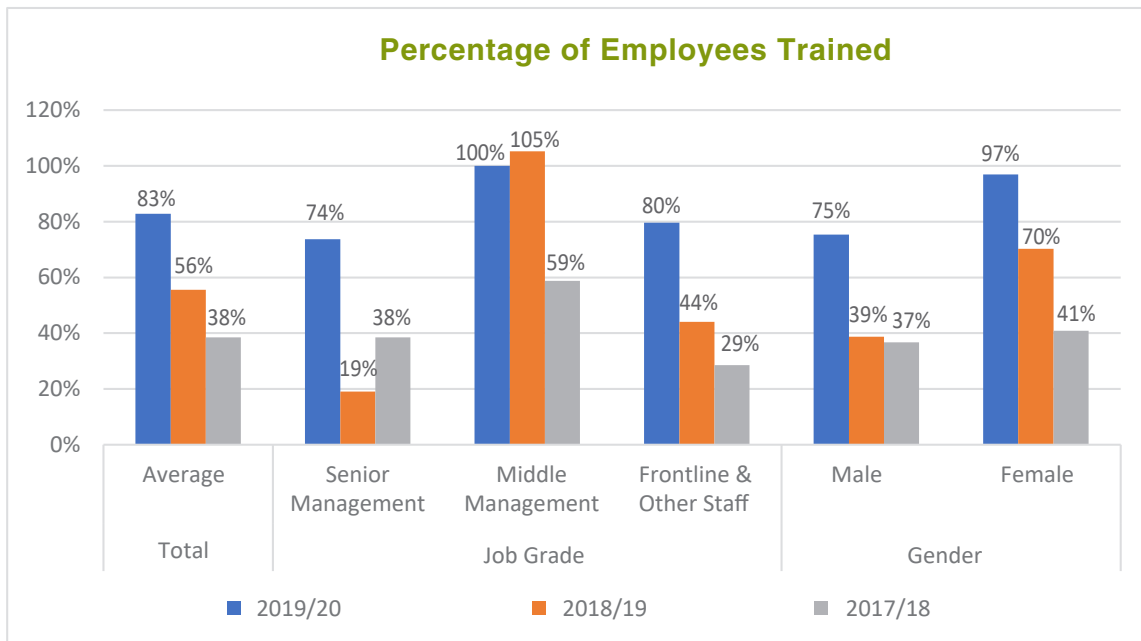
Training Topics

All employees of the Group receive induction training upon commencement of their work. Training delivered has 3 areas of focus. Knowledge-based training provides a foundation to basic job-related expertise and knowledge to corresponding employees; skill-based training aims to build onto the foundation and pass on further skills and techniques necessary to complete relevant tasks; personal development and qualities-based training covers areas such as corporate culture, moral values, right mindsets, and working attitude. These training are further designed to fit employees of different positions: from new employees, to more experienced employees; and from junior grade employees, to senior management employees.

After each training, the trained employees are asked to write a summary of what they learnt and their feelings towards the training. Within the week of the training, the human resources department will review the feedback from employees and make note of important comments. Each season, the department evaluates the training delivered and makes assessment on whether the training achieved the expected outcomes. Relevant suggestions for improvement are also made to be implemented in the next sessions of training.

