



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

# 2018



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# ABOUT ESG REPORT

Weiqiao Textile Company Limited (the “Company”) and its subsidiaries (“Weiqiao Textile”, the “Group” or “We”) are pleased to release the environmental, social and governance (“ESG”) report for 2018 (“this Report”), which provides detailed information on the various works of Weiqiao Textile in full implementation of the concept of sustainable development and fulfilment of corporate citizenship responsibility throughout 2018. For details on corporate governance, please refer to the “Corporate Governance Report” of the annual report of the Group for the year 2018.

## Reporting Scope

This Report focuses on the environmental and social performance of the core business segments of Weiqiao Textile in Mainland China from 1 January 2018 to 31 December 2018 (the “Year”). The various aspects and key performance indicators as disclosed in this Report cover the Company and all of its subsidiaries (unless otherwise specified), and data regarding the environmental and social aspects are set out in Appendix I, of which the key performance indicators regarding the environmental aspect all have complied with the principle of “comply or explain”.

## Reporting Standard

This Report has been prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This Report is presented in Renminbi (“RMB”), unless otherwise specified.

## Information and Feedback

For detailed information about the work of the Group in environmental protection, social responsibility and corporate governance, please refer to our official website ([www.wqfz.com](http://www.wqfz.com)) and annual report. The Group values your opinions on this Report. Should you have any advice or suggestions, please email us via [wqfzesg@wqfz.com](mailto:wqfzesg@wqfz.com).



# CHAIRMAN'S STATEMENT

As the largest cotton textile manufacturer in China, Weiqiao Textile is always committed to fully practising the sustainability concept and fulfilling its corporate social responsibility. This Report covers our performance in sustainable development during the year ended 31 December 2018.

During the Year, the Group actively promoted business transformation and upgrading and the shift in growth drivers, and achieved high quality development under the management philosophy of prudent and steady development. While pursuing business expansion, the Group dedicated itself to contributing to the economic and social development of our country.

In order to improve production profitability, and in an active response to the shift in growth drivers, the Group pushed for high quality development. In terms of the textile business, the Group adhered to the new development concept and kept focusing on improving development quality and efficiency by accelerating structural adjustment and business transformation and upgrading. During the Year, the Group also passed the on-site inspection of the quality award by China National Textile and Apparel Council and was selected as one of first pilot demonstration enterprises on intelligent manufacturing of the textile industry, and was honoured as the Nationwide Equipment Management Outstanding Unit. In terms of the electricity and steam business, the Group improved its management efficiency and reduced its wastage and consumption, thereby further optimising the productivity of its captive power plants.

In terms of production safety, the Group continued to stick to the principle of "comprehensive management with priority of safety and emphasis on prevention" (安全第一、預防為主、綜合治理), pushed forward the establishment of production safety standardised system and double prevention mechanism, propelled the fulfilment of corporate production safety responsibility, intensified potential safety hazard identification and control, improved emergency management system and reinforced security inspection, so as to improve the production safety performance of the Company.

In terms of green development, the Group fully implemented ultra-low emissions by installing flue gas dedusting facilities and desulphurisation and denitrification facilities for all of the Group's power generating units. Meanwhile, the Group made proactive efforts in promoting environmental protection and strictly complied with the Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015), so as to ensure persistent compliance with wastewater discharge standards.

In respect of employees' rights and interests, the Group pays high regards to the individual development of each employee. The Group has adopted all kinds of effective measures to improve working environment and lower work intensity, and has further improved the social insurance for employees, with an aim to provide them with better protection and benefits. The Group proactively provides training programmes for the employees. During the Year, the Group provided various trainings for all management personnel on the themes of management skill, sale and production, customer services, quality control and professional ethnics, etc.







## CHAIRMAN'S STATEMENT

In respect of social welfare, the Group attaches great importance to its social responsibility as a member of the society. While pursuing business development, the Group also pays close attention to the social well-being by proactively participating in public welfare undertakings and taking positive actions to fulfil its social responsibility. During the Year, our employees engaged in a wide range of social donation activities such as flood disaster relief in Shangdong Weifang Shouguang, Caring for Tibet (情暖西藏), Red Cross donation and offering support for employees in difficulties, so as to enhance team cohesion among our employees and also proactively fulfil our social responsibility.

In the future, by adhering to our ESG philosophy, the Group will continue to fulfil the social responsibilities of energy conservation and environmental protection to high standards and strict requirements. Sticking to the strategy of green development, the Group will increase investments in environmental protection and implement higher standards for environmental protection, laying a solid foundation for the sustainable and healthy development of the Group.

**Ms. Zhang Hongxia**  
*Chairman*

12 July 2019





# ABOUT WEIQIAO TEXTILE

## Corporate Overview

Weiqiao Textile is a listed subsidiary of Shandong Weiqiao Chuangye Group Company Limited (山東魏橋創業集團有限公司, “Weiqiao Chuangye”), and is mainly engaged in the production, sales and distribution of cotton yarn, grey fabric and denim, and electricity and steam business, making itself one of the world’s largest cotton textile enterprises in terms of production scale.

Owing to its four production bases and solid technological strength, Weiqiao Textile has the capability to produce high-tech and high added-value products. During the Year, Weiqiao Textile had an annual output of approximately 421,000 tons of cotton yarn, 897 million metres of grey fabric and 70 million metres of denim, and developed 1,912 new products throughout the year.

As a brand with increasing influence and well-known for its high-end, high quality and comprehensive offerings, the products of Weiqiao Textile have been sold in over 70 countries and regions such as the Europe, the USA, Japan, South Korea and Southeast Asia, with customers including market leaders in the textile industry such as Youngor Group, Fountain Set Group, Fu Tai Textile and Texwinca Group. During the Year, our cotton fabric products were awarded the “Champion Single Products” at the Experience Sharing Convention of Champion Single Products in Manufacturing Industry jointly organised by the Ministry of Industry and Information Technology and China Federation of Industrial Economics. Weiqiao Textile also passed the on-site inspection of the quality award by China National Textile and Apparel Council and was selected as one of first pilot demonstration enterprises on intelligent manufacturing of the textile industry, and was honoured as the Nationwide Equipment Management Outstanding Unit. In addition, the “Weiqiao” brand has been acknowledged as one of “China’s 500 Most Valuable Brands” for 15 consecutive years.

## Management Philosophy

Upholding the core value of “serving the country and benefiting the people”, Weiqiao Textile takes it as its driving force and mission to facilitate economic development, provide job opportunities, increase income for employees and build a harmonious society, in a bid to contribute to the social and economic development. Meanwhile, Weiqiao Textile also fully implemented the new development concept and promoted high quality development, in an effort to facilitate the transformation and upgrading of the traditional manufacturing industry.

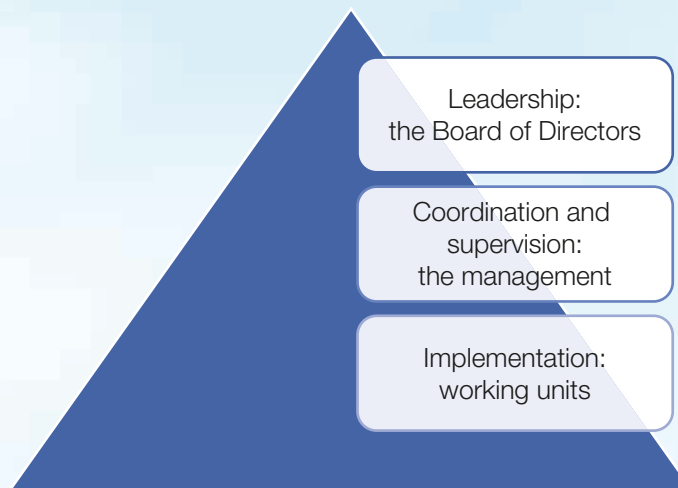
Weiqiao Textile proactively practises the concept of green manufacturing, and continues to push forward pollution control, emission reduction and comprehensive utilisation of resources, fulfilling the social responsibilities of energy conservation and environmental protection to high standards and strict requirements. While continuous efforts are made to increase our intrinsic value and create the maximum return for the shareholders, we are committed to facilitating the sustainable development of the environment.



## ABOUT WEIQIAO TEXTILE

### ESG Responsibility Management

In order to effectively implement the sustainability concept, the Group has established a top-down ESG structure with clearly defined responsibility for all group organisations from the Board of Directors of the Group to all working units, so as to ensure effective implementation of policies and measures for fulfilment of our environmental and social responsibilities. The Board of Directors of the Group takes the lead in ESG management and is responsible for assessing the ESG-related risks of the Group and developing its sustainability policies and strategies, and the management is responsible for coordinating and supervising the implementation of such policies and strategies and assisting in formulating relevant policies and measures, while the relevant working units are responsible for the implementation of such policies and measures at each stage of the business operation.



The Group also conducts review on its sustainability strategies and policies from time to time and makes necessary adjustments, so as to ensure such strategies and policies are effective, feasible and applicable.


### Stakeholder engagement

This Report was prepared with supports and participations of colleagues from various departments, allowing us to have a better understanding of the Group's current development at the environmental and social level. The information contained in this Report is both a summary of relevant environmental and social work performed by the Group in 2018 and the basis of formulating our short-term and long-term sustainable development strategy.

Meanwhile, the Group understands the importance of stakeholders for the Group's business development, thus the Group takes proactive initiatives to conduct effective communication with the stakeholders via various methods and channels in daily operation, and takes the stakeholders' opinions and requirements as basis for the formulation and implementation of our short-term and long-term development strategy, with an aim to share responsibilities and achievements with them.

