



魏橋紡織股份有限公司
Weiqiao Textile Company Limited
(Stock Code : 2698)

Environmental,
Social and
Governance Report
2020





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ABOUT ESG REPORT

Weiqiao Textile Company Limited (the “Company”) and its subsidiaries (collectively “Weiqiao Textile”, the “Group” or “We”) are pleased to release the Environmental, Social and Governance (“ESG”) report for 2020, 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 2020. For details on corporate governance, please refer to the “Corporate Governance Report” of the annual report of the Group for the year 2020.

Reporting Scope

ESG report focuses on the environmental and social performance of the core business segments of Weiqiao Textile in the People’s Republic of China (the “PRC”) from 1 January 2020 to 31 December 2020 (the “Year”). The various aspects and key performance indicators as disclosed in the ESG report cover the performance of the Company and all of its subsidiaries (unless otherwise specified), and data regarding the environmental and social aspects are set out in Appendix I to this Report, of which the key performance indicators regarding the environmental aspect have all complied with the principle of “comply or explain”.

Reporting Standard

The ESG 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”). ESG report is presented in Renminbi (“RMB”), unless otherwise specified.

Reporting Principles

The content of the ESG report is determined through the processes of stakeholder engagement and materiality assessment, which includes identifying ESG-related issues, collecting and reviewing the management’s and stakeholders’ opinions, assessing the relevance and materiality of the issues, and preparing and validating the information reported. The ESG report covers all key issues which concern different stakeholders.

Quantitative environmental and social key performance indicators are disclosed in the ESG report so that stakeholders are able to have a comprehensive understanding of the Group’s ESG performance. Information on the standards, methodologies, references and sources of key emissions, and conversion factors used on these key performance indicators are stated wherever appropriate. To facilitate readers’ comparison of ESG performances among years, the Group has strived to adopt consistent calculation methodologies as far as reasonably practicable. For any changes in methodologies, the Group has presented and explained in detail in corresponding sections.

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) and the annual report of the Group for the year 2020. The Group values your opinions on this Report. Should you have any advice or suggestions, please email us via wqfzesg@wqfz.com.



CHAIRMAN'S STATEMENT

As one of the world's leading enterprises in the textile industry, Weiqiao Textile is always committed to fully practicing the sustainability concept and fulfilling its corporate social responsibility. This ESG report covers our work and performance in sustainable development during the Year.

During the Year, amidst the continuous impact of the 2019 novel coronavirus pandemic (the "Pandemic") and the severe blow brought by the global economic downturn, the Group proactively implemented pandemic prevention and control and drove business development, so as to achieve a stable and healthy operation. Meanwhile, the Group focused on production safety, environmental protection and green development, and proactively fulfilled its social responsibility, dedicating itself to the development of the industry and the society while pursuing business expansion.

In order to improve production profitability, and in an active response to the shift in growth drivers, the Group stepped up efforts to promote industrial upgrading and innovation, so as to achieve high-quality growth. By placing emphasis on technology and innovation, the Group continued to improve its innovation strength, stepped up efforts in product research and development and enhanced the intelligent operation of its equipment. The Group held an industrial leading position in product research and development, implementation of intelligent production lines, market exploration, patent application, standard formulation and other aspects. During the Year, the green and intelligent factories of the Group have been granted several awards and honours, including the 9th National Textile Enterprise Management Innovation Award (第九屆全國紡織企業管理創新獎), the 6th Enterprise Management Innovation Achievement Award of Shandong Province (第六屆山東省企業管理創新成果獎) and the 1st Prize of the 2020 Shandong Textile and Apparel Industry Association Science Technology Award (二零二零年度山東省紡織服裝行業協會科學技術獎一等獎), which solidified the leading position of Weiqiao Textile in the industry and laid a solid foundation for its future development.

In terms of production safety, the Group continued to align itself with 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 production safety standardised system and established the double prevention mechanism. The Group propelled the fulfilment of corporate production safety responsibility, enhanced identification and control of potential safety hazards, 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 strictly complied with the standards for green factories, and improved environmentally-friendly technologies and management foundation, in an effort to establish a green corporate image. Furthermore, the Group also fully implemented minimal emissions by installing flue gas dedusting facilities and desulphurisation and denitrification facilities for all of the Group's power generating units. In November 2020, the Group was included into the Fifth Green Factories List issued by the Ministry of Industry and Information Technology of the PRC, demonstrating the recognition of and support for the green factories and sustainable development of the Group by the government.



 Ms. Zhang
Hongxia
Chairman

CHAIRMAN'S STATEMENT

In respect of employees' rights and interests, the Group has adopted all kinds of effective measures to improve its working environment, with an aim to provide them with better protection and benefits. The Group also places great emphasis on employees' career development and proactively provides pre-job and on-the-job trainings and development opportunities for the employees. Based on the skill requirements of different positions, we provide various trainings on the themes of management skill, sale and production, customer services, quality control and professional ethics, etc. In addition, the Group provides employees with competitive remuneration packages, and also offers them additional bonus based on their performance to encourage and motivate them as well as to recognise and reward their contributions to the growth and development of the Group.

In respect of social welfare, the Group attaches great importance to its corporate social responsibility. While pursuing business development, the Group is also dedicated to promoting social development and pays close attention to the society's social well-being. Following the outbreak of the Pandemic, while proactively organising various donation activities, the Group promptly converted its production lines to produce all kinds of protection equipment and developed a number of anti-bacterial products, in an effort to protect the safety of our employees and their families and also to fulfil its corporate social responsibilities.

In the future, by focusing on high-quality development and adhering to our ESG philosophy, the Group will fulfil the social responsibilities of energy conservation and environmental protection with the implementation of high standards and strict requirements. Aligning itself with 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, with an aim to serve the nation through promotion of industrial development.

Ms. Zhang Hongxia

Chairman

28 May 2021

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 371,000 tons of cotton yarn, 726 million metres of grey fabric and 50 million metres of denim, and developed over 3,600 new products throughout the Year.

The Group continues to push forward business transformation and upgrading, makes great efforts to improve its intelligent operation, and meanwhile optimises its product portfolio in an active manner. During the Year, in terms of product research and development, the Group continued to adhere to the innovation strategy and focused on the development of new functional products, gradually increasing the proportion of middle-to-high-end products. On the production and operation front, the Group continued to adhere to the management innovation strategy, and enhanced the intelligent and digital operation of its equipment by implementing technology improvement on the equipment, so as to improve production efficiency. During the Year, the Company’s “Key Technology of Data-based Intelligent Yarn Production Plant and its Industrial Application (基於數據流的智能紡紗工廠關鍵技術與產業化)” project whose overall technology has reached international leading level has passed expert appraisal, and was granted the 9th National Textile Enterprise Management Innovation Award (第九屆全國紡織企業管理創新獎), the 6th Enterprise Management Innovation Achievement Award of Shandong Province (第六屆山東省企業管理創新成果獎) and the 1st Prize of the 2020 Shandong Textile and Apparel Industry Association Science Technology Award (二零二零年度「山東省紡織服裝行業協會科學技術獎」一等獎). On the sales front, by conforming to market demands, the Group made great efforts to adapt to the more complex and changing market environment, thereby retaining its shares in the domestic and international markets. Weiqiao Textile has also continuously gained global recognition and the resources of head customers. During the Year, the Company successfully passed the formal review of an internationally renowned fashion chain, and became the A-level supplier of its brands.

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 social and 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 has 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 also 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 by meeting 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.

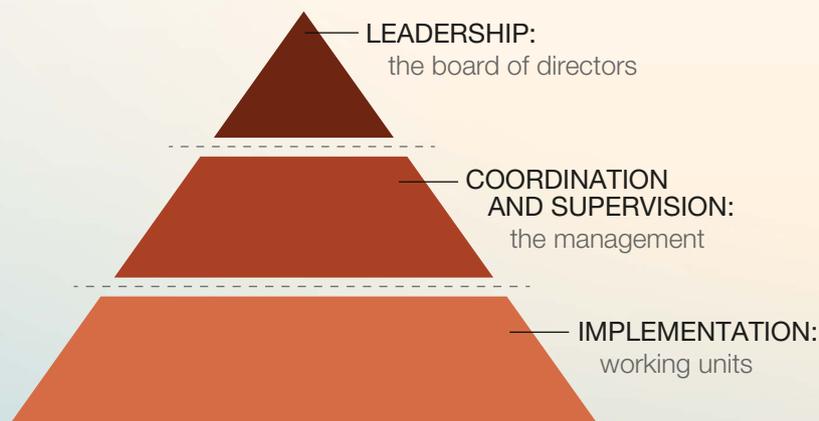
ABOUT WEIQIAO TEXTILE

Board Statement

A top-bottom ESG framework was established by the Group for effective implementation of the sustainable development philosophy, under which, all levels of the Group, from the Board at the top end to all working units at the base, are assigned with clearly defined responsibilities, so as to ensure the effective execution of the policies and measures in respect of the environmental and social responsibilities to be performed by the Group. The Board of the Group, as a leading role, shall perform direct supervision over the execution of the Group's ESG related issues, and monitor and direct communications among different departments, for the purpose of more convenient cooperation and negotiation with respect to the ESG related issues. In the meantime, the Board is also responsible for supervision on the drafting and finalising of the annual ESG report, and review of the content and quality of the ESG report, making sure that the ESG report is up to the requirements of the Board.

Regarding the management of the ESG related risks, the Board actively monitors and seeks more effective ESG strategies and solutions that meet the overall sustainability principle of the Group, with an aim of ensuring that, there is a tight alignment between the Company's business operation and the latest developments of the ESG related issues worldwide, thereby preventing and minimising the adverse impacts of the Group's business. In addition, an independent third-party consulting firm was engaged during the Year by the Board to assist in managing the Group's ESG issues, conduct collection and analysis of data and information, and provide recommendations based on its ESG performance. The consulting firm also helped the Board to collect and analyse the opinions of the Group's stakeholders towards the ESG issues, which a materiality assessment was conducted to allow stakeholders to score and prioritise each ESG issues according to their degrees of concern, so as to identify those ESG issues material to the Group and formulate a long-term development strategy.