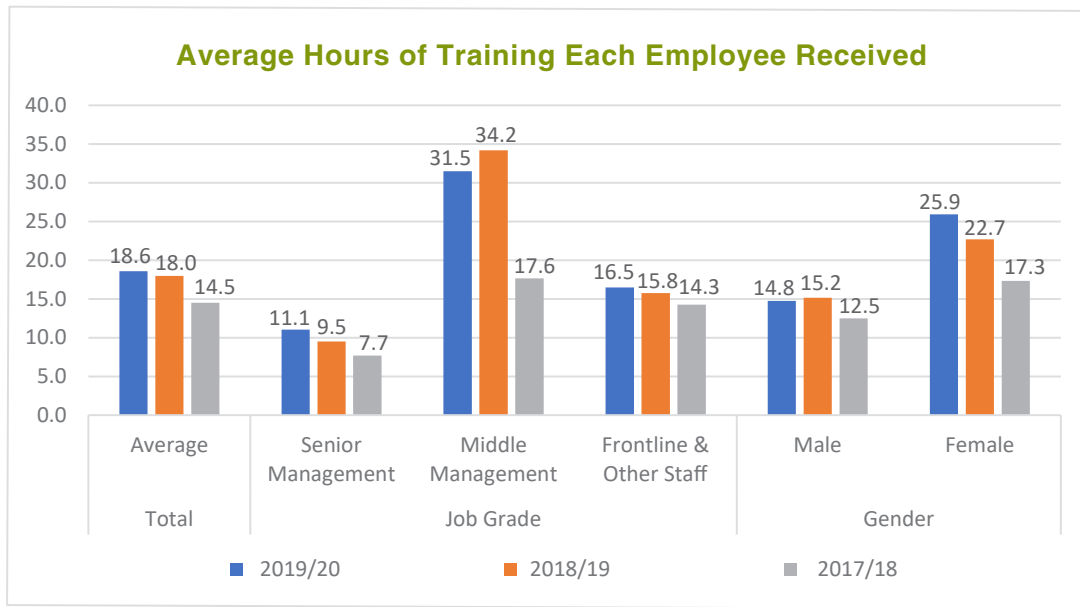
B3.1 Percentage of Employees Trained

During the Reporting Period, 77 employees, which is approximately 83% of the Group's employees from Zhonglv, Baicheng, and Tinaze, were trained.



B3.2 Average Training Hours Completed by Employee

An accumulation of 1,730 hours of training were received by employees during the Reporting Period. This contributes to an average of 18.6 hours received by each employee of the Group.



The above figure shows a chart on training arranged by the Group to its employees. It suggests that training needs have been given increasing attention, enabling more employees to receive training and allowing the training hours received by each employee on average to increase.

B4. Labour Standards

No child labour, forced, or compulsory labour was reported and/or identified within any sites of the Group during the Reporting Period. There are no major risks associated with incidents of child labour, forced or compulsory labour within the Group's business operation.

B4.1 Measures to Review Employment Practices

The Group strictly follows relevant laws and regulations such as Labour Law and Labour Contract Law of the PRC, Provisions on the Prohibition of Using Child Labour. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour was identified during the Reporting Period. Background checks are conducted for all new employees to ensure compliance with any applicable labour laws in the PRC, such as the Labour Law of the PRC. In addition to the internal control, the Group also closely monitors contractors' labour practice. Farm operations sometimes involve external workers employed by contractors. HR personnel of the Group will take on-site survey to examine all worker's personal ID, ensuring that no child labour work on farms.

B4.2 Steps Taken When Child Labour or Forced Labour is Discovered

Any violations against the Group's policy and/or relevant laws will be reported to the trade union, internally audited, dismissed, and reported to government agencies.

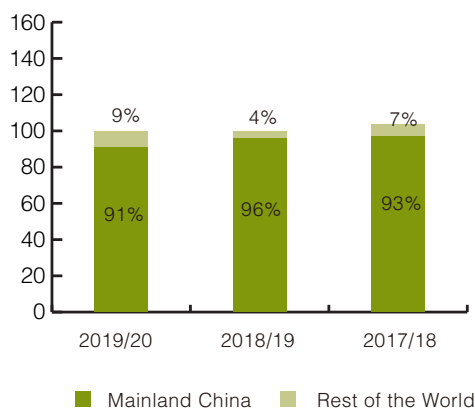
2. Operating Practices

B5. Supply Chain Management

B5.1 Number of Suppliers

During the Reporting Period, the Group engaged 69 major suppliers. They were mainly based in Mainland China.

Geographical Location of Major Suppliers



B5.2 Practices of engaging suppliers

The Group strictly monitors the procurement procedures to ensure product compliance and final product quality is not affected by raw materials. The Group has no standardised policy on managing the environment and social risks of the supply chain. Nevertheless, the Group encourages suppliers to maintain a high standard on business ethics and conducts, with satisfactory environmental and social performance.

During the selection and evaluation processes of distributors and suppliers of raw materials and services, personnel from both the Quality and Purchasing Department perform on-site surveys, and evaluate comprehensively multiple criteria such as product quality, processing capacity, HR policies, production environment, qualification, food safety, warehouse management, as well as social and environmental performance.

The Group evaluates suppliers' qualifications and product quality every year to ensure that they continue to meet relevant standards. While simple physical tests are performed within the Group's own facilities, some batches are also selected randomly and sent to third-party laboratories to perform more accurate tests.