Stakeholders	Expectations and requirements	Communication and response mode
Government and regulatory authorities	<ul style="list-style-type: none"><li>• Compliance with national policies, laws and regulations</li><li>• Fulfilment of tax obligations</li><li>• Promotion of local economic development</li><li>• Creation of job opportunities</li><li>• Production safety</li></ul>	<ul style="list-style-type: none"><li>• Regular submission of information</li><li>• Regular communication with regulatory authorities</li><li>• Dedicated reports</li><li>• Inspection and supervision</li></ul>





Stakeholders	Expectations and requirements	Communication and response mode
Shareholders	<ul style="list-style-type: none"> <li>• Investment returns</li> <li>• Operation in compliance</li> <li>• Growth in company value</li> <li>• Information transparency and effective communication</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Announcement by the Group</li> <li>• Email, telephone communication and company website</li> <li>• Dedicated reports</li> <li>• Inspection on site</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>• Integrity operation</li> <li>• Fair competition</li> <li>• Fulfilment of agreements by law</li> <li>• Mutual benefits and win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Review and assessment meetings</li> <li>• Business communications</li> <li>• Exchanges and discussion</li> <li>• Engagement and cooperation</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Quality products and services</li> <li>• Health and safety</li> <li>• Fulfilment of agreements by law</li> <li>• Integrity operation</li> </ul>	<ul style="list-style-type: none"> <li>• Customer service centre and hotlines</li> <li>• Customer feedback surveys</li> <li>• Communication meetings with the customers</li> <li>• Social media platforms</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Fulfilment of emission standards</li> <li>• Energy conservation and emission reduction</li> <li>• Protection of ecosystem</li> <li>• Efficient use of water resources</li> </ul>	<ul style="list-style-type: none"> <li>• Communication with local environmental protection department</li> <li>• Communication with local residents</li> <li>• Reports submission</li> <li>• Research surveys</li> </ul>
Industry	<ul style="list-style-type: none"> <li>• Development of industry standards</li> <li>• Promotion of industry development</li> </ul>	<ul style="list-style-type: none"> <li>• Communication with local labour department</li> <li>• Participation in industry forums</li> <li>• Visits and inspections with industry peers</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Protection of rights and interests</li> <li>• Occupational health</li> <li>• Remuneration and benefits</li> <li>• Career development</li> <li>• Care for employees</li> </ul>	<ul style="list-style-type: none"> <li>• Employee meetings</li> <li>• In-house journal and intranet</li> <li>• Employee mailbox</li> <li>• Trainings and workshops</li> <li>• Employee activities</li> <li>• Employee representatives meetings</li> <li>• Round-table democratic meetings</li> </ul>
Community and the public	<ul style="list-style-type: none"> <li>• Improvement of community environment</li> <li>• Support for community welfare</li> <li>• Openness and transparency of information</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Company announcement</li> <li>• Interview with media</li> <li>• Social media platforms</li> <li>• Communication meetings with the community</li> <li>• Mutual visits</li> </ul>

## Materiality assessment

During the preparation of this Report, the Group has commissioned an independent third-party consultant to assist us in conducting the materiality assessment in a fair and equitable way. The materiality assessment has been implemented in three main phases:

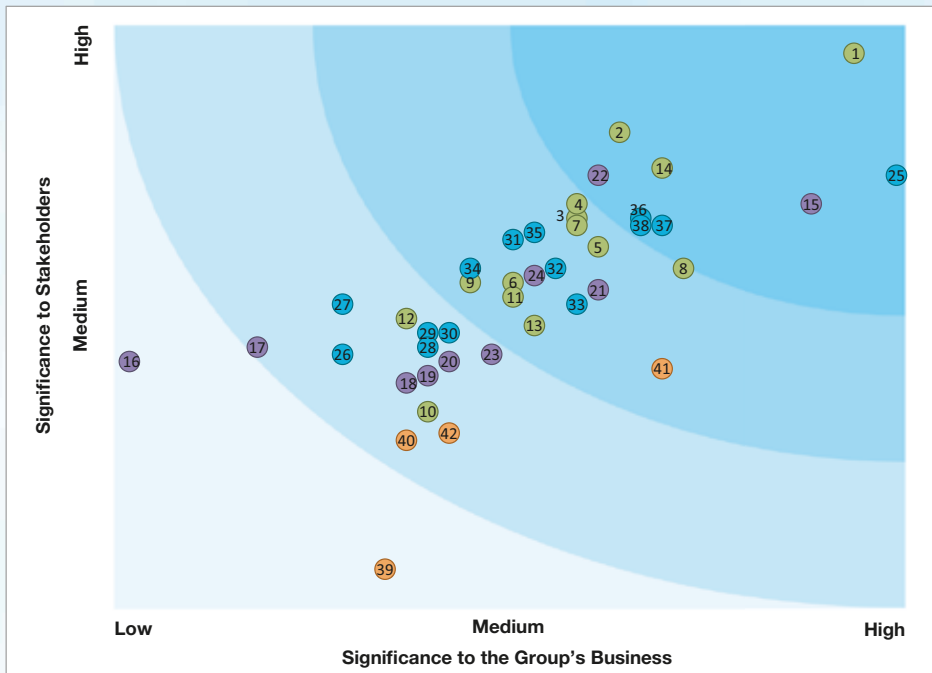
- (i) Based on the relevant national and local standards and policies, industry characteristics and the development of the Group, we have identified 42 potential material issues in respect of ESG that may have an impact on the Group's business or the stakeholders;




## ABOUT WEIQIAO TEXTILE

- (ii) We have invited internal and external stakeholders (including staff, management, directors, clients, suppliers and communities) to fill in questionnaires online, so as to collect and identify their level of concern for each of such issues;
- (iii) We have established the two-dimensional matrix as “significance to the Group’s business” and “significance to stakeholders” by conducting analysis on 448 valid questionnaires, so as to determine the priority of the potential material issues.

The following chart represents the materiality matrix based on the findings from the questionnaire survey.







Environment and resources	Employment and labour practices	Operation practices	Community investment
1 Compliance with laws and regulations relating to environmental protection 2 Air emission management 3 Wastewater management 4 Greenhouse gas (GHG) emission 5 Waste management 6 Recycling 7 Use of energy 8 Use of water resources 9 Cleaner production 10 Green office 11 Green energy project 12 Green building 13 Use of raw materials and packaging materials 14 Environment and natural resources management	15 Compliance with labour laws and regulations 16 Remuneration and benefits 17 Working hours and holidays 18 Employee diversity and equal opportunities 19 Employee engagement and communication 20 Talent recruitment and retention 21 Occupational health and safety 22 Hazardous chemicals management 23 Employee training and education 24 Prevention of child labour and forced labour	25 Compliance with laws and regulations relating to provision of products and services 26 Supplier management 27 Supplier environment assessment 28 Supplier assessment for impact on society 29 Supplier labour practices assessment 30 Procurement measures/practices 31 Products/services quality 32 Customer health and safety 33 Labelling issues relating to products/services 34 Customer services 35 Protection of intellectual property rights 36 Research and development 37 Information security and privacy protection 38 Anti-corruption	39 Public welfare and charity 40 Impacts on the community 41 Creation of job opportunities 42 Communication with the society

By analysing the results of questionnaire survey, the Group has identified 9 material issues which are disclosed in detail in this Report.



## ABOUT WEIQIAO TEXTILE

Material issues	Corresponding sections
1 Compliance with laws and regulations relating to environmental protection	Emission Management Energy Conservation and Emission Reduction Reducing Water Consumption
2 Air emission management	Emission Management Exhaust Gas Treatment
14 Environment and natural resources management	Emission Management Energy Conservation and Emission Reduction
15 Compliance with labour laws and regulations	Employment Policy Occupational Health and Safety
22 Hazardous chemicals management	Occupational Health and Safety
25 Compliance with laws and regulations relating to provision of products and services	Product Promotion Privacy Protection Anti-corruption Practice
36 Research and development	Quality Assurance
37 Information security and privacy protection	Privacy Protection
38 Anti-corruption	Anti-corruption Practice



# FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

The report at the 19th CPC National Congress has proposed that the construction of ecological civilisation is vital to sustaining China's development. Weiqiao Textile has been implementing the green development initiatives proposed by the government. In response to the national policies on resource conservation and environmental protection, we actively practised the concept of "lucid waters and lush mountains are invaluable assets" (绿水青山就是金山银山), in an effort to promote the sustainable development of the Company, society, our country and hence the whole world. As a member of the textile industry which constitutes an important industrial segment in China, Weiqiao Textile takes the leading role of the industry and incorporates the concepts of green manufacturing as well as energy conservation and emission reduction into our production, operation and management process, so as to fully fulfil our responsibility in respect of environmental protection.

During the Year, Weiqiao Textile strictly complied with the national and local laws and regulations relating to environmental protection and pollution control. Based on our ISO14001:2015 Environmental Management System, we continued to stick to our high standard environmental protection management system, and strove to improve our performance in emission management, energy conservation and emission reduction, construction and operation of green facilities and green office, promoting the synergetic development between production operation and environmental protection.

## Emission Management

### Wastewater treatment

The wastewater discharged from our production and operation is mainly from the industrial wastewater and domestic sewage generated by the textile and electricity businesses. The Group strictly complies with the Law of the People's Republic of China on the Prevention and Control of Water Pollution and other relevant laws and regulations, and has commissioned qualified third-party inspection agency to conduct monthly testing and examination on the quality of water at the discharge outlets of the wastewater treatment plants. Online monitoring systems installed at the discharge outlets can upload real-time monitoring data to the environmental protection monitoring platform, while the local environmental protection departments also conduct on-site sample testing frequently.

Wastewater treatment plants	Sources of wastewater	Discharge channels	Discharge standards
Weiqiao Chuangye Wastewater Treatment Plant	Industrial wastewater from textile production and domestic wastewater generated by Shandong Minghong Textile Technology Co., Ltd., a subsidiary of the Company	Reused or discharged into the Xiaoqing River after being treated to meet standards	Integrated Wastewater Discharge Standard for Basin Part 3: Xiaoqing River Basin (DB37/3416.3-2018)
Denim Wastewater Treatment Plant in Zouwei No.3 Industrial Park	Industrial wastewater from denim and textile plants production and domestic sewage generated by Zouwei No.3 Industrial Park of the Company	Discharged into the wastewater treatment plant of Zouping City via the municipal sewage pipeline network after being treated to meet standards	Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry (GB4287-2012)



## FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

Wastewater treatment plants	Sources of wastewater	Discharge channels	Discharge standards
Wastewater Treatment Plant in Binzhou Weiqiao Technology Industrial Park	Industrial wastewater from textile production and domestic wastewater generated by Binzhou Weiqiao Technology Industrial Park Company Limited, a subsidiary of the Company	Discharged into the wastewater treatment plant of Binzhou City via the municipal sewage pipeline network after being treated to meet standards	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)
–	Industrial wastewater from textile production and domestic wastewater generated by Weihai Weiqiao Technology Industrial Park Company Limited and Weihai Weiqiao Textile Company Limited (both being the Company's subsidiaries) and industrial wastewater from production and domestic wastewater generated by Weihai Power Plant	Discharged into the wastewater treatment plant of Weihai City via the municipal sewage pipeline network	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)
–	Industrial wastewater from textile production and domestic wastewater generated by Shandong Hongjie Textile Technology Company Limited and Shandong Hongru Textile Technology Company Limited (both being the Company's subsidiaries)	Discharged into the wastewater treatment plant of Zouping City via the municipal sewage pipeline network	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)
Wastewater treatment system of Zuoping County Huineng Thermal Power Company Limited ("Huineng Thermal Power")	Industrial wastewater from production and domestic wastewater generated by Huineng Thermal Power	Discharged into the wastewater treatment plant of Changshan Town, Zouping City via the municipal sewage pipeline network after being treated to meet standards	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)



## Case of Environmental Protection Enhancement

Given that high pH level can improve defluoridation of the wastewater, Huineng Thermal Power installed caustic tank and caustic unloading pump to the desulphurisation acid and alkali system in the Year, which improved the storage capacity of caustic solution and increased the pH level of wastewater, so as to ensure maximum defluoridation effect. In order to further improve the defluoridation effect during the wastewater treatment process and ensure discharge of fluoride from wastewater generated by production process in accordance with discharge standards, Huineng Thermal Power also carried out technological improvement of the chemicals feeding system for fluoride of desulphurisation wastewater, so as to optimise the caustic feeding system and lime milk feeding system for wastewater treatment.



Installing caustic tank and caustic unloading pump to the desulphurisation acid and alkali system

Such improvement not only effectively lowered the concentration of fluoride in the wastewater and improved the quality of wastewater discharge, but also could control the defluoridation cost, so as to finally meet the requirement of “pushing for environmental protection, cost reduction and efficiency enhancement”.