The management will then coordinate and supervise the implementation of the sustainable development principle and strategy, and contribute to the stipulation of relevant policies and measures. Respective working units shall be responsible for the implementation of relevant policies and measures during respective stages of business operation. Furthermore, the Board will also stringently monitor the number of ESG related training sessions attended by employees and the quality of those trainings, and from time to time review the principle and policies of sustainable development for necessary adjustments, so that the performance, as well as the effectiveness, feasibility and applicability, of the ESG policies promoted by the Group could be guaranteed.



Stakeholder engagement

The ESG 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 this ESG report contains is both a summary of relevant environmental and social work performed by the Group in the Year 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 the 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.

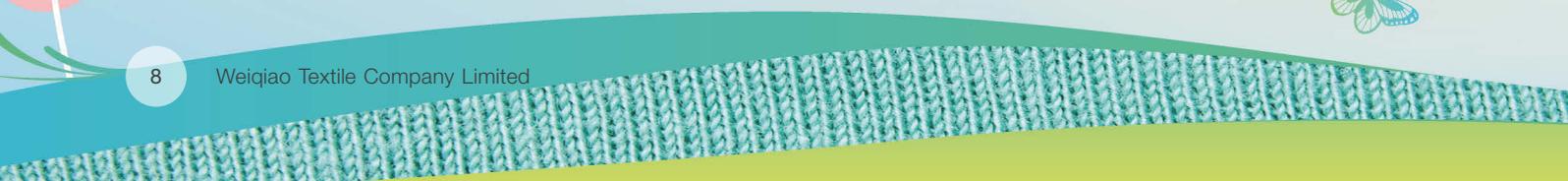
Stakeholders	Expectations and requirements	Communication and response mode
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance with national policies, laws and regulations • Promotion of local economic development • Contribution in local employment • Tax payment on time 	<ul style="list-style-type: none"> • Regular submission of information • Regular communication with regulatory authorities • Dedicated reports • Inspection and supervision
Shareholders	<ul style="list-style-type: none"> • Investment returns • Operation in compliance • Growth in company value • Information transparency and effective communication 	<ul style="list-style-type: none"> • General meetings • Announcement by the Group • Email, telephone communication and company website • Dedicated reports • On-site inspections
Business partners	<ul style="list-style-type: none"> • Operation with integrity • Fair competition • Fulfilment of agreements by law • Mutual benefits and win-win cooperation 	<ul style="list-style-type: none"> • Review and assessment meetings • Business communications • Exchanges and discussion • Engagement and cooperation
Customers	<ul style="list-style-type: none"> • Quality products and services • Health and safety • Fulfilment of agreements by law • Operation with integrity 	<ul style="list-style-type: none"> • Customer service centre and hotlines • Customer feedback surveys • Communication meetings with the customers • Social media platforms • Return visit
Environment	<ul style="list-style-type: none"> • Fulfilment of emission standards • Energy conservation and emission reduction • Ecological protection • Efficient use of water resources 	<ul style="list-style-type: none"> • Communication with local environmental protection department • Communication with local residents • Reports submission • Research surveys
Industry	<ul style="list-style-type: none"> • Development of industry standards • Promotion of industry development 	<ul style="list-style-type: none"> • Communication with local labour department • Participation in industry forums • Visits and inspections with industry peers
Employees	<ul style="list-style-type: none"> • Protection of rights and interests • Occupational health and safety • Remuneration and benefits • Career development • Care for employees 	<ul style="list-style-type: none"> • Employee meetings • In-house journals and intranet • Employee mailboxes • Trainings and workshops • Employee activities • Employee representatives meetings • Round-table democratic meetings



ABOUT WEIQIAO TEXTILE



Stakeholders	Expectations and requirements	Communication and response mode
Community and the public	<ul style="list-style-type: none">• Improvement of community environment• Engagement in community welfare• Openness and transparency of information	<ul style="list-style-type: none">• Company website• Company announcement• Interview with media• Social media platforms• Communication meetings with the community• Mutual visits

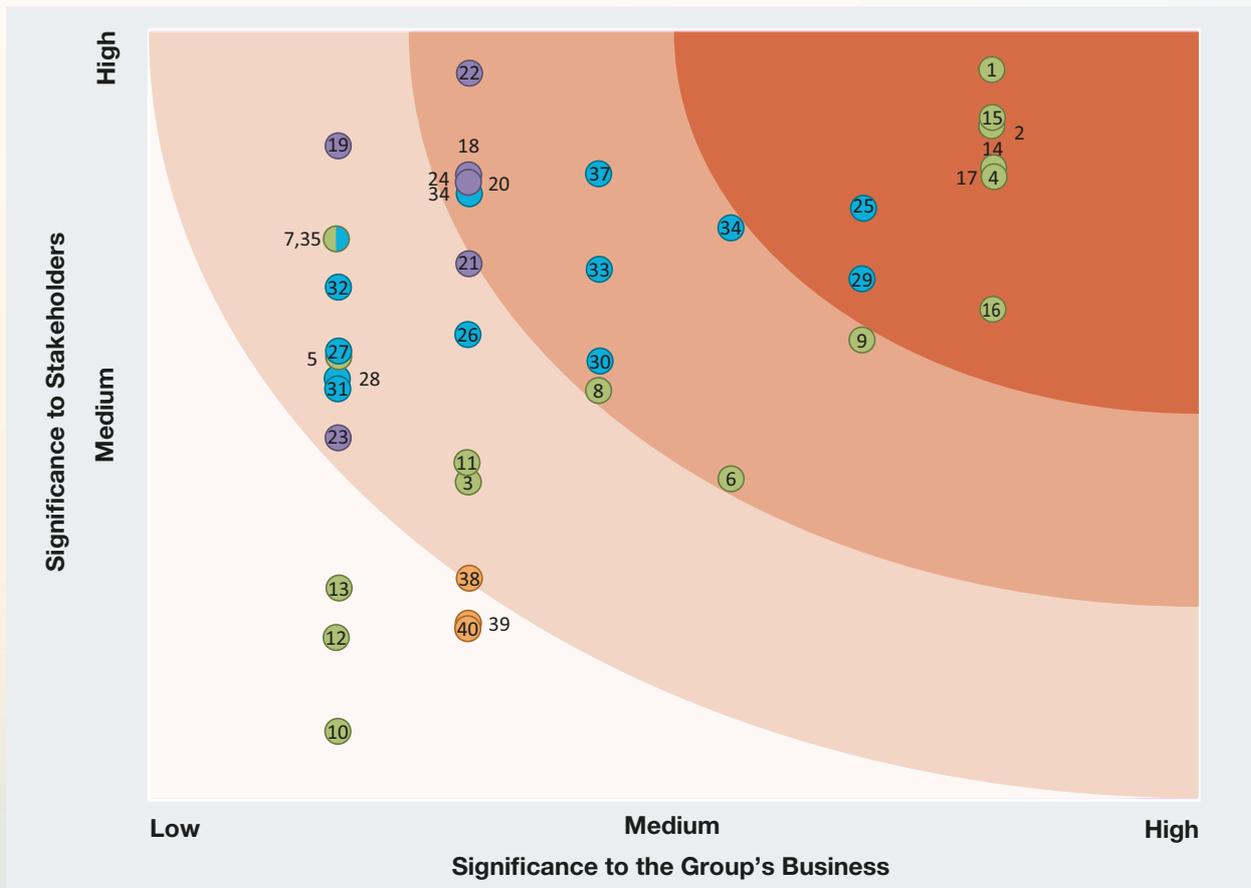


Materiality assessment

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

- (i) Based on the relevant national and local standards and policies, industry characteristics and the development of the Group, we have identified 40 potential material issues in respect of ESG that may have an impact on the Group's business or the stakeholders;
- (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 606 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.



ABOUT WEIQIAO TEXTILE

Environment and resources	Employment and labour practices	Operation practices	Community investment
1 Compliance with laws and regulations relating to environmental protection	18 Compliance with labour laws and regulations	25 Compliance with laws and regulations relating to operation	38 Public welfare and charity
2 Air emission management	19 Remuneration and benefits	26 Environment risk management of supplier	39 Promotion of community development
3 Vehicle emission management	20 Working hours and holidays	27 Social risk management of supplier	40 Poverty alleviation
4 Wastewater management	21 Employee diversity and equal opportunities	28 Procurement practices	
5 Noise management	22 Occupational health and safety	29 Quality management	
6 Greenhouse gas (GHG) emission	23 Training and education	30 Customer health and safety	
7 Waste management	24 Child labour and forced labour	31 Responsible sales and marketing	
8 Energy consumption		32 Customer service management	
9 Use of water resources		33 Protection of intellectual property rights	
10 Green office		34 Research and development	
11 Green energy project		35 Information security	
12 Green building		36 Customer privacy	
13 Use of raw materials and packaging materials		37 Anti-corruption	
14 Management of soil pollution			
15 Ecological protection			
16 Response to climate change			
17 Prevention of and response to environmental incidents			

By analysing the results of questionnaire survey, the Group has identified 8 material issues which are disclosed in detail in the ESG report.

Material issues	Corresponding sections
1 Compliance with laws and regulations relating to environmental protection	Emission Management Energy Conservation and Emission Reduction
2 Air emission management	Emission Management Exhaust Gas Treatment
4 Wastewater management	Emission Management Wastewater Treatment
14 Management of soil pollution	Ecological Protection
15 Ecological protection	Ecological Protection
16 Response to climate change	Response to Climate Change
17 Prevention of and response to environmental incidents	Emission Management Wastewater Treatment Exhaust Gas Management Solid Waste Treatment Noise Control Response to Climate Change
25 Compliance with laws and regulations relating to operation	Supply Chain Management Quality Assurance Product Promotion Customer Service Privacy Protection Anti-corruption Practice

FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

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 have made strenuous 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 continued to strictly comply 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. We strictly control the relevant discharge parameters of wastewater, and effectively apply chemicals in accordance with the standardised process operation to achieve the maximum effect, so as to ensure that the discharge meets the required standards. 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. The Group takes necessary measures to ensure smooth operation of the online monitoring systems and wastewater treatment facilities and prompt maintenance services upon occurrence of machinery failure, so as to prevent wastewater from polluting the surrounding ecological environment.