For food procurement in Zhonglv, the canteen purchasing staff are responsible for the health and safety of the purchased food. All food shall be freshly purchased on the day of consumption. Chefs are responsible for checking the food quality during preparation of meals.

B6. Product Responsibility

All relevant activities follow applicable laws and regulations such as the Advertisement Law of the PRC, the Trademark Law of the PRC, Anti-Unfair Competition Law of the PRC.

Product Labelling, Health and Safety, and Advertising

Packaging of all food products has clear indication of its raw materials, including information on allergens, nutrients, whether or not it is genetically modified, etc. No false nor misleading contents shall be contained within any advertisement. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising and labeling relating to products and services provided had been identified during the Reporting Period.

B6.1 Products Recalled for Safety and Health Reasons

During the Reporting Period, there were no products recalled for safety or health reasons. Having said that, the Group has a well-established system that allows certain food products to be traced to their source if they are found to be failing regulated standards.

B6.2 Complaints Received

There were no recorded complaints on food products during the Reporting Period.

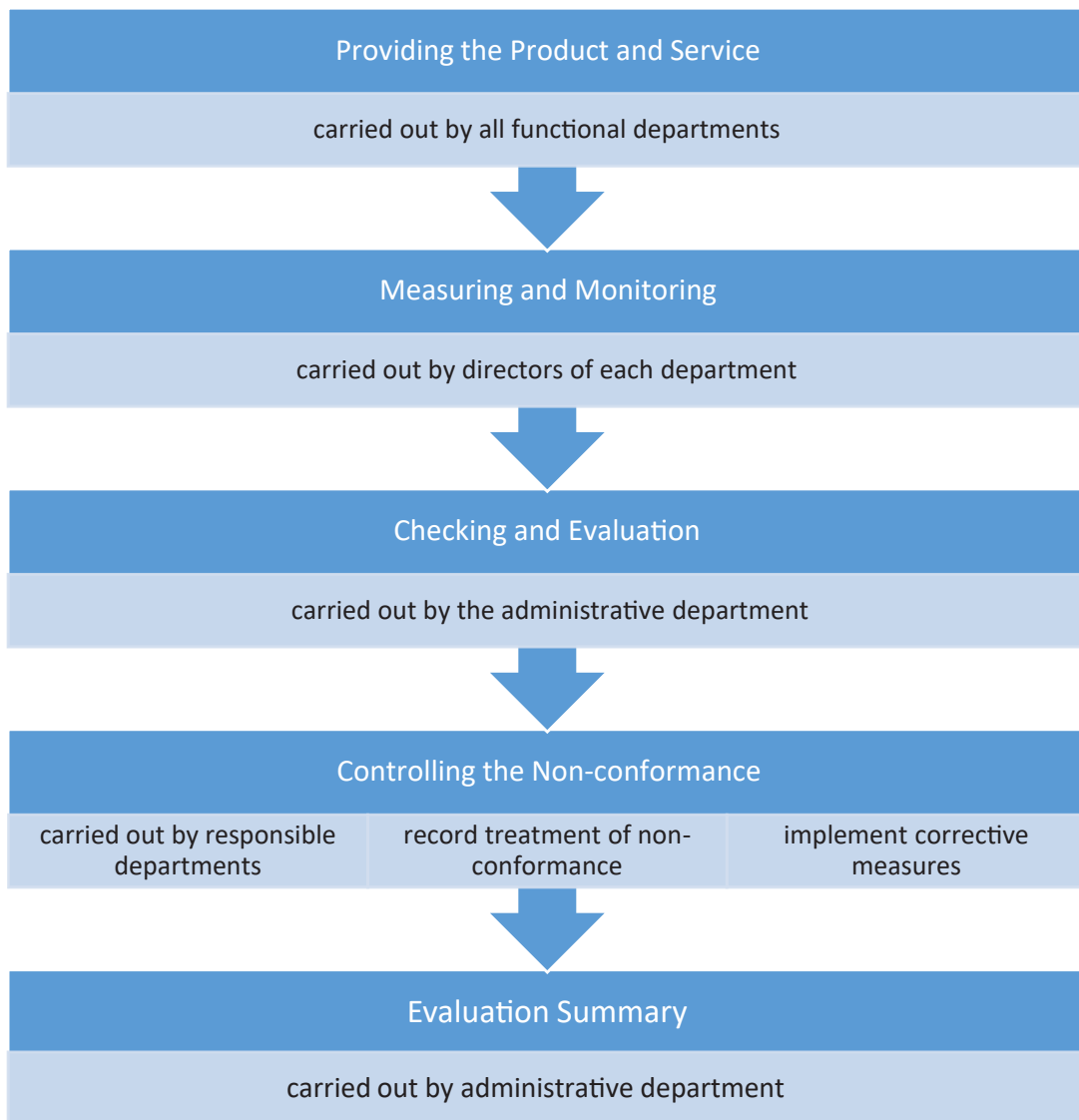
B6.3 Intellectual Property

The Legal Department performs the trademark check each month to see if any other organisations use similar trademarks. Similarly, the Group checks the current trademark database thoroughly to ensure that no similar patterns issued by the Group before is used to apply for a new trademark. In case if similar trademarks are found, the Group issues a letter of objection to the trademark office, who will follow up the case. No such cases were brought up to the Group's attention during the Reporting Period. In addition to internal control, an external agency, i.e. Xiamen Joint Intellectual Property Rights Limited, is also employed to further protect the intellectual properties of the Group.

B6.4 Quality Assurance

Food safety and quality are strictly managed according to the principle of “source traceability, process controllability, flow detectability, and quality assurance”. Processed food is sent to independent third-party testing organisations for regular quality inspection. Products that do not meet the safety standards are recalled and destroyed.

During the Reporting Period, the Process/Product Monitoring and Measurement Control Procedures ensured quality assurance and quality control of products and services provided to consumers. The detailed management procedure is outlined below:



B6.5 Data Protection

The Group ensures strict compliance with the statutory requirements to fully meet a high standard of security and confidentiality of personal data privacy protection. To protect confidential data, the Group utilises a hierarchical file server system. Each department has at least two hierarchies – the public file folder and the management-level file folder. The access permissions are set per employee position. No incident of data breaching or divulging of confidential information was found during the Reporting Period.