## Exhaust gas treatment

The exhaust gas emitted by the Group is mainly from the major pollutants including dust, sulphur dioxide and nitrogen oxides generated during the coal-fired power generation process of power plants. Online monitoring systems installed at the emission outlets can upload real-time monitoring data to the environmental protection monitoring platform. In 2017, the original coal yards of the Group were transformed into fully enclosed coal stacking grounds, so as to realise the “invisible coal in combustion” (燃煤不見煤), with the dust produced reducing by more than 99% as compared with that before the enclosure. During the Year, in response to the relevant policy and requirement of the state government, the Group continued to strictly comply with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other relevant laws and regulations, and has fully achieved ultra-low emission by installing the dedust, desulphurisation and denitrification facilities on all power generator units of the Group.

## Disposal of solid waste

The solid wastes generated by the Group include non-hazardous and hazardous wastes. Non-hazardous wastes are mainly domestic garbage, plastics, metal, ash from power plants, desulphurisation gypsum and slag, while hazardous wastes are mainly waste lubricating oil, waste denitration catalyst and other office wastes such as waste computers, waste display panels and waste cartridges, etc. The treatment measures for various solid wastes are as follows:

- Domestic garbage is transferred for disposal by municipal sanitation department;
- Recyclable solid wastes are sold to companies that have the capacity for treatment of such wastes for recycling through bidding;





## FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

- Some of the recyclable office wastes such as waste cartridges and waste computer hard disks are sent back to the original manufacturers for recycling; and
- Coal ash collected by the dust-cleaning apparatus and desulphurisation gypsum generated by desulphurisation facilities are externally sold to building material enterprises for utilisation, thus realising integrated utilisation of solid waste.

We strive to recycle wastes for reuse as much as possible, so as to reduce wastes to be dumped at the landfill and mitigate impacts on the environment. During the Year, we recycled 3,095,529 tons of non-hazardous wastes. In addition, the Group continued to strictly comply with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Policy on Hazardous Waste Pollution Prevention and Control Technologies, the Measures for the Management of Hazardous Waste Transfer Manifest, the Regulations on the Safety Management of Hazardous Chemicals and the relevant regulations of ISO14001 Environment Management System. The Group deposited the hazardous wastes in specific storage sites, and entrusted qualified companies to undertake transportation and treatment upon completion of the application and approval procedures for transferring to such companies.

### Noise control

As for the noise generated during the production process of textile products and electricity and wastewater treatment, the Group continues to strictly abide by the Hygiene Standards for the Noise of Industrial Enterprises (provisional draft), the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) and other relevant standards, and takes various measures for noise control to ensure the occupational health of the employees and alleviate the impact on the surrounding areas of the plants to the minimum extent:

- Isolation is made based on the noise difference in various working units, and the working units with louder noise are equipped with ceiling for sound absorbing and curtains for sound insulation;
- Distribute earplugs and other labour protection supplies to staff and require them to wear such equipment to mitigate the impact caused by noise; and
- Establish an anti-noise room for each working unit with noise level exceeding 80 decibel.

## Energy Conservation and Emission Reduction

### Promotion and education

In order to inspire employees to actively engage in energy conservation and emission reduction, the Group strives to enhance employees' awareness of energy conservation and emission reduction through promotion and education. The Group organises promotion and education on energy conservation, with an aim to enhance their awareness of responsibility, energy conservation and environmental protection, and hence inspire and encourage all employees to create a good atmosphere of promoting energy conservation and emission reduction. The Group provides trainings on energy conservation and emission reduction for the employees which cover manufacturing process of the Company, national policies on energy conservation, the importance of environmental protection as well as requirements of energy conservation and emission reduction and environmental control indicators, etc. These trainings help our employees to gain further understanding of the importance of cleaner production and work on energy conservation and emission reduction, so as to enhance their awareness of environmental protection.



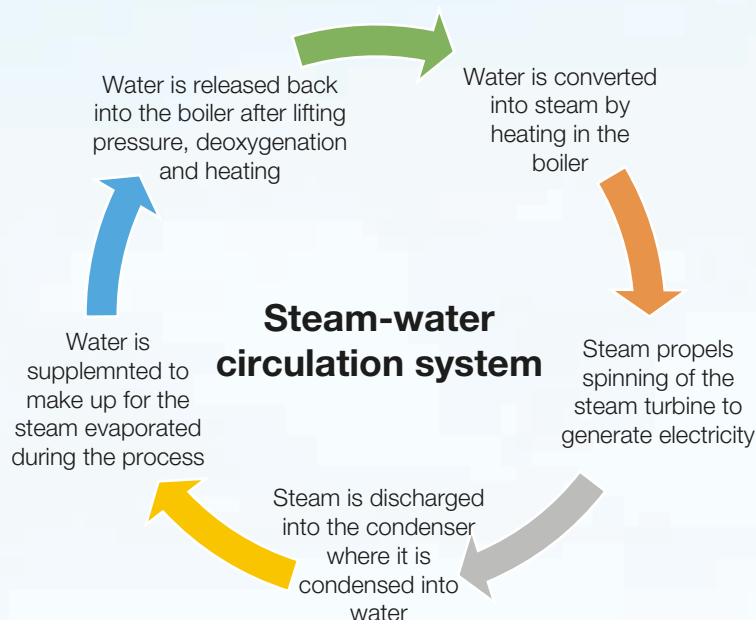


Training on energy conservation and emission reduction

## Energy conservation

The Group has its own power plants which supply electricity and steam for its operations. The electricity is mainly used by the power consuming equipment in textile production and the living quarters of the employees, while the steam is mainly used for processes like power generation by driving steam turbines, yarn spinning and sizing as well as heating in winter. In order to improve the utilisation efficiency of electricity, the Group continues to improve and update its existing equipment and technologies by using LED (Light-emitting diode) lamps, energy-saving controllers, frequency inverters, inverter fans and other energy-saving products and accessories.

As to steam consumption, steam used for power generation is recycled for reuse in the power generation process through steam-water circulation system, so as to reduce loss and consumption of steam. In addition, the Group also imposes stringent quota control of steam consumption and implements benchmarking management among its plants, and puts steam generated from residual heat into every possible use, so as to maximise the utilisation efficiency of steam.







## FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

### Reducing water consumption

In addition to its effort in reducing energy consumption during its business operation, the Group also dedicates itself to the promotion of water conservation and strives to put every drop of precious water into every possible use. In order to improve water use efficiency of the power plants, reduce wastage and lower power generation cost, the Group's power plants continued to implement the following measures during the Year, so as to improve the reuse rate through water resource recycling at the premise of satisfying the production demands:

- The concentration ratio of circulating water is improved with chemicals to reduce wastewater discharge from cooling towers;
- Wastewater from cooling towers is used as industrial water for the plants, supplementing water during desulphurisation process, afforestation water and toilet flushing water, so as to reduce the discharge of wastewater;
- Industrial wastewater treatment system is installed within the plants, and industrial wastewater will be used as afforestation water and toilet flushing water within the plants at first after meeting the relevant standards under The Reuse of Urban Recycling Water – Water Quality Standard for Industrial Uses (GB/T19923-2005) by treatment; and
- Rainwater and wastewater within the plants are discharged separately. The unusable wastewater is first treated to meet the Wastewater Quality Standards for Discharge to Urban Sewers (GB/T31962-2015) and then discharged to the local municipal wastewater treatment plant via the municipal pipeline network.

### Efficient use of materials

The Group makes efficient use of all kinds of materials generated from its production process including packaging materials and waste materials through recycling and reuse. The products of the Group to be exported are packaged according to the needs of customers. In order to save packaging materials and reduce wastes, the cotton yarn used within the Group is packaged and transported to the next production unit with recyclable plastic tubes and woven bags.

In order to reduce the waste of materials and accessories, the Group, on one hand, continues to comply with the in-house principle of “old for new” (交舊領新) for distribution of materials to ensure the proper functioning of all accessories required for production; on the other hand, waste materials are sorted out in various categories and transported to the site designated for recycling of waste materials within the industrial parks for sorting and treatment. Scrap copper, aluminium and waste cables are collected and stored properly in the warehouse and disposed through bid and auction, while electronic components and materials are delivered to the electronic equipment maintenance division for disassembling and reuse, and those confirmed to have no value-in-use are scrapped and handed over to qualified units for disposal. These measures help to reduce the amount of garbage directly transported to the landfill and mitigate the negative impacts on the environment by disposal of garbage.

### Achievements in energy conservation and emission reduction

Weiqiao Textile has made remarkable achievements in energy conservation and emission reduction in the past. During the Year, there is no room for complacency that the Group continued to push ahead technological upgrade and improvement, which contributed to a lower level of energy consumption and a more sustainable production process, while lowered work intensity and production cost.



## Case of Energy Conservation and Emission Reduction

During the Year, the Group installed the idle frequency inverter to the slurry circulating pump to make full use of the idle frequency inverter and reduce electricity consumption. After installing the frequency inverter, the slurry circulating pump can be adjusted through the frequency inverter, which may reduce high energy consumption due to frequent powering on and off of the equipment and also prolong its service life.



Installing frequency inverter to the slurry circulating pump

## Green Office

Weiqiao Textile proactively promotes the sustainable management concept in its business operation by imposing strict control over use of resources in its production process and also fostering the green office culture. During the Year, the Group continues to implement the following measures to reduce water and electricity consumption, reduce wastage of office supplies like paper as well as to reduce resource consumption and carbon emission:

- Require employees to turn off all kinds of electrical appliances after work;
- Reduce stand-by energy consumption of office equipment such as computers, printers and duplicators;
- Enhance energy consumption management of air-conditioning system;
- Strengthen electricity-saving management of lighting system by adopting selective lighting design for large offices;
- Use video conference system sufficiently;
- Promote recycling of resources such as office paper by sticking to double-sided printing;
- Print promotion brochures for enterprise advertisement and product promotion according to head counts;
- Upload and share documents and materials through electronic communication means such as the office system independently developed by the IT Centre, internal LAN and communication software, so as to reduce unnecessary printing;
- Adopt more energy-efficient and reusable products when replacing office equipment such as air-conditioners, computers, lights and cartridges;
- Reduce use of one-time items such as paper cups; and
- Reduce use of business vehicles and carry out regular maintenance of vehicles to reduce oil consumption.



## FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

### Case of Green Office

Weiqiao Textile organised tree-planting activities to enhance employees' awareness of environmental protection. During the Year, Weiqiao Textile planted over 89,000 trees such as holly, platanus and weeping willow in the areas where it operates, which not only helped to improve community environment, but also increased the ecological value of the operating areas.



Tree-planting activity in 2018





# ESTABLISHING HARMONIOUS LABOUR RELATIONS

Employees serve as an important pillar for Weiqiao Textile and are fundamental for its growth and development. From the moment they joined Weiqiao Textile, each employee becomes a source of energy and vitality for Weiqiao Textile. Weiqiao Textile not only strives to create a safe working environment and promising career development path for the employees, but also truly cares about employees' well-being by providing them with competitive remuneration and benefits. By instilling employees with a sense of responsibility of "treating plant as home", Weiqiao Textile motivates the employees' enthusiasm and creativity and enhances the inner-company cohesion and centripetal force, so as to promote mutual development between the employees and the Company.