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)

Wastewater treatment plants	Sources of wastewater	Discharge channels	Discharge standards
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)
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 Zouping 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)

FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

During the Year, in order to improve the capability of the employees of the wastewater treatment plants in handling all kinds of emergency incidents, the Group carried out annual emergency drill in accordance with the Emergency Response Plan of the Wastewater Treatment Plants. The No.4 Wastewater Treatment Plant carried out confined space operation emergency drill during the Year, with an aim to enhance the prevention and control of intoxication and suffocation. Through the drill, relevant staff can familiarise themselves with the liaison, handling process and first-aid treatment upon the occurrence of such incident to minimise the impacts of the incident on the environment and staff.



Confined space emergency drill

Exhaust gas treatment

The exhaust gas emitted by the Group mainly comes from the coal-fired power generation process of power plants, while the major pollutants produced include dust, sulphur dioxide and nitrogen oxides. Online monitoring systems installed at the emission outlets can upload real-time monitoring data to the environmental protection monitoring platform. The Group have implemented a fully enclosed transformation for its coal yards, greatly reducing the dust produced and realising the “invisible coal in combustion” (燃煤不見煤). In response to the relevant policy and requirement of the Country, 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 minimal emission by installing the dedust, desulphurisation and denitrification facilities on all power generator units of the Group.

Disposal of solid waste

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 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 and retired printers. We 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. The detailed 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;
- some of the recyclable office wastes such as printers and waste computers 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 realizing integrated utilisation of solid waste.

The Group has also formulated the Plan for Reduction of Hazardous Wastes, and made proactive efforts to reduce the generation of and impacts by the hazardous wastes by focusing on reduction of such wastes at the source. The Group developed concrete measures to reduce major hazardous wastes such as catalyst agents, lubricating oil and batteries, and carried out regular inspection, repair and maintenance and enhanced equipment management to reduce damages and extend the respective serving life of various materials and equipment, so as to avoid wastage.

FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

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 personal protection supplies to staff and require them to wear such equipment at work to mitigate the impact caused by noise; and
- establish an anti-noise room for each working unit with noise level exceeding 80 decibels.

During the Year, Weiqiao Textile engaged a third party agency to conduct noise detection within the industrial parks for the purpose of assessing the impacts of the noises from the operation of the wastewater treatment plants on the surrounding areas, so as to determine whether the noise level of such plants complied with the relevant criteria and make necessary improvements accordingly, in an effort to mitigate the impacts of such noises on the environment and the employees' health.

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. During the Year, all employees of the power plants were arranged to participate in trainings on cleaner production, so as to strengthen their knowledge on environmental protection facilities and pollutant discharge criteria, and give the employees effective instructions on the management of discharge criteria of exhaust gas, wastewater and solid wastes.

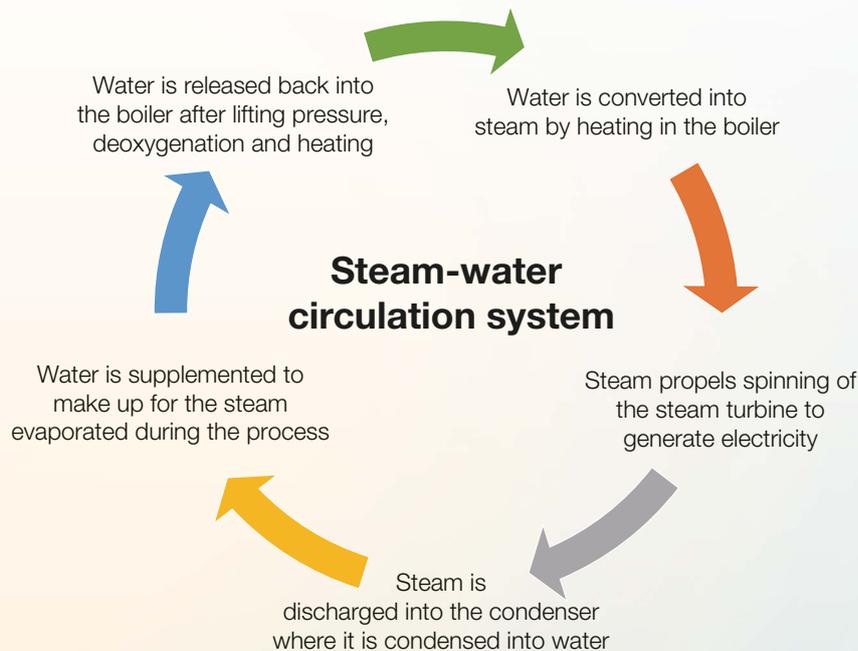


Training on energy conservation and emission reduction

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 utilization 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 recognises the importance of water resources and always takes measures to ensure efficient use of water to conserve water resources. 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;
- 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; and
- automatic size mixing control system is established to achieve accurate size mixing, so as to maintain persistent quality of yarn sizing and also reduce water consumption. During the yarn sizing process, water consumption is mainly generated by the size mixing process. Before the technological improvement, size mixing and water injection were carried out by manual, resulting in low accuracy and a certain waste of water. In addition, it was impossible to accurately measure the temperature, timing and concentration due to manual operation, reducing the quality of yarn sizing. Through the introduction of automatic equipment, the whole process from water feeding, soaking, preheating to size boiling is under accurate control to reduce water consumption.

Several water-saving projects initiated by Weiqiao Textile have gained the recognition of China Cotton Textile Association and the Ministry of Industry and Information Technology of the PRC (the "MIIT"). For example, our projects on recycling of condensate water from sizing-dyeing machines and recycling of water from sizing machines have been included into the Catalogue of Energy Conservation and Emission Reduction Technology and Innovative Application (《節能減排技術暨創新應用目錄》) issued by China Cotton Textile Association and the Catalogue of Industrial Water-saving Techniques, Technologies and Equipment Encouraged by the State (《國家鼓勵的工業節水工藝技術和裝備目錄》) released by the MIIT and the Ministry of Water Resources.



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, aluminum 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 caused by disposal of garbage.

Achievements in energy conservation and emission reduction

Weiqiao Textile has made remarkable achievements in energy conservation and emission reduction. During the Year, the Group kept up its pace and made strenuous efforts to reduce energy consumption and promote a more sustainable production process, while lowered work intensity and production cost.

Installation of variable-frequency drive to desulfurisation slurry pump

The Group installed variable-frequency drive to the circulating slurry pumps to adjust the rotational speed of the pumps, so that the pumps will not have to be switched on and off frequently, in turn reducing the abrasive wear on the pipes and the drag in the flues, as a result of which, the environmental parameters were kept under control, and the electricity consumption of the pumps and the induced draft fans was reduced, saving approximately RMB600,000 every year in anticipation.



FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

Transformation reform of oxidation fan

The Group installed manual isolation doors to main tubes between oxidation fans to backup absorption towers, enabling staff to manually adjust and control the volume oxidised air to each absorption tower to ensure effective oxidation of the towers, if there is an imbalance in the fluids. Through this transformation, the staff would also be able to adopt a method of concurrently operating two absorption towers while turning off an oxidation fan to reduce the electricity consumption of the fan, so that 2 oxidation fans in total are deactivated, significantly improving the energy efficiency.



Transformation of pressurized waste discharge of cooling tower

The Group connected the main pressurized sewers of cooling towers to the recycled water-to-parshall flume sewers, enabling the direct discharging of waste water of the cooling towers to the parshall flume. In this way, one of the recycled water pumps is solely used to pump recycled water for the plant, while the other one could be switched off, so as to ensure the cooling towers are operating in compliance with the safety standards, and to reserve energy.



Green Office

Weiqiao Textile proactively promotes the sustainable management concept in its business operation by imposing strict control over the use of resources in its production process and also fostering the green office culture. During the Year, the Group continued 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;
- adopt the automatic air-conditioning management system which is equipped with central control, remote temperature and humidity sensors, etc.;
- strengthen electricity-saving management of lighting system by adopting selective lighting design for large offices;
- use video conference system properly;
- 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 paper printing;
- give priority to more energy-efficient and reusable products when office equipment such as air-conditioners, computers, lights and cartridges needs replacement;
- reduce the use of disposable items such as paper cups;
- reduce the use of business vehicles and carry out regular maintenance of vehicles to reduce oil consumption; and
- in active response to the environmental protection policy implemented by the government, require the employees to commute on foot, by public transportation and private vehicles on alternate no-drive days, with an aim to promote travelling in an environmental-friendly means.

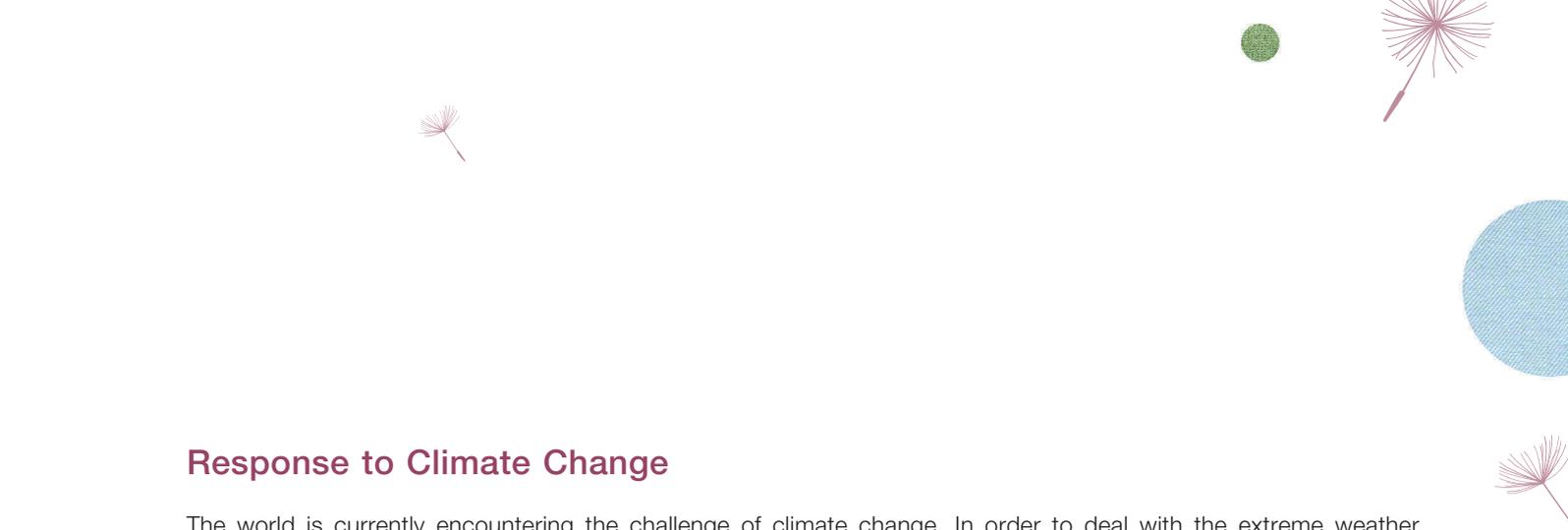
FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