The Information Technology (IT) Department implements Information Management System to protect the privacy of employees, suppliers, customers and consumers. The IT Department closely monitors cyber security, hardware and software management, video conference management. All employees are prohibited to install software, applications on computers by themselves, and if technical problems are encountered, they shall consult IT Department to solve the problem in a professional manner. This avoids accidental data loss, prevents malware and virus, or any information leakage.

During the Reporting Period, there were no non-compliance cases noted in relation to the investment practices and data privacy that had a significant impact on the Group.

B7. Anti-corruption

To ensure ethical conduction of business, the Group strictly follows the Anti-Unfair Competition Law of the PRC, Criminal Law of the PRC, and other laws, regulations and regulatory documents related to commercial bribery.

As stated in the HR Policy, all employees are required to carry out the Group's business operation with integrity. Potential bribery, extortion, fraud and money laundering are strictly prohibited. Employees violating such prohibition will be subject to warnings and disciplinary action while the whistle-blowers will be rewarded.

The Group has a whistle-blowing reporting system. Anyone who finds suspicious activities shall report the matter to the internal inspection team directly. The internal inspection team will then follow investigation procedures to verify the incident.

The Group has not aided, abetted, assisted or colluded with an individual who has committed, or conspired to commit any unlawful activities. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering had been identified during the Reporting Period.

B8. Community Investment

The Group strives to implement corporate social responsibility and actively participates in public welfare activities and will consider formulating formal policies on community engagement in the future. The Group highly encourages employees to participate in local activities and promote a healthy and sustainable way of living. Specifically, the Group is keen on providing safe, healthy, and environmentally friendly food products for surrounding communities. On top of that, the Group is also keen on caring for all groups in society.

During the Reporting Period, the Group provided refrigerated food products for Xiamen's police force on Army Day to show appreciation for their continued hard work; when COVID-19 became widespread, the Group also donated 30.5 tonnes worth of rice produced by its own farms and 20,000 pieces of face masks to the Xiamen authorities and Tianmen government respectively, to contribute to communities fighting the pandemic and provide support to satisfy their daily needs during the difficult time; similarly, as a gesture of caring for the community, the Group also donated food, such as rice and lobsters, to the Huli District in Xiamen. On the World Book Day, the Group donated a total of 127 books to encourage reading.