## Employment Policy

The Group attaches great importance to the protection of the legitimate rights and interests of all employees in strict compliance with the relevant national and local laws and regulations such as the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Labour Contract Regulations of Shandong Province. The Group prohibits all forms of discrimination against gender, age, race, religion, marriage status, disability and other aspects in respect of recruitment, remuneration, promotion and training, so as to ensure all employees' access to equal, fair and open working opportunities.

The Group makes great efforts to build a talent team featured with diversity, and strives to attract talents from or at different culture, background and levels, providing a platform for employees to fully demonstrate their talents. The Group recruits employees through various channels including reference by existing employees, job fairs, campus recruitment as well as advertisements on TV and newspaper. For employee recruitment, the Group selects talents based on their education background, work experiences and performance during the interview and written test as well as position requirements, and verifies the identification information of each applicant in accordance with the relevant regulations such as the Provisions on the Prohibition of Using Child Labour, so as to ensure they are lawfully employable.

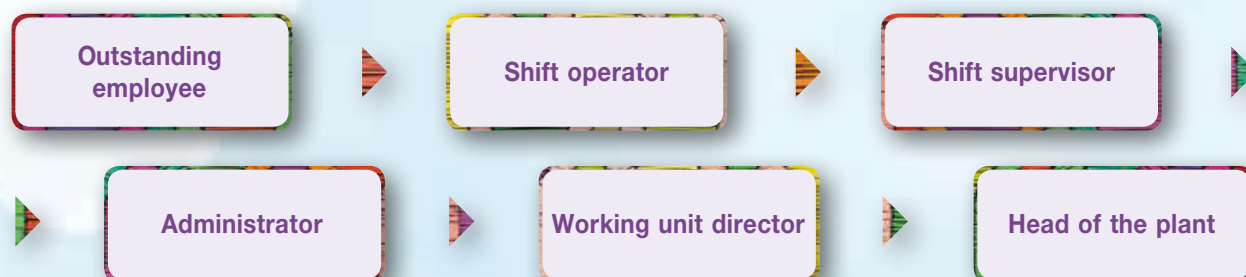
In order to attract and retain talents, the Group provides employees with competitive remuneration package, which is determined based on their performance, experiences and prevailing industry practice. The management of the Group review the remuneration policy and details on a regular basis, and grant extra performance-linked bonus as an incentive and reward to the employees for their contribution to the growth and development of the Group.

The Group conducts appraisal on the management cadres and personnel of the functional departments twice a year, assessing the recognition of employees by their supervisors, peers and subordinates in respect of virtue, competence, diligence, performance, integrity and working attitude. Performance appraisal is carried out on employees and junior cadres by the production units on a monthly basis, to assess their monthly output, quality and other indicators in accordance with the performance appraisal system set by the Company. The Group has also established a reasonable dismissal system and formulated legal conditions of dismissal in accordance with the relevant laws and regulations.

By implementing cadre election system within the Group, the Group elects quality talents from the employees to build our cadre team, providing talent reserves for the stable development of the enterprise. Each candidate, no matter recommended by their respective units, other employees or by themselves, shall go through written tests, democratic appraisal, interview and assessment. Each candidate shall be recommended level by level in the following order, and the whole process shall be subject to supervision by the employees, so as to ensure fairness and transparency.



## ESTABLISHING HARMONIOUS LABOUR RELATIONS



In respect of working hours and holidays, the staff in regular daily shift of the Group work six days per week, while the employees of the production units work for eight hours per day in three shifts which shall be adjusted according to the actual production conditions. All employees enjoy holidays stipulated by law, including annual leave, marital leave, maternity leave, sick leave and statutory holidays. The Group prohibits any form of forced labour, and employees working overtime during statutory holidays shall be compensated at three times of their daily wage. For employees leaving the Group, the labour department will handle the resignation procedures and pay the remuneration after the employees complete the handover process.

## Talent Cultivation

Cultivation of quality talents is key to the success of enterprises. Therefore, the Group attaches great importance to talent cultivation and career development, and puts effort into the construction of a multi-layered talent cultivation system that offers training programmes to the management and employees through in-house trainings, external study and lectures delivered by experts. In order to provide more customised and effective trainings to ensure training quality, the labour department strives to get an understanding of the training needs of employees every year through questionnaires, discussions and other approaches, and prepares the annual training programmes based on the principle of “providing trainings by demand and pursuing for practical results”. In addition, each department may organise its employees to attend external study, training programmes and examinations of qualification certificates according to the actual needs, and the fee required can be reimbursed by the Group.

By conducting a survey after training to collect feedbacks and opinions of those who participated in the training, we analyse the effectiveness and problem of the training and also communicate with the trainers, so as to improve and perfect the trainings. Furthermore, leveraging on the media resources owned by the parent company, Weiqiao Chuangye, the Group also continues to carry out trainings and education programmes for the employees via “Weiqiao Chuangye TV Station”, “Weiqiao Chuangye Newspaper” and WeChat official account platform, which provides convenience for employees’ study and also strengthens the training effectiveness. During the Year, by adopting an approach of “focusing on in-house training and supplemented with external training” and focusing on the regulations and rules and culture of the Company, enhancement of management standards and skills and other



themes, the Group carried out routine trainings for the management personnel and orientation trainings for new employees. The major types of training and training approaches provided during the Year are as follows:

Type of training	Training approaches
Management training	<p>Internal training: establishing the in-house trainers system and a team of part-time trainers, and regularly organising routine business training sessions; and</p> <p>External training: participating in high-end entrepreneurship forums, summits and annual meetings, visiting successful enterprises and leading producers, participating in various operation and management training programmes, and engaging full-time lecturers to give lessons.</p>
Operation skills training	<p>New employee training: adopting training approaches including PPT, video and apprenticeship, etc; and</p> <p>On-the-job training: adopting training approaches including skill contests, skill education, special training, special skill demonstration, on-site communications, improvement retraining, etc.</p>
Equipment technology training	<p>Internal training: adopting training approaches including the “one topic per day” (一日一題培訓) programme, on-site demonstration and technical communications, apprenticeship, skill contests, theories education, special training and optimised retraining, etc; and</p> <p>External training: cooperating with equipment manufacturers closely, engaging specialists from manufacturers to carry out regular training sessions and onsite instructions, and attending various forums, communication meetings and training activities hosted within the industry.</p>
Safety training	<p>Training for all employees: adopting training approaches including safety knowledge lectures, panel discussions, seminars, exchanges meetings of advanced experience, on-the-job training and specialised knowledge training of the firefighting team, and on-the-spot accident seminars, etc.</p>

In addition to the above trainings, the Group also employs various approaches such as on-the-job training, skills competition, academic education, organisation of national and provincial vocational skills competitions, and conducts regular appraisals to select model workers, teams and March 8 Red Flag Bearer, with a view to enhance employees’ occupational skills and help them achieve career development goals.



## ESTABLISHING HARMONIOUS LABOUR RELATIONS

### Skill Contests

The Group holds an equipment operation skill contest in spring and autumn respectively every year, which facilitates learning and communications among employees and inspires employees to make improvements. These spring and autumn skill contests not only improve their technical operation skills and establish highly skilled workers as role models, but also realise the goal of craftsmanship heritage by promoting the apprenticeship model, so as to push ahead the build-up of the talent pool. The equipment operation skill contest held in the autumn of 2018 comprised 23 processes with 47 programmes, and a total of 1,021 employees entered the finals. During the competitions, a number of technical experts demonstrated outstanding skills and several new records have been made, which also highlighted the “spirit of craftsmanship in a great nation” (大國工匠精神) of our technical workers in the new era.



Equipment operation skill contest held in 2018

### Skill Competitions

In addition to in-house skill contests, Weiqiao Textile also proactively participates in external skill competitions to test employees' skills. During the Year, Weiqiao Textile selected 24 elite employees to participate in the 4th Binzhou Employee Professional Skills Competition. With indomitable sportsmanship and progressive corporate culture, all contestants demonstrated outstanding operation skills during the competition. After a heated match, our contestants won the top four prizes in the spun yarn slicing and weaver knotting contests, demonstrating remarkable professional skills.



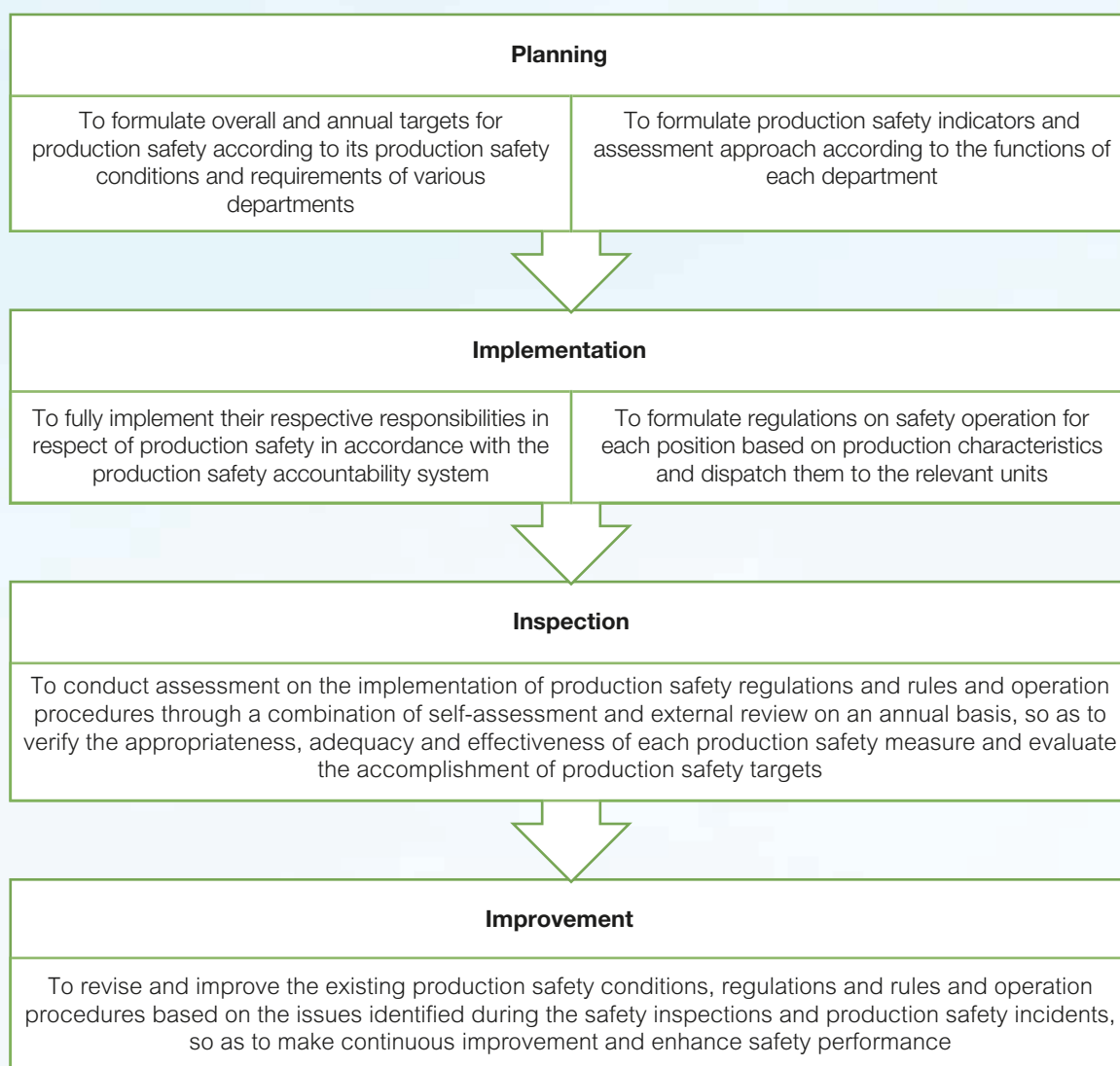
Winners of the 4th Binzhou Employee Professional Skills Competition