Ecological Protection

The exhaust gas, wastewater and GHG emission generated from our production and operation impose potential risks on the ecological environment. In order to reduce potential risks and build a harmonious ecological environment, the Group strictly complied with the Law of Environmental Protection of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other relevant laws and regulations. The Group diligently carries out environmental monitoring and takes measures for land protection during the development, construction and operation of its projects. The Group conducts regular land monitoring to ensure no leakage in the underground transmission pipeline and storage tanks of industrial wastewater, and the underground pipelines, water tanks and other facilities within the plants are equipped with seepage-proof measures to prevent the contamination of soil and underground water. The Group will continue to improve relevant soil survey works, so as to protect the land and build a pleasant plant environment. In addition, the Group promotes voluntary environmental protection activities and encourages its staff to proactively participate in voluntary tree-planting and other public welfare environmental protection activities, contributing to environmental protection.



Tree-planting activity



Response to Climate Change

The world is currently encountering the challenge of climate change. In order to deal with the extreme weather conditions and natural disasters brought by climate change, the Group has established a series of related policies and measures for the wastewater treatment plants in accordance with the Emergency Response Law of the People's Republic of China, the Flood Control Law of the People's Republic of China, the Law of the People's Republic of China on Protecting Against and Mitigating Earthquake Disasters and other national laws and regulations. The Group has identified different transitional risks in this regard, such as stricter responsibility of reporting the emission of greenhouse gases, more rigorous requirements and regulations on existing services, and other policy risks. In response to rising concerns over global warming and climate change, the Group has to replace its current products and services with solutions that are featured with low emission of greenhouse gases, and implement low-carbon transformation by converting its production mode to adapt to technologies with lower emission of greenhouse gases, which will increase the operating costs of the Group. In addition, various physical risks could be brought by climate change, that is, the Group may in the future be confronted by more severe extreme weather events and a change in rainfall patterns, whose business would be threatened, and its business and financial performance may be affected (e.g. increase in maintenance expenses due to damages to facilities by more frequent natural calamities), resulting in direct and indirect impacts on the Group's operation.

Upholding the "Safety First" principle, the Group strictly implements the relevant management measures and requires the management personnel to set a good example for the employees, with an aim to safeguard the safety of the employees and reduce property loss. Regular management and monitoring over climate related risks will also be conducted by the Group by communicating with stakeholders to understand and identify the climate risks that may impact the business. In order to safeguard the safety of our employees, we carry out strengthening works for the hanging and high-altitude facilities such as large-scale outdoor label signs and scaffolds before typhoons to prevent injuries caused by objects falling from height. We also formulate relevant emergency response plans and special working arrangements to cope with different extreme weather conditions. As a part of our flood-proof efforts, the Group conducts seasonal inspections to identify relevant risks and carry out prompt repair and maintenance works upon identification of any hidden hazards. In addition, we equip the plants with backup pumps to ensure sufficient wastewater discharge capacity. Meanwhile, we monitor the wastewater data to ensure compliance with the required wastewater discharge standards even under emergency circumstance. The Group organizes emergency drills periodically to ensure that the management personnel have the capability to address emergencies, with an aim to control, mitigate and eliminate the damage and impact brought by the emergent incidents and extreme weather events.



ESTABLISHING HARMONIOUS LABOUR RELATIONS

Weiqiao Textile regards all employees as an important pillar for the Group and a cornerstone for its growth and development. Employees also drive and vitalise the Group. 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 and build a team of excellent and competent talents.

Employment Policy

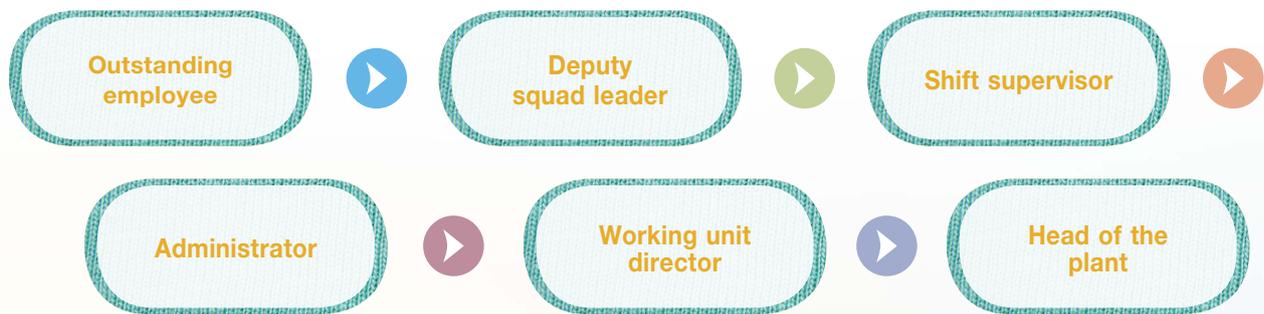
The Group attaches great importance to the protection of the legitimate rights and interests of all employees in strict compliance with the relevant national and local laws and regulations such as the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China 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 televisions 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. If any employment of child labour under the age of 16 is identified, the Group will immediately arrange for the withdrawal of the person concerned from his/her post, and the person will be escorted by a designated staff of the Group to a hospital for a physical checkup. After taking into account the physical conditions of the underage and his/her intentions, the Group would offer him/her to choose between returning to his/her hometown or going back to school for study, with corresponding assistance, such as paying his/her tuition fees and medical expenses. In addition, an investigation will be proactively conducted by the Group to identify reasons behind the misemployment of child labour, the results of which will be reviewed for the adoption of effective measures to avoid another alike incident.

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 reviews 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.



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 prior to official commencement of work, the two parties to the employment shall enter into a labour contract and honour the working principles of equality, willingness and consensus. 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. During the Year, no incident of child labour, prison labour and forced labour has come to the attention of the Group.

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 arrange 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 feedback and opinions of those who participated in the training, the Group 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 enables employees to study at ease and 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:

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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, apprenticeship, etc.; and</p> <p>On-the-job training: adopting training approaches including the “monthly assessment of single operation and quarterly assessment of all operations” (月測單項、季測全項), on-site demonstration and communications, 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, visual display management for list of key technical issues, post-rotation training, 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 by institutions and organisations such as China National Textile and Apparel Council.</p>
Safety training	<p>Training for all employees: adopting training approaches including safety knowledge lectures, panel discussions, seminars, exchange of advanced experience, on-the-job training and specialised knowledge training of the firefighting team, on-the-spot accident seminars, etc.</p>

In addition to the above trainings, the Group also employs various approaches such as monthly assessment of single operation, quarterly assessment of all operations, spring and autumn skill contests, apprenticeship activity, on-the-job training, skill competition and academic education, 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. During the Year, the Group organised a total of 26 in-house trainings and 4 external trainings to improve employees' skills. The Group selected technical expert employees every two months, and has selected 553 and 345 technical experts during the Year, respectively from the spinning department and the weaving department, who will subsequently participate as the examples in the observational learnings to be held as required and take turns to exchange their experience with other employees based on respective processes. There were a total of 17 skill demonstration tours held. As to skill competitions, the Group holds a variety of skill competitions on a regular basis to create a positive learning environment, with an aim to motivate the employees' enthusiasm and improve their skills. Specifically, the Group conducted in-house competitions for yarn spooling team and the yarn sizing machine team during the quality month of September, selecting 15 first prizes and 21 second prizes for rewards and praises, which successfully boosted enthusiasm of the employees.

In the meantime, active efforts have been invested by the Group to encourage its employees to compete in external games. During the Year, they participated in the rapier loom of denim contest and won both the 1st and 2nd prizes. The employees of the Group also secured all top 6 standings in the roving and drawing-in contest in Binzhou City. The reputation enjoyed by Weiqiao Textile is a legacy from their outstanding performance. During the Year, production units at all level of the Group communicated and exchanged with each other for over 200 times, leading to the shattering of limitations in respect of conditions and localities which facilitated circulation and application of technologies and effectively enhanced production efficiency.

Autumn skill contest

The Group held an equipment operation skill contest in autumn, which facilitated learning and communication among employees and inspired employees to make improvements. Not only did the autumn skill contest improve their technical operation skills, but also provide chances for employees with a higher skill standard to demonstrate the best practices, therefore realising the objective of craftsmanship heritage and enhancing the cultivation of talent teams. During the Year, the equipment operation skill contest in autumn was comprised of 16 technique processes and 25 projects, involving a total of 622 participants in the final, from whom 228 participants were selected as the winners for 1st prize, 2nd prize and 3rd prize in aggregate. During the competitions, a number of technical experts demonstrated outstanding skills and several new records have been made by 43 employees, 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.



The autumn equipment operation skill contest held in 2020

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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 organised its employees to participate in "The Sixth Competition for Critical Tasks under the 7+3 Major Reforms and the Textile Industry Occupational Skill Contest for Female Workers in Binzhou City (濱州市7+3重點改革攻堅任務大比武大競賽(第六場)暨女職工紡織技能大賽)", during which, our contestants exercised their composure, upheld the corporate spirit of tenacious pursuit of progress and demonstrated their excellent skills. After successive rounds of theory competition and practical competition, two of Weiqiao Textile's contestants were accredited as the 1st prize and 2nd prize, and 10 other contestants were granted the 3rd prizes. In addition, the Group's contestants also won 6 group awards for excellence in the roving and drawing-in contests. Furthermore, General Labour Union of Binzhou City (濱州市總工會) granted Weiqiao Textile the "Special Award for Contributions (特殊貢獻獎)", as a commendation for Weiqiao Textile's contributions to the industry.

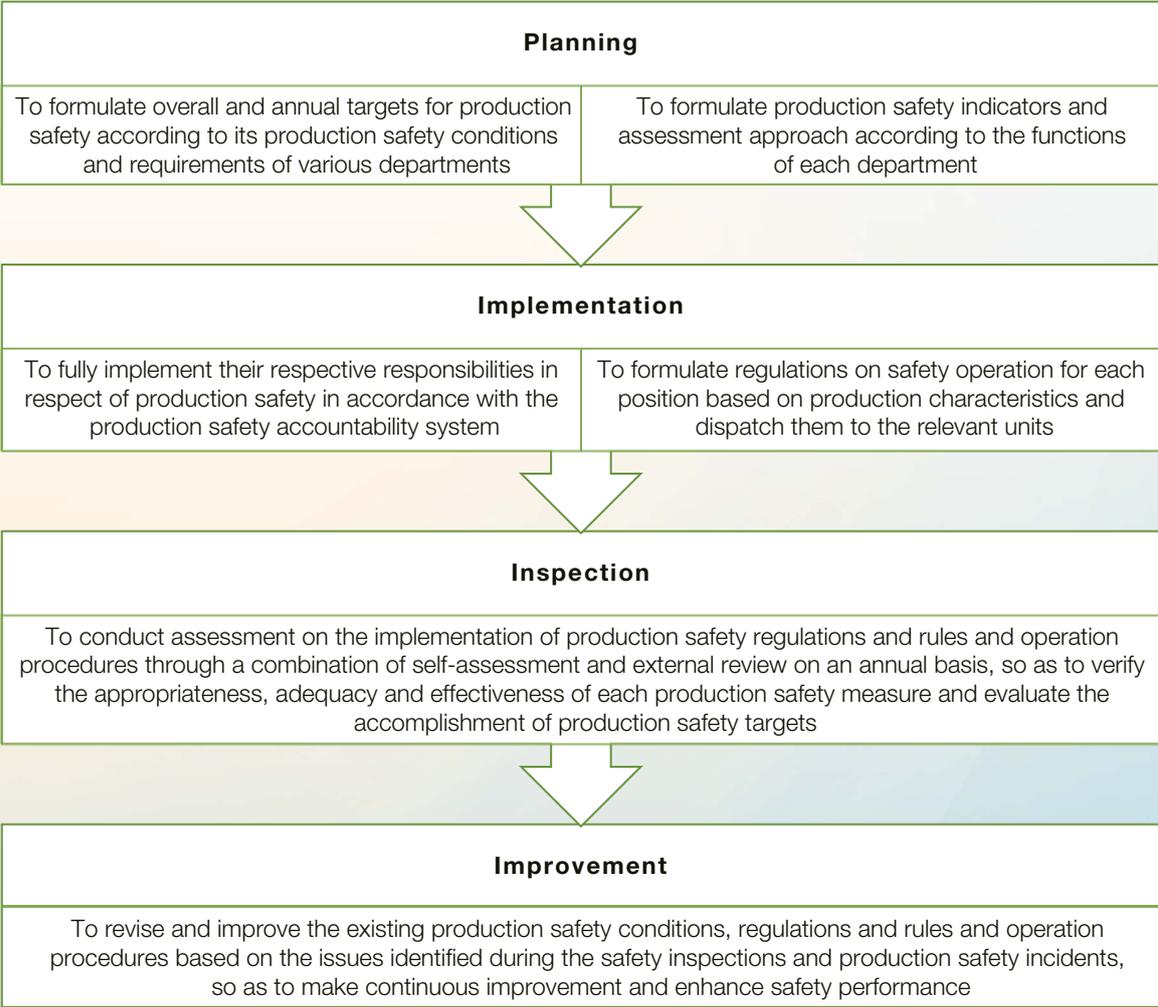


Binzhou Textile Industry Occupational Skill Contest for Female Workers held in 2020

Occupational Health and Safety

Production safety system

Weiqiao Textile always considers employee safety and health as the foundation and security 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, 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 management of each branch has entered into the Letter of Responsibility of Production Safety, and perfected the accountability system of production safety, for the purpose of ensuring every employee’s observance of their production safety responsibility. 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. During the Year, the Group has been certified by China Quality Certification Centre and complied with ISO45001:2018 Occupational Health and Safety Management System. Our efforts include:

- 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;
- provision of physical and skill training appraisals for employees to ensure that all employees meet the requirements for occupational health;
- creation of a 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 drills

In order to fully enhance the comprehensive strengths of the firefighting team, consolidate and fortify the training of all team members to improve work effectiveness, and strengthen the firefighting team's actual capabilities and emergency response capabilities in fire extinguishing, rescuing and emergency tackling, the safety supervision department of Weiqiao Textile organised a two-month and general post-covered training and relevant appraisals in the Year. The appraisals which centered on stamina and skills, were comprised of 7 security-related subjects and 6 firefighting-related subjects. During the appraisals, members of all teams took their tests with equanimity despite intense competitions and exercised their full strengths honed in ordinary trainings. Not only did these appraisals enable the Group to fully examine how effective the trainings of all posts were, but also expose the deficiency in those trainings, which were to be capitalised by all units to review and reflect on the effectiveness and feasibility of the trainings. Based on the results of these appraisals, the Group will invest more efforts to identify deficiency and provide well-targeted guidance for each unit to conduct their business-related trainings, so as to lay a solid foundation for fire extinguishing, rescuing and emergency tackling.



Fire drills by Weiqiao Textile's firefighting team

Furthermore, the Group also offers special attention and care to 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, emergency response measures, etc.

ESTABLISHING HARMONIOUS LABOUR RELATIONS

While efforts have been made to improve system establishment and management, the Group also continues to strengthen equipment support. 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 evaluates 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%. Yet, during the Year, a total of 81 employees of the Group suffered work-related injuries, resulting in a loss of 360 workdays in aggregate. In the future, the Group will step up efforts in safety education and training and put into place a timely monitoring over offenders. Over the past three years, the Group recorded nil for work-related fatality and the fatality rate.

Safety education and training

To maintain smooth production and operation, the Group continues to align itself with 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, emergency management, 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. In addition, during the safety trainings conducted by the Group for personnel working at height in the Year, requirements of safety equipment and technologies were expounded, with an aim of safeguarding the workers' safety and promoting production safety. At the same time, the safety supervision department arranged a safety education and training in respect of anti-explosion of dust for all industrial parks and branch companies, and organised them to study relevant regulations, cases and preventive measures.



Training for cadres and management personnel of Weiqiao Textile

Responding to the Pandemic

To combat the Pandemic, Weiqiao Textile thoroughly implemented the requirements of the local governments and the deployment of the Pandemic prevention and control teams of the Group, and actively organised all prevention and control teams and security guards to strictly perform related tasks such as health QR code scanning, body temperature checking and sanitization, and record and examine external vehicles, so as to protect the health and safety of employees. The security guards also made greater efforts to tightly scrutinise a number of areas and strictly enforced crowd control. If any suspected cases of close contact are identified, Weiqiao Textile will immediately arrange the person concerned to receive quarantine and observation, and rigorously execute all preventive measures. Meanwhile, Weiqiao Textile screened and tracked personnel of prevention and control with higher risks according to the data and feedback from different channels, with an aim to nip the risks in the bud. Although the Pandemic eased in Mainland China subsequently, the Group did not relax its pandemic prevention and control efforts for the year, given various uncertainties were still lurking in a few regions. Owing to the concerted efforts and stringent implementation of preventive measures, the prevention and control work has shown great effects.

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 desires 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;

ESTABLISHING HARMONIOUS LABOUR RELATIONS

- 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. During the Year, the Group hosted a new year celebration party for 2021 in December 2020, where art lovers of the Group participated in musical and dancing shows, as a way to eulogise all employees’ hard work in the pandemic prevention and control, production and operation, and green and technological development, as well as the outstanding results they achieved.



New year celebration party



Employees’ exercises



Painting and calligraphy exhibition of employees’ children

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 of the corporation, 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 requirements such as market reputation, contract performance, supply capability, delivery time and product quality. The Group follows the principle of “comparing quality of the same products, comparing price of the same quality and comparing services of the 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 a reasonable 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, through which the Group carries out appraisal on suppliers on a quarterly basis, and can decide whether to reduce supply quantity or terminate cooperation based on the appraisal results until improvement in performance of such suppliers has been achieved. Besides, the Group attaches great importance to the performance of the suppliers in fulfilling their environmental and social responsibilities. As such, the management also conducts site visits of the suppliers on a regular basis. In addition to quality inspection on products, the management also assesses the performance of the suppliers with respect to environmental protection and social responsibility, and only suppliers who meet the criteria can be included into the list of qualified suppliers. In addition, the Group requires the suppliers to sign the Environmental Protection Commitment to ensure that the raw materials supplied meet the requirements of all applicable laws and regulations on environmental protection. The Group imposes rigorous requirements on its suppliers, which reflects 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”¹, 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.

¹ 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.

IMPROVEMENT OF PRODUCTION AND OPERATION

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:

- verifying 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;
- implementing 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;
- implementing the Methods for Reward and Punishment of Coal Inspectors' Performance in the Inspection and Acceptance, which specifies the rewards for identifying qualified coal and penalty 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, quality and environmental protection certifications, 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 upholds the concept of green procurement, and pays special attention to the performance of products in energy conservation and environmental protection. For example, in the procurement of LED tubes, preference is given to non-toxic, non-hazardous and recyclable products. In addition, the Group is committed to establishing a green supply chain, which requires us to take into account environmental factors in various processes including production, logistics and sales, and will give preference to local suppliers or suppliers with short distances to reduce carbon footprint.

The Group continues to implement the Material Supply Management System and other internal requirements, pursuant to which the Group sticks to the principles 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 stock-out 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 or replaced by the suppliers, and claims for such products shall be made.