## Occupational Health and Safety

### Production safety system

Weiqiao Textile always considers employee safety and health as an integral part of its business operation. The Group strictly complies with the laws and regulations relating to production safety, including the Law of the People's Republic of China on Work Safety and the Law of People's Republic of China on Prevention and Control of Occupational Diseases, etc. The Group also has developed sound safety standardised management system, and enhanced regulated and standardised management of production safety by adopting the dynamic cycle of “planning, implementation, inspection and improvement”, so as to improve production safety management and promote safe development of the Company. The Production Safety Committee of the Group holds safety meetings on a regular basis to inspect the progress and effectiveness of production safety work. In addition, with well-established regulations and rules on production safety, the Group is able to effectively regulate the production operations of its employees.





## ESTABLISHING HARMONIOUS LABOUR RELATIONS

### Occupational health management

In order to protect the occupational health and safety of employees, the Group continues to comply with the relevant laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the Provisions on the Supervision and Administration of Occupational Health at Work Sites, and implements the in-house management systems such as the Occupational Health and Safety Management System, the Plan and Implementation Scheme on Prevention and Control of Occupational Hazards, the Emergency Rescue and Management System for Occupational Disease Hazards and the Handling and Reporting System for Occupational Hazard Accidents, including:

- establishment of the goal on occupational hazard prevention and control for the respective year, and implementation of accountability system in prevention and control of occupational diseases;
- enhancement of trainings on identification and detection of occupational hazards, notification of occupational hazards, occupational health protection and occupational health;
- formulation of emergency response plans and organisation of emergency drills;
- creation of good working environment and condition that meet the requirements for occupational health and provision of devices and tools relating to occupational health protection for employees; and
- arrangement of work-related injury insurance for employees according to the laws and establishment of occupational health monitoring archives and occupational health records.



Fire-fighting drill at the raw cotton stack yard

Furthermore, the Group also offers great attention and care to the female employees. In accordance with the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Rights and Interests of Women, the Special Rules on the Labour Protection of Female Employees and other relevant laws and regulations, the Group continues to provide "five periods" (五期) protection for female employees.

In order to enhance hazardous chemicals management and mitigate the risks of occupational disease arising from it, the Group puts warning labels and descriptions at the prominent places on the packaging of the hazardous chemicals that may give rise to occupational diseases, which details the hazardous elements, potential hazardous consequences, safety caution matters, occupational disease prevention and emergency response measures, etc.



While efforts have been made to improve system establishment and management, the Group also continues to upgrade the equipment. By enhancing production equipment maintenance and introducing various occupational health physical examination equipment, the Group continuously improves the occupational health system. Furthermore, the Group conducts detection and elimination of potential hazards from time to time and takes effective measures to address such issues promptly, and also inspects the condition afterwards and evaluate the effectiveness of such measures. During the Year, the Group received no report regarding the occurrence of occupational diseases, and the occupational health examination rate of employees having access to occupational hazard premises, the monitoring standard rate for occupational hazard factors and the rate of occupational disease prevention and control all reached 100%.

### Safety education and training

To maintain smooth production and operation, the Group continues to stick to the principle of “comprehensive management with priority of safety and emphasis on prevention” (安全第一，預防為主，綜合治理), determines the needs for safety education and training on a regular basis, develops and implements training plans for employees at various posts, and carries out assessment on training results for improvement. For example, the Group organises training on qualification certificates for officer-in-charge and safety management personnel every year; provides regular trainings and education sessions for the management on safety knowledge, operation procedures, laws and regulations regarding safety, escape and self-rescue, etc.; and offers three-level safety training programme for new employees. Employees engaged in special operations shall receive trainings and obtain qualification certificates. All employees are qualified for their positions after completion of safety education and passing the relevant training assessment.



Training for cadres and safety management personnel of Weiqiao Textile





# ESTABLISHING HARMONIOUS LABOUR RELATIONS

## Caring for Employees

### Improvement of employee benefits

The Group not only creates ample job opportunities, but also provides the employees with various kinds of benefits. The Group has made continuous efforts to establish and improve the housing, education, healthcare and pension system, so as to ensure housing for employees, education for their children, medical services for illness and pension insurance for the retired, which helps the employees realise their wishes to settle down for a happy life and a promising career in the cities. These benefits include:

- establishment of salary growth mechanism, pursuant to which the Group has granted salary raises for several times in the last few years and increased remuneration for probation (training) stage;
- payment of social insurance for employees in accordance with laws;
- provision of free dormitory with heating supply, air-conditioner, Wi-Fi and other facilities;
- construction of dormitory buildings at each industrial park, providing housing for married employee couples at cost price, together with free heating supply, and electricity and water supply charged at cost price;
- construction of a number of normalised high-standard kindergartens at each industrial park, and investment for the construction of primary and secondary schools at local communities, providing convenient education services for the children of employees with a low tuition fee;
- establishment of non-profit outpatient hospitals at each industrial park to provide basic medical services for the employees and their families;
- provision of venue and facilities for recreational activities such as construction of culture event plaza and cinemas and provision of physical exercise equipment;
- awards for employees' children with good grades at the national college-entrance exams;
- organisation of reunion meetings with the retired employees under the leadership of the chairman on special festivals and holidays such as the Chung Yeung Festival, the Spring Festival and the Mid-autumn Festival, to give an overview of enterprise development and a tour to the frontline working units and offer compassionate allowances and gifts to the elder employees; and
- establishment of honours such as "Outstanding Party Affairs Workers", "Pioneer Party Members", "Top 10 Outstanding Young Persons", etc., so as to motivate employees for improvement.



## Organisation of recreational and sport activities

Weiqiao Textile believes that enhancement of corporate culture construction can elevate its strength and competitiveness as well as staff's centripetal force, so as to eventually realise the goal of sustainable development. The Group proactively organises various activities for the employees, offering them a platform to demonstrate their talents and enrich their after-work life. Moreover, the Group continues to make good use of various media platforms such as "Weiqiao Chuangye Newspaper", "Weiqiao Chuangye TV Station" and "Weiqiao Chuangye" WeChat official account platform to publicise corporate updates, industry information, employees' work and daily life, so as to strengthen publicity and education for employees and offer a comprehensive representation of the new development achievements of the Group from many perspectives.



Employee sports meeting



New Year art performance



Talent competition for employees' children



Hiking alongside Daixi River – "Civilised Citizen" activity





# IMPROVEMENT OF PRODUCTION AND OPERATION

Leveraging on outstanding product quality and excellent services, Weiqiao Textile wins recognition from the customers, which promotes the sustainable development of the business of the Group. During the development process, Weiqiao Textile always upholds the management attitude of pursuing excellence, and makes continuous efforts to improve every aspect of the production and sale process by implementing strict control over the source and the process, with an aim to provide good quality products for customers and create value for society.

## Supply Chain Management

### Procurement of raw cotton

Cotton is the principal raw material for producing cotton textile, and hence Weiqiao Textile implements the procurement of raw cotton with strict standards. The Group selects raw cotton suppliers based on their market reputation, contract performance, supply capability, delivery time and product quality, etc. The Group follows the principle of “comparing quality of same products, comparing price of same quality and comparing services of same price” (相同產品比質量、相同質量比價格、相同價格比服務) during procurement process. Adhering to the principle of fairness and impartiality, the Group inspects the impurity, colour and other aspects of raw cotton, and accurately records the inspection process, so as to ensure the quality of purchased raw cotton. In order to maintain rational raw cotton reserve, the Group implements control over raw cotton inventory by carrying out stock-taking every day and formulating monthly and annual procurement plans according to actual production needs.

The Group has established the supplier management and appraisal system and the Group carries out appraisal on suppliers on a quarterly basis, and decides to reduce or terminate cooperation based on such appraisal results. Besides, the Group attaches great importance to the performance of the suppliers in fulfilling their environmental and social responsibilities. As such, the management also visit the suppliers on-site on a regular basis. In addition to quality inspection on goods, the management also assess the performance of the suppliers with respect to environmental protection and social responsibility. The Group imposes rigorous requirements on its suppliers, including the Group's emphasis on strict compliance with business conduct and also its efforts in assisting suppliers to continuously improve their performance in product quality, environmental protection and social responsibility, with an aim to promote mutual support between the suppliers and the Group and achieve a win-win partnership.

In the Year, the Group continued to purchase a certain quantity of green cotton such as “organic cotton” and “better cotton”<sup>1</sup>, which indirectly reduced the carbon emission, overuse of pesticides and other environmental impact caused by cotton planting, and facilitated the protection of cotton farmers' rights and interests.

### Procurement of raw coal

The power plants established by the Group provide electricity and steam for operations. In order to lower the risks of raw coal procurement, the Group continues to implement the following management measures to ensure that the raw coal quality meets the requirements of the power plants:

- Verification of the supplier's qualification before entering into the procurement contract, which specifies the quality requirements for raw coal, testing procedures, default liability and conditions for refusal of acceptance;

<sup>1</sup>The quality of better cotton is the same as that of common cotton. The better cotton project focuses on improving the production mode of cotton farmers, including the rational use of chemical fertilizers and pesticides, protection of workers' rights and interests, protection of workers' health and safety, and protection of biodiversity of the production environment.



- Implementation of the Administrative Rules of Coal Inspection Department and the Work Instructions for Coal Inspection Department Regarding Incoming Coal, to specify the procedures such as sampling, sample preparation, testing, data input and output, coal yard inspection and unloading, so as to strengthen the management of incoming coal and improve its quality stability;
- Implementation of the Methods for Reward and Punishment of Coal Inspectors' Performance in the Inspection and Acceptance, which specifies the rewards for identifying qualified coal and punishment for malpractice, thus preventing suppliers from taking chances to secure personal gains; and
- Carrying out equipment maintenance in accordance with the Requirements for Maintenance of Testing Equipment to ensure the stability and accuracy of testing equipment.