During the Year, the Group participated in 178 major bidding events. Besides, the Group carried out regular consultation with suppliers, and investigated a total of 22 reported cases relating to the supply chain. The Group supervised and monitored various economic activities including material procurement, project bidding and disposal of waste materials, with an aim to ensure the fairness and impartiality of the bidding process. In addition, the Group encouraged suppliers to provide trainings for its employees, and organised relevant training on sustainable management for suppliers on a regular basis. Through interviews and sharing sessions, the Group promoted the concepts of sustainable procurement, environmental protection and energy conservation as well as sustainable management to its suppliers.

The number of the Group's suppliers by geographical area during the Year was as follows:

Suppliers geographical distribution ²	2020
Total	149
By geographical area	
Northern China	17
Eastern China	94
Central China	0
Northwest China	11
Others	27

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 ISO9001:2015 Quality Management System and ISO14001:2015 Environment Management System. According to the requirements of quality management system and other internal policies, the Group 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 improve the equipment management systems, including organising technical training, implementing minor technical reform and innovation, 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.

Introduction of advanced management mode

The Group strives to standardise the quality of products by introducing management mode of outstanding performance and coordination. According to the requirements of customer orders and with reference to the national standards, the Group gradually strengthens its internal control standards, with an aim to produce products that meet the requirements of the customers and the relevant laws and regulations as planned and in an effort to realise the goal of zero defect.

Application of effective management tools

Following the "80/20" rule and applying management approaches such as the "5W1H", the Group continues to improve the quality of its products. For quality issues arising from the production process, we embrace the self-inspection method of "Five Whys" to find out the cause. We strive to identify the key QC issue that gives rise to unqualified products by applying the "80/20" analytic rule, in which we put 20% of management efforts to deal with 80% of the quality issues arising from the production process.

² The Group started to disclosure the number of suppliers by geographical area during the Year.

IMPROVEMENT OF PRODUCTION AND OPERATION

During the Year, we were granted several awards in the category of product quality, including 10 first-class awards, 9 second-class awards and 4 third-class awards. The Group entered into an agreement with the Standardization Administration of China to participate in the formulation and revision of 4 national industry standards. In addition, the “Weiqiao” brand has been included into the list of “China’s 500 Most Valuable Brands” for 17 consecutive years, ranking the 61st in China with a brand value of RMB82.565 billion in the Year.

Equipment upgrade

In 2019, the Group proactively launched the green and intelligent textile project with a focus on “green” and “intelligent” design, in an effort to promote business transformation and upgrading and achieve high-quality development, as well as to raise the overall technological strength to the international level and provide more premium products to the domestic and international markets. The project will be carried out in two phases comprising the green and intelligent textile production line project (phase I) which has been put into operation in December 2019 and the proposed construction of the intelligent printing and sewing production line project (phase II), with a total investment of RMB1.32 billion for the two phases. After completion of the construction of the project, we will possess an intelligent high-end production line comprising spinning, weaving, printing and hanging production lines. The intelligent production control system is the core technological value of the project, and in particular the spinning workshop and weaving workshop are equipped with the world-leading production equipment and system structure with first-class fundamental network.

Spinning workshop

- Establish a more effective yarn logistics system, and develop a unique packaging system and conveyor system for the blowing process;
- Install real-time monitoring system on key equipment to achieve real-time monitoring, appearance quality monitoring and rating labelling; and
- Establish an intelligent yarn production control and information integration system that is controlled based on analysis on data flow with a database comprising technique, quality and machine failure, so as to realise real-time audit of process costs and raise the overall technological strength to the international level.

Weaving workshop

- Adopt the imported worldleading weaving equipment including the latest high-speed air-jet looms and electronic jacquard machine with lower energy consumption, so as to improve productivity; and
- Adopt the automatic drawing-in machine from Switzerland to control the warp sheet of the thread layer in a more accurate manner, so as to replace manual operation with machines.

Automatic conveyer system of sliver lap machine and combing machine

The sliver lap machine and combing machine generate online monitoring data for convenient identification of cause for machine failure, enabling the Group to address the issue upon detecting such failure, so as to improve production efficiency. In addition, the distinctive automation feature of the system and the fully-automatic cotton roll conveyor system help to reduce labour intensity.



New electronic jacquard machine

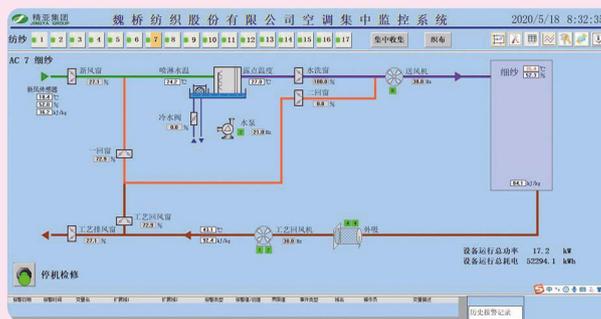
The new electronic jacquard machine adopts the concentric shaft system and low-friction design that are more accurate and reliable, so as to reduce energy consumption. In addition, it supports remote visual sample inspection, avoiding repeated revision of pattern design and saving the time for sampling and sample delivery, so as to save relevant human resources.



IMPROVEMENT OF PRODUCTION AND OPERATION

Intelligent air-conditioning control system

The Group has relocated the exhaust outlet of air-conditioners to the roof of the buildings to prevent any disruption caused by the blending of exhaust air and fresh air, so as to ensure stable temperature and humidity adjustment. In addition, we adopt the energy-saving exhaust fans, durable water eliminator materials, energy-saving sprinklers and intelligent frequency conversion system, so as to improve the stability of the production environment and machine operation.



In addition to the green and intelligent textile project, the Group makes active efforts to upgrade the existing equipment while introducing, installing and applying new equipment, such as:

- purchasing a number of new production machines such as air-jet looms, intelligent printing and sewing production lines, etc.;
- upgrading the gear mechanism of the carding machine by converting the gear transmission system of the original doffer gear mechanism to synchronous belts, which effectively addressed the failure rate problem of the existing equipment and improved the quality of semi-finished products;
- upgrading to the automatic cone replacement device which improved the replacement efficiency and reduced labour intensity;
- carrying out technological improvement on the intake valve of the sizing machine to replace the manual switch with pneumatic switch for easy operation and better sizing quality;
- purchasing a number of electric scooters as inspection vehicles for turners, which effectively improved inspection speed and efficiency and relieved employees' burden;
- upgrading more ordinary ring spinning to produce compact spinning, so as to cater to market demands and create new growth drivers for market exploration and future development; and
- replacing 52 long-used steam drums of air conditioning room to ensure the safety and reliability of the facilities.

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

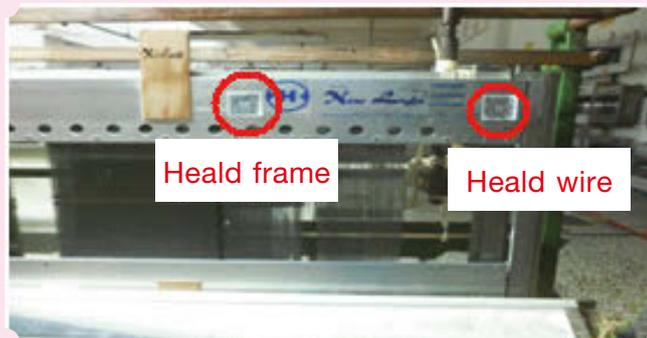
Weiqiao Textile attaches great importance to innovation and R&D of products. Our constant efforts in innovation and R&D is essential to the success of Weiqiao Textile, and also contribute to the Group's absolute leading position in the industry. During the Year, the Group has successfully carried out over 30 product R&D projects, optimising the product structure and accelerating the transformation and upgrading of the Company. In addition, the Group values and encourages employees to organise activities under the themes of "minor invention, minor creation, minor innovation, minor design and minor proposal" (小發明、小創造、小革新、小設計、小建議), contributing their suggestions and advice for saving costs, reducing consumption and increasing economic benefits.

During the Year, the Group continued to implement and revise the Assessment Policies and Incentive Measures for Minor Reforms and Innovations, and set up a group for technology innovation and breakthroughs, with an aim to further promote technology innovation. The Group promotes staff participation and involvement by motivating employees with effective plans. 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 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. It also enhances the automation and intelligence level of our equipment and relieves 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 776 minor technical reforms and innovations were selected by the Group throughout the Year. Among them, 124 innovations were rewarded for their good promotion effect, including a total of 2 first prizes, 13 second prizes, 40 third prizes and 69 encouragement prizes for a number of technological improvement achievements in areas such as intelligent management of textile accessories, packing belt automatic cutting machine, transformation of semi-automatic leather roller regrinding machine and automatic control system for constant temperature and humidity, which helped to facilitate the equipment upgrading, automatic control enhancement and quality improvement of the textile industry. During the Year, 13 papers were published by the Group.

Case of Minor Reforms and Innovations: Intelligent Management of Textile Accessories

As a wide variety of accessories are involved in the daily production of the Group, it takes a lot of time to sort out these accessories, making it difficult to keep track of their respective service life and maintenance condition. As such, the Group has applied the QR code technology by incorporating the information of each accessory such as the brand, service time, quantity used, maintenance record and other information and assigning a unique QR code for each accessory which is posted on the surface of each accessory, allowing employees to get access to such information at any time during daily management by scanning such QR code with their mobile phones, so as to solve the difficulty in tracing recycled accessories.



Intelligent management of textile accessories

IMPROVEMENT OF PRODUCTION AND OPERATION

Case of Minor Reforms and Innovations: Technology Improvement of Semi-automatic Leather Roller Regrinding Machine

The leather roller regrinding process of the Group was in heavy manual operation, which required employees to observe the regrinding time and terminate the regrinding process for each roller by bracing the pedal within the regulated interval. However, such manual operation might lead to time difference in the process, which may affect the roundness of each roller and consequently the quality of semi-finished products. In order to address this issue, the Group carried out technology improvement to the leather roller grinding machine by setting standardised regrinding time and using the movements of solenoid valve to automatically lift up the nip roller device, so as to achieve unified regrinding time and improve the overall quality of the leather rollers.