### Procurement of supplies

The supplies, accessories and daily operation articles required for production process of the Group are purchased by way of centralised procurement through bidding procedures. The Group strictly complies with the Law of the People's Republic of China on Bid Invitation and Bidding and other relevant laws and regulations, and selects suitable suppliers by conducting comprehensive review on the bidders in terms of technology strength, qualification and environmental protection certification, product quality, quotation, supply capacity, credibility and post-sales service in an open, fair and impartial manner and in good faith. During the procurement process, the Group also pays special attention to the performance of products in energy conservation and environmental protection. For example, in the procurement of LED tubes, non-toxic, non-harmful and recyclable products are preferentially selected.

The Group continues to implement the Material Supply Management System and other internal requirements, pursuant to which the Group sticks to the principle of "procurement of supplies in multiple small batches and only when required" (小批量，多批次，即用即買，不用不買), and strengthens communication between the procurement, warehousing departments and the production units to avoid stockout and overstock. All supplies shall be subject to inspection by quality inspectors, custodians or professional technicians for acceptance before being transferred to the warehouses. Starch and dye chemical products shall be, upon delivery, subject to testing before being unloaded at the designated location. Unqualified products shall be returned to the suppliers or replaced.

## Quality Assurance

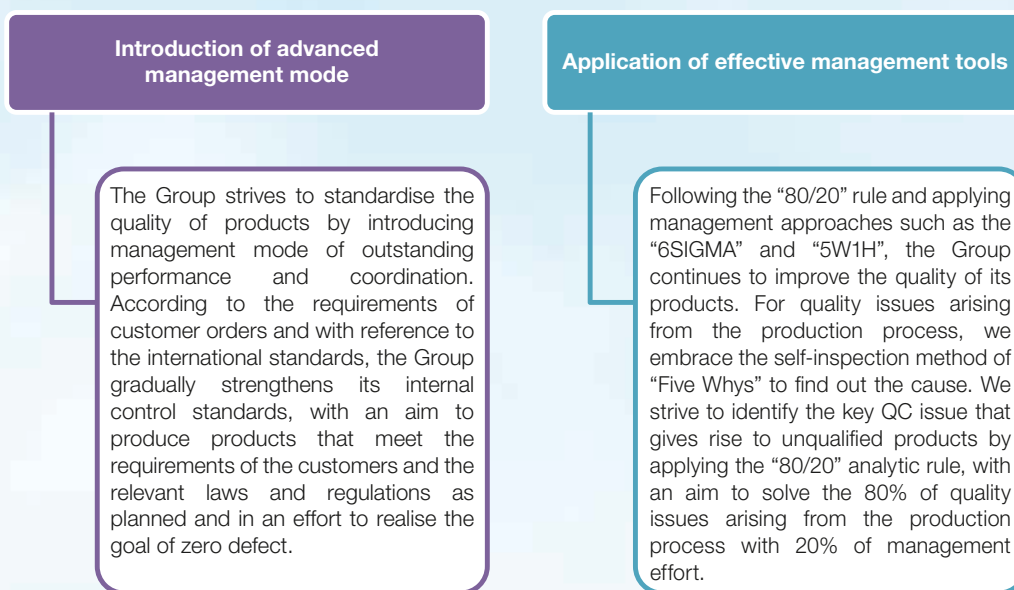
### Establishment of scientific management system

Weiqiao Textile believes quality products and services are the key to business success. The Group has obtained the certification of the latest ISO9001 Quality Management System and ISO14001 Environment Management System. According to the requirements of quality management system and other internal policies, the Group



## IMPROVEMENT OF PRODUCTION AND OPERATION

continues to enhance operation in every aspect including raw cotton management, operation management, quality inspection management, warehouse management, product research and development (R&D) and laboratory management, treatment and recall process for unqualified products. Meanwhile, the Group steps up efforts in equipment maintenance and management and continues to perfect the equipment management systems, including organising skill training, implementing minor technical reform and innovation and tackling key problems of QC, etc. Through the introduction of advanced management mode and application of effective management tools, the Group continues to improve its production and operation.



### Equipment upgrade

The Group makes active efforts to upgrade the existing equipment while introducing, installing and applying new equipment. During the Year, the Group invested more than RMB35 million to introduce advanced equipment in accordance to markets demands and employment situation, such as:

- Introducing automatic foreign fibre clearers which effectively addressed the "Three Silks" (三絲)<sup>2</sup> problem that has been a key issue affecting the product quality of the industry, so as to improve product quality and productivity per employee;
- Introducing high-temperature slurry conditioning drums to improve sizing quality for high-count and high-density textile products, so as to improve the production adaptability of high-end products;
- Carrying out technological improvement on the cylinder temperature control system of the sizing machine by installing steam valve (with proportional valve) which is able to automatically adjust the switch according to the surface temperature of the cylinder, so as to improve temperature stability and reduce broken ends of the sizing beam;
- Purchasing a number of electric scooters as inspection vehicles for turners, which effectively improved inspection speed and efficiency and relieved employees' burden and labour intensity; and
- Upgrading original ordinary ring spinning to compact spinning, so as to cater to market demands and create new growth drivers for market exploration and future development.

<sup>2</sup> "Three Silks" refers to the foreign fibre in the cotton such as chemical fibre, hair, plastic ropes, etc. "Three Silks" in the cotton will affect the appearance of cotton yarn and cotton fabric, and hence affect the quality of textile products.



### Case of Technological Improvement: Application of Foreign Fibre Machines

Given the upgrading demands for product functions and quality, the “Three Silks” problem of cotton has become the constraints on productivity. The Group had deployed a great number of manpower to sort out the foreign fibres by hand, which had led to substantial amount of management cost. Despite this, the “Three Silks” content in the cotton yarn and cotton cloth still fell short of the customers’ required standards due to, in particular, the difference in and high misdetection rate of manual practice. In light of this, following the purchase of automatic foreign fibre machines at the price of nearly RMB100 million by the Group in 2017, the Group continued to purchase a great number of foreign fibre machines during the Year. With participation of all our employees and by implementing data analysis and scientific management and control of the foreign fibre machines, the Group has effectively solved the “Three Silks” problem that has been a key issue affecting the product quality of the industry.



Application of foreign fibre machines





## IMPROVEMENT OF PRODUCTION AND OPERATION

Intelligent, continuous and automatic production represents the current development trend of the textile industry. The Group has maintained a leading position in the industry by actively introducing and promoting the application of advanced domestic and overseas textile equipment and technologies, so as to significantly reduce labour costs, improve product quality, increase productivity per employee and satisfy the demands for transformation and upgrading of the Company.

### Innovation and R&D

Our constant efforts in innovation and R&D is essential to the success of Weiqiao Textile, and also contribute to the Group's absolute leading position in the industry. The Group places innovation at the core position of the overall business development by attaching importance to and encouraging employees to organise activities under the themes of "minor invention, minor creation, minor innovation, minor design and minor proposal", contributing their suggestions and advice for saving costs, reducing consumption and increasing economic benefits.

During the Year, the Group perfected and revised the Assessment Policies and Incentive Measures for Minor Reforms and Innovations, with an aim to increase motivation for staff participation by increasing the incentive efforts. The Group grants cash bonus to employees for projects with outstanding economic benefits, high technology content and practical value. Such innovation achievements are treated as an important elements for the election of technical experts, and are also promoted for learning among the employees and for application within the Group to gain economies of scale effect. Meanwhile, the winning innovative projects will be filed to competent authorities for higher level of titles and awards or application for national patents. The successful implementation of the minor reforms and innovations system has significantly improved equipment performance and also helped to facilitate quality improvement, energy conservation and consumption reduction, enhancement of the automation and intelligence level of our equipment and relieving of employees' labour intensity, so as to address the issue of labour shortage and also effectively improve the competitiveness of our products.

During the Year, a total of 655 minor technical reforms and innovations were selected by the Group throughout the Year, with 358 from the spinning department and 297 from the weaving department. Among them, 92 innovations were rewarded for their good promotion effect, 4 improvement achievements won the second and third-class awards of the Equipment and Innovation Achievement of China Textile Industry, and over 30 technological improvement achievements in areas such as the automatic swing arms of the sizing machines and the tail yarn process system for roving procedure have been promoted to our equipment manufacturers, which help to facilitate the equipment upgrading, automatic control enhancement and quality improvement of the textile industry. During the Year, we published a total of 16 papers, 4 of which were award winners.



### Case of Minor Reforms and Innovations: Installation of Self-cleaning Device for Cone Yarn Cradle

During the transportation of cone yarns, there is heavy fibre and dust accumulated on the surface of the cradles. In addition to the effect on the appearance of the equipment, it also caused serious quality issue to the surface of cone yarns. In order to address this issue, Weiqiao Textile has established a task team to engage in relevant research and has developed a Y-shaped brush holder, which monitors the operation of cone yarns and the cradles by the photoelectric sensor switch, and instead of the original manual cleaning, the automatic cleaning device cleans the cradles when they arrive at the spooling platform on their way back. This technology improves the quality of the surface of cone yarns and achieve the goal of staff downsize and efficiency enhancement. Furthermore, the technological improvement has received high praises from the technicians of the manufacturers, and the Group has also applied for national invention patent for this technology.



V-shaped brush designed and installed through technological improvement



## IMPROVEMENT OF PRODUCTION AND OPERATION

### Case of Minor Reforms and Innovations: Automatic Yarn Cone Collector for Warping Machine

Weiqiao Textile has introduced the state-of-art Benninger warping machines for bulk warping, which require a great number of workers in each shift to replace the cones with heavy workload. Before the technological improvement, each worker can only seize three to five cones each time when replacing the yarn cones by manual. Calculated based on 750 cones used for each warping, it takes over hundred practices to take down all the cones. Furthermore, it is impossible for the workers to keep on the operation due to high physical exertion. Through research, development and design, we install photoelectric and mechanical arms at the end of the warper creel to enable automatic replacement of the cones by pushing the batch-tail yarns moving along the creel down to the lifting platform car placed there in advance. Automatic control helps to relieve operators' labour intensity and realises the goal of efficiency enhancement and labour cost reduction.




Benninger warping machine from Switzerland

### Major achievements

Upholding its innovation-driven strategy and sticking to its plan of developing mid to high-end products, the Group strives to push forward the transition from “made by Weiqiao” (魏橋製造) to “created by Weiqiao” (魏橋創造), and continues to create additional product categories that cater to market and customer demands by combining internal research and development with external cooperation. During the Year, in addition to its efforts to strengthen in-house R&D activities, the Group also enhanced the collaborative innovation with National Textile Products Development Centre and conduct on-site or physical communication with colleges, universities and key brand customers, so as to keep abreast with latest technologies and new market demands and cooperate with them to develop new advanced products. In order to further strengthen cooperation and jointly facilitate integration of industrial chain, Weiqiao Textile entered into the Industrial Chain Strategic Cooperation Agreement with China Tanboocel Union during the Year, pursuant to which we have established long-term holistic strategic partnership in respect of joint industrial chain development, channel consolidation, marketing and brand promotion, so as to leverage on our respective strength to create competitive industrial chain and superior products and carry out joint marketing efforts, with an aim to realise resource sharing and achieve win-win cooperation. Furthermore, Weiqiao Textile also carried out communication with the Research Institute of Materials under Shandong Academy of Sciences on the intelligent textile product project during the Year.





Performance indicator related to product R&D	Year 2018	Unit
Proportion of first-grade products	99	%
Number of patents applied	20	Item
Number of authorised patents	14	Item
R&D investment	71,004	RMB1 thousand
Percentage of R&D investment to revenue	0.43	%
Number of R&D personnel	725	Person
Number of industry standards made under participation	13	Item

During the Year, the Group has achieved remarkable results in the development of new textile products, making category innovations leading the market trend, customer demand-oriented product innovations and breakthroughs in technology research. During the Year, 559 new cotton yarn products have been developed, which were mainly differentiated fibre-blended yarn products and differentiated spun yarn products. The production rate of pure fibre and cellulose fibre was within the range of 90% to 95%. 540 new cotton fabric products have been developed, with a customer reorder ratio of 22%. In addition to design of special fabric products for the newly-developed yarn products, we focused on the development and promotion of yarn products and fabric products, including the graphene series, cupro fiber (銅氨纖維) series, sustans blended with anti-bacterial cotton (抗菌棉舒彈絲) series, beehive jacquard (蜂巢提花) series, one-step molded & down-filling quilt cover series, etc.



## IMPROVEMENT OF PRODUCTION AND OPERATION

The Group was granted a number of awards and honours in respect of textile production and product quality, including:

Award	Issuing unit
Reducing Breakage Rate per Thousand Spindles per Hour on Spinning Frame CPJ300S (《降低CPJ300S細紗千錠時斷頭》) was awarded the first-class award by the 1st Quality Management Team of Binzhou City Control Measures for Colour Shading of Air-Jet 360 Double-beam Looms (《噴氣360雙織軸織機陰陽色的控制措施》) was awarded the second-class award by the 1st Quality Management Team of Binzhou City Development and Application of Automatic Size Mixing Technology (《自動調漿技術的研發和應用》) was awarded the second-class award by the 1st Quality Management Team of Binzhou City Reducing the Unevenness of JWF1272 Combing Machine (《降低JWF1272精梳機的不勻率》) was awarded the second-class award by the 1st Quality Management Team of Binzhou City Technological Improvement on Automatic Batch-tail Yarn Collector for Benninger Warping Machines (《貝寧格整經機批尾紗自動收集系統改進》) was awarded the first-class award for quality improvement achievements in Binzhou City Optimisation of Foreign Fibre Machines to Enhance the Efficiency of Foreign Fibre Sorting (《異織機優化改造，提高異織揀出率》) was awarded the first-class award for quality improvement achievements in Binzhou City Automation of Shuttle Looms to Relieve Labour Intensity (《有梭自動化改造、降低職工勞動強度》) was awarded the second-class award for quality improvement achievements in Binzhou City Reducing Breakage Rate per 100 Bobbins in Producing Carded Yarn (《降低普梳針織紗百管斷頭》) was awarded the second-class award for quality improvement achievements in Binzhou City Experience and Methods of Improving Loom Productivity of Linen/Cotton Blended Fabric (《提高麻棉品種織機效率的經驗方法》) was awarded the second-class award for quality improvement achievements in Binzhou City The first-class award awarded by the 1st Reliable Quality Team of Binzhou City The second-class award awarded by the 1st Reliable Quality Team of Binzhou City The third-class award awarded by the 1st Reliable Quality Team of Binzhou City	Binzhou Association for Quality
CPCM80SK100% Meichang series (美長) was selected as the recommended knitted yarn products in 2018 CPCM160SK100% Meichang series (美長) was selected as the recommended knitted yarn products in 2018	China Knitting Industry Association
Combed cotton 32sw Sirospun slubby yarn (精梳棉32sw賽絡紡竹節紗) was included in the recommendation list of Quality Denim Yarn in 2018 by the CCTA Certificate for Authorized Use of No PVA Certified Fabric Logo (《無PVA認證織物標識授權使用證書》)	China Cotton Textile Association
Outstanding Equipment Management Unit in China	China Association of Plant Engineering
Bu Xiaoxia team (卜曉霞班組) was accredited as “2018 National Trustworthy Group for Quality”	China Association for Quality



Award	Issuing unit
Innovative Application Achievement Award of China Graphene Modified Fiber (中國石墨烯改性纖維創新應用成果獎)	Technology Development Department of China National Textile And Apparel Council, China Chemical Fibers Association, China Graphene Modified Fiber and Application Industry Development Union
<p>Innovation Team of Binzhou City (濱州市創新性班組)／Worker Pioneer of Binzhou City (濱州市工人先鋒號)</p> <p>The First Prize in Group Category of the Spinning Operation Project of the Fourth Session of Staff Professional Skills Competition of Binzhou City for 2018 (2018年濱州市第四屆職工職業技能大賽細紗操作項目)</p> <p>The Second Prize in Group Category of the Spinning Operation Project of the Fourth Session of Staff Professional Skills Competition of Binzhou City for 2018 (2018年濱州市第四屆職工職業技能大賽細紗操作項目)</p> <p>The Third Prize in Group Category of the Spinning Operation Project of the Fourth Session of Staff Professional Skills Competition of Binzhou City for 2018 (2018年濱州市第四屆職工職業技能大賽細紗操作項目)</p> <p>The First Prize in Group Category of the Woven Fabric of the Fourth Session of Staff Professional Skills Competition of Binzhou City for 2018 (2018年濱州市第四屆職工職業技能大賽織布)</p> <p>The Second Prize in Group Category of the Woven Fabric of the Fourth Session of Staff Professional Skills Competition of Binzhou City for 2018 (2018年濱州市第四屆職工職業技能大賽織布)</p> <p>The Third Prize in Group Category of the Woven Fabric Operation Project of the Fourth Session of Staff Professional Skills Competition of Binzhou City for 2018 (2018年濱州市第四屆職工職業技能大賽織布操作項目)</p>	General Labour Union of Binzhou City
<p>Award of Excellence in the 39th (Spring/Summer 2019) Fabrics China Appraisal (Winter Romance, Garden of Spring, Stalwart (冰雪奇緣、十裡春風、偉岸))</p> <p>Award of Excellence in the 39th (Autumn/Winter 2019) Fabrics China Appraisal (Simple, Unboundedness, Urban Rhythm, Limpidness (簡、無界之域、都市韻律、清淺))</p>	China Textile Information Center and Textile Development Center
Technologies of Recovery and Reuse of the Exhaust Gas and Heat from High-temperature Setting Machine (《高溫定型機廢氣熱能回收再利用》) and Modified Technology in Variable Frequency and Constant Voltage on the Air Compressor (《空壓機變頻恒壓改造技術》) were successfully included into the Catalogue of Key Promotions for Energy Conservation Technologies of Shandong Province (Eighth Batch) (《山東省重點節能技術推廣目錄(第八批)》)	Shandong Economic and Information Technology Committee



## IMPROVEMENT OF PRODUCTION AND OPERATION

Award	Issuing unit
<p>Outstanding Equipment Management Unit of the Textile Industry in China Three in One Result Verification and Evaluation System Construction (《三方一體結果性驗證評價體系建設》) was awarded the second-class award for innovative achievements by the CNTAC</p> <p>Fully Automatic Tube Sorting Machine (《全自動理管機》) was awarded the second-class award for innovative achievements by the CNTAC</p> <p>Automatic Improvement for FA076 Lap Former (《FA076成卷機自動化改造》) was awarded the third-class award for innovative achievements by the CNTAC</p> <p>Automatic Improvement of Automatic Tubing and Automatic Doffing for Lap Former (《條卷機自動上管自動落卷自動化改造》) was awarded the third-class award for innovative achievements by the CNTAC</p> <p>Information Integration &amp; Development and Application of Intelligent Production Plant for High-count Pure Cotton Spinning (《高支純棉精紡智能化生產工廠信息化集成及開發應用》) was awarded for information achievements of the textile industry</p> <p>Ring Spinning Intelligent Production Line (《環錠紡紗智能生產線》) was recognised as 2018 Intelligent Manufacturing Pilot Demonstration Enterprise of the textile industry</p>	<p>China National Textile and Apparel Council ("CNTAC")</p>
<p>The Best Pattern and Colour Award (最佳圖紋色彩獎) of 2018 Fabric Star of China</p>	<p>Journal of Textile Apparel Weekly</p>
<p>The Integration and Development of Key Technology of Intelligent Production Plant for Fine-count Pure Cotton Spinning (《細號純棉精紡智能化生產工廠關鍵技術集成及開發》) was awarded the Certificate of Scientific and Technological Achievement</p>	<p>China High-tech Industrialisation Association</p>







## IMPROVEMENT OF PRODUCTION AND OPERATION

### Product Promotion

The Group promotes the products mainly through attending exhibitions, printing and distributing product brochures with the products widely sold in domestic and overseas markets. The Group strictly complies with relevant laws and regulations such as the Advertisement Law of the People's Republic of China and the Trademark Law of the People's Republic of China, and verifies all information regarding its products and business before publication, so as to prevent any false, misleading or deceptive information in its promotion materials. The Group respects the trademark rights of the other parties, and also legally protects the trademark of "Weiqiao" brand from infringement.



### Customer Services

The Group is committed to providing its customers with efficient and swift services. In accordance with the Requirements of the Customer Service Management System, customer service employees provide pre-sale and post-sale services for customers mainly through hotline for customer services. In handling complaints and communicating with customers, the customer service employees shall adhere to the "customer first" principle with the attitude of care, politeness and integrity. A satisfaction survey is conducted every half year by the customer service employees on 70% of our customers, which mainly covers satisfaction degrees of customers on the handling results of complaints.

### Privacy Protection

Establishment of a security information management system serves as an important approach to protecting internal privacy and customer information. In order to regulate the use and management of computers and network resources, the Group continues to implement the Administrative Rules for Security of Using Office Computers and Network. The IT Centre organises trainings on information security, use of systems and security protection from time to time, so as to enhance employees' skills in using systems and awareness of security protection. The Group also continues to stick to rules and regulations regarding data backup, anti-virus system management, computer centre management, setting of user passwords, prevention of illegal data tampering, system intrusion, and system recovery strategy in the case of system malfunctionings, with an aim to ensure smooth operation of the computer room and proper storage of key data.

In addition to the improvement of the information security system, the Group also takes various measures such as supervising the procurement process and conducting confidentiality education to enhance employees' awareness to keep technical and trade secrets confidential and safeguard the privacy rights and interests of the Group and customers.



## Anti-corruption Practice

Promotion of anti-corruption culture constitutes an integral part of compliance operation by Weiqiao Textile. The Group continues to abide by the Anti-money Laundering Law of the People's Republic of China, Criminal Law of the People's Republic of China and other relevant laws and regulations, and makes continuous efforts to improve the anti-corruption practice, with an aim to prevent bribery, extortion, fraud, money laundering or other unlawful activities. On the one hand, the Group carries out anti-corruption educational activities such as seminars, compilation of relevant education textbooks and watching anti-corruption featured programmes from time to time to raise the integrity awareness of the management and financial personnel, and prevent all kinds of corruption behaviours. Besides, at pre-shift and post-shift meetings, the management of production units also reiterate the work disciplines, particularly towards those delegated with certain authority like quality inspectors. On the other hand, the Group continues to keep the public bidding for procurement under strict supervision and require relevant personnel to sign the statement of integrity and ensure the fairness, impartiality and openness of the public bidding. The staff from the end-use units are responsible for supervising the implementation of "three openness" (三公開) (i.e. the openness of variety, quantity and quality indicators) in the bidding process. Moreover, the economic supervision department and quality inspection department of the Group, which have strong independence and enjoy absolute investigation power, are responsible for supervising all procurement, supply and inspection activities, further enhancing employees' awareness of legal compliance, anti-corruption and self-discipline.