Before (left picture) and after (right picture) the technology improvement of semi-automatic leather roller regrinding machine

Major achievements

The Group continues to create additional product categories that cater to market and customer demands, upholds its innovation-driven strategy and its plan of developing mid to high-end products, and strives to push forward the transition from “made by Weiqiao” (魏橋製造) to “created by Weiqiao” (魏橋創造) by integrating internal research and development with external cooperation. During the Year, the Group has established Weiqiao Pioneering Academician Research Institute (魏橋創業院士研究院), through which it has cooperated with Shanghai Donghua University to carry out project research and development. By entering into the cooperation agreement on micro-nano fiber inlaid spinning project, and conducting exchanges and discussions with relevant experts and scholars on the development and application of textile technology, we have been well positioned to keep abreast of new technologies and new market development trends. From now on, we will further accelerate the pace of technological innovation leveraging on Weiqiao Pioneering Academician Research Institute and make greater contributions to the revitalisation of the textile industry. The Group also will continue to enhance collaborative innovation with the National Textile Products Development Centre to conduct exchanges as well as research and development of new products in respect of the project of “Development Technologies Innovation Alliance of Textile Products (紡織產品開發技術創新聯盟)”, with an aim to promote product R&D and innovation as well as marketing.



Project cooperation between Weiqiao Textile and Shanghai Donghua University Textile Institute

Performance indicator related to product R&D	Year 2020	Unit
Proportion of first-grade products	99	%
Number of patents applied	57	Item
Number of authorised patents	14	Item
R&D investment	265,240	RMB one thousand
Percentage of R&D investment to revenue	3.06	%
Number of R&D personnel	756	Person
Number of industry standards made under participation	4	Item

During the Year, the Group 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, over 1,900 new cotton yarn products were developed, which were mainly differentiated fibre-blended yarn products and differentiated spun yarn products. The production rate of pure fibre and cellulose fibre reached over 90%. Over 1,700 new cotton fabric products were developed, with a customer reorder rate of 23%. In addition to the 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:

Awards and honours	Issuing units
Caoxuejun Reliable Quality Team (曹學軍質量信得過班組) was awarded the first-class achievement award in the Third Outstanding Reliable Team Activity of Binzhou City	Binzhou Association for Quality (濱州市質量協會)
Guo Shuxun Reliable Quality Team (郭樹勳質量信得過小組) was awarded the first-class achievement award in the Third Outstanding Reliable Team Activity of Binzhou City	
Ding Haibin Reliable Quality Team (丁海濱質量信得過班組) was awarded the first-class achievement award in the Third Outstanding Reliable Team Activity of Binzhou City	
Xu Minghong Reliable Quality Team (許明紅質量信得過班組) was awarded the second-class achievement award in the Third Outstanding Reliable Team Activity of Binzhou City	
Achievement on Reducing Neps through Equal-gauge Carding Process (《等隔距梳理工藝降低棉結疵點》) of the Quality Team of Ming Hong Textile Biotechnology Division was awarded the first-class award by the Third Outstanding Quality Management Team of Binzhou City	
Achievement on Reducing the Twisting Error Rate of Spandex through Automatic Winding Process (《降低自絡氨綸品種撚結失誤率》) of Hongjie Automatic Winding Equipment QC Task Team was awarded the first-class award by the Third Outstanding Quality Management Team of Binzhou City	
Achievement on Reducing the Sagging Rate of CMT-1800 Roving Tail Yarn (《降低CMT-1800粗紗紗尾下垂率》) of Intelligent Equipment QC Team of Zouwei Industrial Park III was awarded the first-class award by the Third Outstanding Quality Management Team of Binzhou City	
Achievement on Reducing the Unit Cost of Sizing Agent for Yarn Production by Weaving Factory (《降低織布廠漿紗生產碼布漿料費用》) of Zhang Haipeng QC Task Team (張海鵬質量攻關小組) was awarded the first-class award by the Third Outstanding Quality Management Team of Binzhou City	
Achievement on Reducing Defect Rate of Double Twisting (《降低倍撚出疵率》) of Wang Yuye Quality Team (王玉葉質量小組) was awarded the second-class award by the Third Outstanding Quality Management Team of Binzhou City	
Achievement on Reducing the End Breakage of Extra High-count and High-density Environmental Sizing (《降低特高支高密環保漿紗斷頭》) of Yang Shugang Quality Team (楊淑崗質量小組) was awarded the second-class award by the Third Outstanding Quality Management Team of Binzhou City	
Achievement on Improving the Efficiency of Automatic Winding Machine (《提高自絡設備機械效率》) of Wang Hu QC Task Team of Hongru (宏儒王虎質量攻關小組) was awarded the second-class award by the Third Outstanding Quality Management Team of Binzhou City	
Achievement on Improving the Black Fastness of Denim Vulcanization (《提高牛仔布硫化黑色牢度》) of Niu Xiangguo QC Task Team (牛相國質量攻關小組) was awarded the second-class award by the Third Outstanding Quality Management Team of Binzhou City	

Awards and honours	Issuing units
<p>Achievement on Reducing the Qualification Rate of Neps, Hairiness and End Breakage of Tencel Products (《降低天絲品種棉結、毛羽及斷頭合格率》) of Zhang Yanhong QC Task Team (張豔紅質量攻關小組) was awarded the second-class award by the Third Outstanding Quality Management Team of Binzhou City</p>	
<p>Achievement on Reducing the End Breakage of CD32K Products during Automatic Winding Process (《降低CD32K品種自絡斷頭》) of Hongjie QC Task Team on End Breakage of Automatic Winding (宏杰自絡斷頭品質攻關小組) was awarded the third-class award by the Third Outstanding Quality Management Team of Binzhou City</p>	
<p>Achievement on Roll-back Management of Single Spindle to Improve the Qualification Rate of Single Spindle (《單錠倒推管理提高單錠合格率》) of Jiang Haitao QC Task Team (姜海濤質量攻關小組) was awarded the third-class award by the Third Outstanding Quality Management Team of Binzhou City</p>	
<p>Technology Improvement of FA415 Fly Frames for Precise Doffing in Terms of Length and Layer (《FA415粗紗機精準定長定層落紗的改造》) was awarded the first-class award for quality improvement achievements in Binzhou City for 2020</p>	
<p>Wireless and Automatic Operation Transformation of G177 Reed Drawing Machines (《G177型穿筊機無線自動化改造》) was awarded the first-class award for quality improvement achievements in Binzhou City for 2020</p>	
<p>Application of Bar Code in Single Spindle Experiment (《條形碼在單錠試驗中的應用》) was awarded the first-class award for quality improvement achievements in Binzhou City for 2020</p>	
<p>Reduction of Temple Mark of Tencel (《降低天絲品種邊撐疵的攻關》) was awarded the second-class award for quality improvement achievements in Binzhou City for 2020</p>	
<p>Improvement Achievement of Multi-chamber View Window of Blowers (《清花多倉改進成果》) was awarded the second-class award for quality improvement achievements in Binzhou City for 2020</p>	
<p>Improvement Achievement of Reducing Fiber Residual on Leather Rollers of Drawing Frame (《並條皮輥帶花改進成果》) was awarded the second-class award for quality improvement achievements in Binzhou City for 2020</p>	
<p>Quality Improvement of Two-sided Twill Weave Fabric (《雙面斜質量攻關》) was awarded the third-class award for quality improvement achievements in Binzhou City for 2020</p>	
<p>Useful Gadgets for Continuous Improvement of Work Efficiency (《研發實用小工具·持續提高工作效率》) was awarded the third-class award for quality improvement achievements in Binzhou City for 2020</p>	

IMPROVEMENT OF PRODUCTION AND OPERATION

Awards and honours	Issuing units
New Segment Color Elastic Yarn Spinning Technique (《段彩段彈新型紡紗技術》) was awarded the second-class award	General Labor Union of Binzhou City (濱州市總工會)
Application of Bar Code in Single Spindle Experiment (《條形碼在單錠試驗中的運用》) was awarded the third-class award	
Special Contribution Award of the Textile Skills Competition for Female Workers in Binzhou City (濱州市女職工紡織技能大賽特殊貢獻獎)	
First Prize (Group) for Roving of the Textile Skills Competition for Female Workers in Binzhou City (濱州市女職工紡織技能大賽粗紗團體第一名)	
Second Prize (Group) for Roving of the Textile Skills Competition for Female Workers in Binzhou City	
Third Prize (Group) for Roving of the Textile Skills Competition for Female Workers in Binzhou City	
First Prize (Group) for Drawing-in of the Textile Skills Competition for Female Workers in Binzhou City (濱州市女職工紡織技能大賽穿經團體第一名)	
Third Prize (Group) for Drawing-in of the Textile Skills Competition for Female Workers in Binzhou City	
Second Prize (Group) of the Textile Skills Competition for Female Workers in Binzhou City (濱州市女職工紡織技能大賽團體第二名)	
Group Award for Excellence in 2020 Shandong Daiyin Cup Weaver Contest (2020年山東省「岱銀杯」布工大賽團體優勝獎)	Shandong Textile and Apparel Industry Association (山東省紡織服裝行業協會)
Science and Technology Award of Shandong Textile and Apparel Industry Association (山東省紡織服裝行業協會科學技術獎)	
Best Market Value Award (最佳市場價值獎)	Textile Apparel Weekly magazine (《紡織服裝週刊》雜誌社)
Weiqiao Textile was included in the 5th batch of Green Factory List	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部)
Key Technologies of One-time Weaved Household Textile Products (《一次織造成型家紡製品關鍵技術》) was included into the 1st New Technologies (Achievements) List of Shandong Textile and Apparel Industry (第一批山東省紡織服裝行業新技術(成果)名單)	Department of Industry and Information Technology of Shandong Province (山東省工業和信息化廳)