During the Year, the Group compiled an anti-corruption publication named "Vigilant Against Corruption (《前车之鑒》)", which incorporates some typical corruption cases reported by the Group in recent years with an in-depth analysis on and full disclosure of the background story for each case, in an effort to promote the importance of anti-corruption practice to the employees by highlighting cases committed by people around us.



Book on anti-corruption



Training on anti-corruption education



# CONCERNING ABOUT SOCIAL WELL-BEING

As a company bearing social responsibility, Weiqiao Textile believes that sharing the fruits of its developments with society is fundamental for its sustainable development. Therefore, while pursuing business development, the Group also pays close attention to the social well-being and is committed to fulfilling its corporate social responsibility. Leveraging on its professional advantage, Weiqiao Textile has not only built a high-quality emergency rescue team, but also proactively participated in public welfare undertakings by offering supports to people in need and taking positive actions to show care for people.

## Building a First-class Emergency Rescue Team

The Group currently has a systematically-organised and well-equipped full-time fire brigade, equipped with water tower vehicles and large water tanker fire-fighting trucks which are loaded with complete supporting facilities. Individual equipment are also provided for the firemen. The Group's fire brigade attends standardised fire-fighting skills training and theoretical education for four months every year, and has participated in a number of major emergency rescue operations in the city and county, which is considered as an outstanding emergency rescue team with great competence and bravery. In addition to ensuring the safety of the Group, our fire brigade also provides fire-fighting and emergency rescue services for local enterprises, providing solid safety protection for the production of the local enterprises and the life of the masses. In August 2018, Shouguang City under the administration of Weifang City, Shandong Province suffered a severe flood due to heavy rain, which was the largest flood since 1974. In view of this, Weiqiao Textile dispatched a team of over 20 full-time firefighters to Weifang City to participate in flood disaster rescue and relief works, highlighting our corporate mission of "serving the country and benefiting the people" through its contribution to society and the people.



The fire brigade of Weiqiao Textile providing assistance for the flood disaster in Shouguang

## Support for People in Difficulties

Weiqiao Textile continues to promote human-based management. In addition to competitive remuneration and benefits offered to employees, the Group also establishes relevant archives regarding employees suffering hardship through conducting survey on such employees on a regular basis every year, and offers support to employees suffering from severe disease or domestic distress. During the Year, the Group provided support for 31 employees and their families in difficulties.



The Group also constantly cares about the underprivileged people, and encourages employees to participate in voluntary activities, extending care and love to society as an individual and a responsible corporate citizen by visiting communities, caring for underprivileged groups and participating in other charitable activities. To set an example with actual actions, and by calling on its employees to extend love and care, Weiqiao Textile and Weiqiao Chuangye initiated a project named “Weiqiao Rainbow Home” (魏橋彩虹之家) during the Year which organised 99 donation teams and raised a total of over RMB1.47 million for the left-behind children. From both hardware and software perspectives, “Weiqiao Rainbow Home” established a recreational area for the left-behind children of impoverished counties in Shangdong Province which is equipped with calligraphy, art, music, technology innovation and other hardware facilities, and also helped to facilitate long-term interaction and communication between the children and their parents through internet, in an effort to provide a cozy environment like home for the children. Furthermore, teachers from the Weiqiao Rainbow project also provide counselling service for the children, offering companionship and focusing on children’s growth. In addition, Weiqiao Textile also launched another donation project named “Love Rainbow Home”(融愛彩虹之家) which organised 97 donation teams and raised over RMB420,000 for the left-behind children, with an aim to bring love and happiness to the left-behind children. Detailed record for all donations and supplies has been kept and disclosed to the public through transparent procedures, so as to ensure that all the relief materials can be passed on to the recipients.

In addition, Weiqiao Textile also donated about 300 sets of cold-resistance clothing to sanitation workers during the Year, with an aim to extend our love and care for them. In order to promote the spirit of sports, enhance corporate reputation, realise the goal of developing a powerful country and building up people’s health, and cultivate the young generation of the country, Ms. Zhang Hongxia, the chairman of Weiqiao Textile, joined hands with the leaders from the municipal administration to donate sports equipment to the schools, including clothing, shoes and hats etc., so as to encourage the young sportsmen to make contributions to and win honours for the country.



Chairman of labour union visiting employees  
in difficulties



Chairman of Weiqiao Textile leading the donation of  
football clothes to schools



Clothing donation made by Weiqiao Textile





# APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS

Key Performance Indicators	Year 2018	Year 2017
<b>Emissions</b>		
<i>Wastewater<sup>3</sup></i>		
Total wastewater discharge (10,000 tons)	829	826
COD emission (ton)	439	180
Ammonia nitrogen emission (ton)	19	8
<i>Exhaust Gas<sup>4</sup></i>		
Total exhaust gas emission (10,000 m <sup>3</sup> )	7,220,987	5,751,101
Nitrogen oxides emission (ton)	2,004	1,754
Sulphur dioxide emission (ton)	865	977
Dust emission (ton)	80	100
<b>GHG</b>		
Total GHG emission (Scope 1, 2) (ton of CO <sub>2</sub> e) <sup>4</sup>	15,849,053	14,538,669
GHG emission intensity (ton of CO <sub>2</sub> e/income of RMB10 million) <sup>4</sup>	9,631	8,879
Scope 1 total direct GHG emission (ton of CO <sub>2</sub> e)	15,788,012	14,468,580
Scope 2 total energy indirect GHG emission (ton of CO <sub>2</sub> e) <sup>4</sup>	61,040	70,088
<b>Solid Wastes</b>		
<i>Non-hazardous Waste<sup>4</sup></i>		
Total non-hazardous waste generated (1,000 tons)	3,710	3,155
Non-hazardous waste intensity (1,000 tons/income of RMB10 million)	2.25	1.93
<i>Hazardous Waste</i>		
Total hazardous waste generated (ton)	127	149
Hazardous waste intensity (ton/income of RMB10 million)	0.08	0.09

<sup>3</sup> Water pollutants (COD and ammonia nitrogen) in 2018 are generated from wastewater treatment plants and power plants while water pollutants (COD and ammonia nitrogen) in 2017 generated only from wastewater treatment plants.

<sup>4</sup> The Group has improved the collection and calculation method of relevant data during the Year, and accordingly restated relevant data for 2017.



Key Performance Indicators	Year 2018	Year 2017
<b>Use of Resources</b>		
<i>Energy</i>		
Total energy consumption (MWh) <sup>5</sup>	49,882,277	45,820,348
Energy consumption intensity (MWh/income of RMB10 million) <sup>5</sup>	30,313	27,985
Total electricity consumption (MWh) <sup>6</sup>	2,445,773	2,319,455
Total steam consumption (10,000 tons) <sup>5,7</sup>	75	108
<i>Water</i>		
Total water consumption (10,000 m <sup>3</sup> )	3,922	2,844
Water consumption intensity (10,000 m <sup>3</sup> /income of RMB10 million)	2.38	1.74
<i>Packaging materials<sup>8</sup></i>		
Paper products		
Total consumption (ton)	15,773	14,902
Intensity (ton/income of RMB10 million)	9.59	9.10
Plastic products		
Total consumption (ton)	1,770	1,790
Intensity (ton/income of RMB10 million)	1.08	1.09
Metal products		
Total consumption (ton)	234	222
Intensity (ton/income of RMB10 million)	0.14	0.14
Fibre & textile products		
Total consumption (ton)	581	510
Intensity (ton/income of RMB10 million)	0.35	0.31
Wooden products		
Total consumption (ton)	85	41
Intensity (ton/income of RMB10 million)	0.05	0.03
Others		
Total consumption (ton)	35	N/A
Intensity (ton/income of RMB10 million)	0.02	N/A

<sup>5</sup> The Group has improved the collection and calculation method of relevant data during the Year, and accordingly restated relevant data for 2017.

<sup>6</sup> The electricity used by the Group is all supplied by its own power plants, the power generated was partial for its self-use, and the remaining was for selling.

<sup>7</sup> The steam used by the Group are the steam produced by its own power plants and the purchased steam, some of which was for selling.


<sup>8</sup> Packaging materials are used for three categories of products including cotton yarn, grey fabric and denim.



## APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS

Key Performance Indicators	Year 2018	Year 2017
<b>Employment</b>		
Total number of employees	52,000	55,000
<i>By gender</i>		
Male	24,049	25,422
Female	27,951	29,578
<i>By age group</i>		
Aged below 30	8,293	16,212
Aged 30 – 50	42,805	38,157
Aged above 50	902	631
<i>By type of employment</i>		
Temporary	3,643	3,446
Permanent	48,357	51,554
<i>Turnover number (rate)</i>		
Male	2,930 (6%)	4081 (7%)
Female	1,520 (6%)	2,741 (11%)
Aged below 30	1,410 (5%)	1,340 (5%)
Aged 30 – 50	1,139 (14%)	3,147 (19%)
Aged above 50	1,568 (4%)	934 (2%)
	223 (25%)	0 (0%)





Key Performance Indicators	Year 2018	Year 2017
<b>Development and training</b>		
<i>Percentage of employees trained</i>		
Senior management	100%	100%
Middle management	100%	100%
Junior management	100%	100%
Frontline employees	100%	100%
<i>Average training hours completed</i>		
Senior management	36	32
Middle management	36	32
Junior management	48	48
Frontline employees	140	147



## APPENDIX II: CONTENT INDEX OF ESG REPORTING GUIDE

ESG Indicators	Summary	Sections	Page
<b>Environmental</b>			
<b>A1 Emissions</b>			
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 GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emission Management	11
<b>A2 Use of Resources</b>			
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Conservation and Emission Reduction	14
<b>A3 The Environment and Natural Resources</b>			
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Energy Conservation and Emission Reduction Green Office	14 17
<b>Social</b>			
<b>Employment and labour practices</b>			
<b>B1 Employment</b>			
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 Policy Caring for Employees	19 26
<b>B2 Health and Safety</b>			
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.	Occupational Health and Safety	23



ESG Indicators	Summary	Sections	Page
<b>B3 Development and Training</b>			
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Cultivation	20
<b>B4 Labour Standards</b>			
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 or forced labour.	Employment Policy	19
<b>Operating practices</b>			
<b>B5 Supply Chain Management</b>			
General disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	28
<b>B6 Product Responsibility</b>			
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, labelling and privacy matters relating to products and services provided and remedial measures.	Quality Assurance Product Promotion Customer Services Privacy Protection	29 40 40 40
<b>B7 Anti-corruption</b>			
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 bribery, extortion, fraud and money laundering.	Anti-corruption Practice	41
<b>Community</b>			
<b>B8 Community Investment</b>			
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.	Building a First-class Emergency Rescue Team Support for People in Difficulties	42 42