Awards and honours	Issuing units
Guo Suqin Team (郭素芹班組) was awarded the third-class award by the Reliable Quality Team of Shandong Province (「山東省質量信得過班組」三等獎)	Shandong Association for Quality (山東省質量協會)
Innovative Cotton Textile Enterprise in Terms of Energy Conservation and Emission Reduction in China Cotton Textile Industry for 2020 (2020年中國棉紡織行業節能減排創新性棉紡企業)	China Cotton Textile Association (中國棉紡織行業協會)
Three products (Digital Photographic Positioning Printing Sportswear, Untwisted Knitted Sterile Travel Set and Out-of-the-Box Antibacterial Bedding Set (數碼像景定位印花運動裝、無撚針織無菌旅行套裝和拆即用抗菌床品套裝) were accredited as 2020 Top Ten Innovative Textile Products (2020年度十大類紡織創新產品)	
First Prize of Science and Technology Progress Award for Key Technology and Industrialisation of Smart Spinning Plant Based on Data Stream (《基於數據流的智能紡紗工廠關鍵技術與產業化》)	Shandong Textile and Apparel Industry Association (山東省紡織服裝行業協會)
Innovation of Management Mode of Smart Spinning Enterprise Based on Digitisation and Informationisation (《基於數字化、信息化的智能紡紗企業管理模式創新》) was awarded the First Prize of the 9th National Textile Enterprise Management Innovation Achievement (第九屆全國紡織企業管理創新成果一等獎)	China National Textile And Apparel Council (中國紡織工業聯合會)

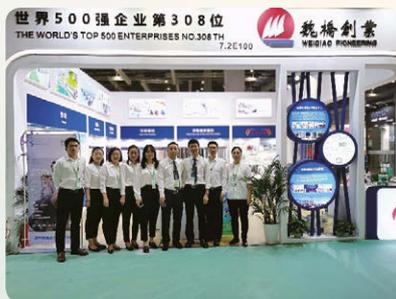


IMPROVEMENT OF PRODUCTION AND OPERATION



Product Promotion

The Group promotes its products mainly through attending domestic and overseas physical and online exhibitions, establishing sales network, website promotion, brand building, printing and distributing product brochures with the products widely sold in domestic and overseas markets. During the Year, the Group proactively cooperated with well-known brand customers, leading to steady business growth. In addition, the new products were highly welcomed in the market, which contributed to the steady advancement of products transformation and upgrading, with 1,158 new products being developed successfully. The Group continues to strictly comply 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 others, 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. Our sales staff provide detailed and truthful product information for customers prior to the sale, and get an understanding of customers' order requirement, so as to develop customised production plans. 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. Meanwhile, the production and technology department is responsible for monitoring the raw materials, production process and quality of each batch of products, while the post-sale service department conducts product tracking, quality analysis and feedback collection, and works with sales staff to provide customers with satisfactory solutions. A satisfaction survey is conducted every half year by the customer service employees on 70% of our customers, which mainly covers customers' degree of satisfaction on the handling of complaints. In addition, our business staff closely communicate with customers to understand their needs and keep informed of market information and the latest product development, so as to achieve integrity-based and win-win cooperation.

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. During the Year, the Group continued 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 did not receive any complaint or notice regarding violation of the above anti-corruption laws by the Group or its employees.



CONCERNS ABOUT SOCIAL WELLBEING

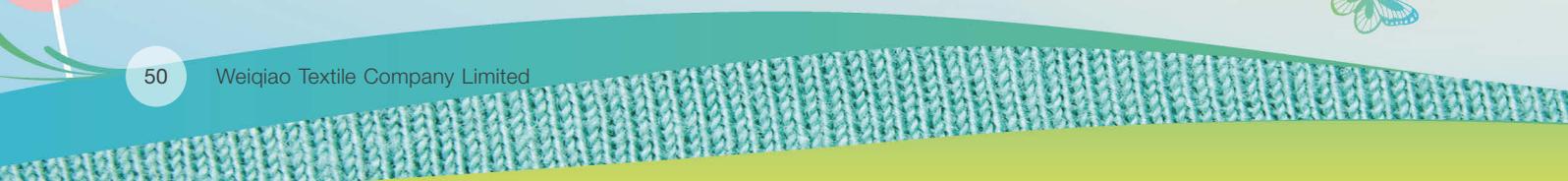
Over the past years, Weiqiao Textile has been taking the initiatives to fulfill its social responsibilities a corporate citizen, and believes that sharing the fruits of its developments with the society is fundamental to its sustainable development. Therefore, while pursuing business development, the Group also pays close attention to the social well-being and is committed to contributing back to the society and serving communities, thereby advocating the spirit of caring for communities. 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 support 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 offers fire-fighting and emergency rescue services to local enterprises, providing solid safety protection for the production of the local enterprises and the life of the masses.



Fire brigade of Weiqiao Textile



Fighting against the Pandemic and Donations

In the wake of the outbreak of the Pandemic, the Group has been paying attention to the developments of the pandemic prevention and control, actively fulfilling its social responsibilities and making multiple donations of money and materials, continuously contributing to the fight against the Pandemic. During the early spreading of the Pandemic over the country, the Group took the initiatives to donate in total RMB30 million to Charity Federations in Wuhan, Shandong and Binzhou, making it the first enterprise in the textile industry to make a donation. In addition, in order to assist in the local efforts in pandemic prevention and control, and help local governments overcome the problems of shortage in protective materials, the Group organised the emergent production of protective masks and protective clothing in January, and exerted its best efforts to support front-line anti-pandemic personnel. 235,700 masks, which were worth RMB605,900, were donated accumulatively. Furthermore, during the direst period of the Pandemic in the country, the Group made urgent procurement of medical materials, such as medical gloves, masks and goggles, from nonlocal sources, which were donated to Zouping Hospital of Traditional Chinese Medicine to accommodate the local medical demands. 100,000 masks were also donated by the Group to educational organisations to support the resumption of classes in elementary and middle schools. In addition to its support to domestic needs, Weiqiao Textile also actively responded to the call of the local governments of foreign countries, and donated pandemic prevention materials to local fire stations via its branch office in German, as well as donated 80,000 medical masks to Italy. Weiqiao Textile also airlifted medical supplies of over US\$2 million to Guinea, so as to ensure health and safety in communities worldwide amidst the Pandemic.



CONCERNS ABOUT SOCIAL WELLBEING

Supporting People with Difficulties

Weiqiao Textile continues to promote human-based management. In addition to offering competitive remuneration and benefits 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 provides support for employees suffering from severe disease or domestic distress. During the Year, the Group provided support for 117 employees and their families in difficulties. The Group also offers grants to children of employees in need. During the Year, the Group provided support for 72 children. Before the Lunar New Year during the Year, representatives from the labour union and the management of the Group visited 59 employees who fell into financial difficulties caused by their own or their family members' major sickness or accidents, and extended best wishes for the New Year, encouraging them to face the challenges from life with a positive and optimistic attitude and combat diseases bravely. In addition, the Group provided financial aids ranging from RMB1,000 to RMB3,000 per needy employee according to their actual family economic conditions, amounting to more than RMB122,000 in total.

The Group also constantly cares about the underprivileged people, and encourages employees to participate in voluntary activities, extending care and love as an individual and a corporate citizen by visiting communities, caring for underprivileged groups, etc. Since 2019, the Group has been constantly participating in “Sanyi Education Sponsorship Campaign (三一助學活動)” by forming several groups for poverty alleviation and education sponsorship to visit students with financial difficulties. The Group conducts two visits per year. At the end of August of the Year, the group for education sponsorship of the Group visited all streets of Zouping City and offered a financial aid of RMB1,000 to each of 72 students with financial difficulties with an aggregate amount of RMB72,000, encouraging them to concentrate on their study and helping them complete their study successfully.



Weiqiao Textile visiting employees in difficulties



Donation to students with financial difficulties from Sanyi Education Sponsorship of Zouping City

APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS

Key Performance Indicators	Year 2020	Year 2019
Emissions		
<i>Wastewater (Note i)</i>		
Total wastewater discharge (10,000 tons)	612	629
COD emission (ton)	245	274
Ammonia nitrogen emission (ton) (note ii)	12	29
<i>Exhaust Gas (Note iii)</i>		
Total exhaust gas emission (10,000 m ³)	6,287,155	6,823,351
Nitrogen oxides emission (ton)	1,559	1,985
Sulphur dioxide emission (ton)	1,026	867
Soot emission (ton)	67	105
GHG		
Total GHG emission (ton of CO ₂ e)	1,323,053	1,729,697
GHG emission intensity (ton of CO ₂ e/income of RMB10 million)	1,038	1,140
Scope 1 total direct GHG emission (ton of CO ₂ e) (Note iv)	1,292,101	1,682,801
Scope 2 total energy indirect GHG emission (ton of CO ₂ e) (Note v)	30,952	46,896

Notes:

- (i) The discharge of wastewater includes wastewater discharge from power plants and wastewater treatment plants. Total wastewater discharge and discharge of water pollutants were calculated based on the actual discharge of the Group. During the Year, the Group reviewed the data of total wastewater discharge and COD emission, and accordingly restated the relevant data for 2019.
- (ii) During the Year, the Group upgraded the equipment of the ammonia area in power plants to increase the utilization rate of liquid ammonia, thus reducing the ammonia nitrogen emission.
- (iii) Exhaust gas emissions include those from power plants and vehicles owned by the Group. Total exhaust gas emission and the pollutant emission were calculated based on the actual emission from power-generating equipment of the Group, and the calculation of emission from vehicles is based on the "Appendix 2: Reporting Guidance on Environmental Key Performance Indicators" published by the Hong Kong Stock Exchange.
- (iv) Scope 1 direct GHG emissions include the consumption of fuels in stationary sources, the consumption of fuels in vehicles, the consumption of refrigerants, and relevant removal of planted trees and electricity and steam sold. The data was calculated based on Chinese national standard of GB/T32151.12-2018 "Requirements of the Greenhouse Gas Emissions Accounting and Reporting – Part 12: Textile and Garment Enterprises (《溫室氣體排放核算與報告要求第12部分：紡織服裝企業》)", "2011 and 2012 China Regional Power Grid Average Carbon Dioxide Emission Factor (《2011年和2012年中國區域電網平均二氧化碳排放因子》)" published by the National Development and Reform Commission of the PRC and the "Appendix 2: Reporting Guidance on Environmental Key Performance Indicators" published by the Hong Kong Stock Exchange. During the Year, the Group had no sold steam.
- (v) Scope 2 energy indirect GHG emission includes purchased steam of the Group. The data was calculated based on the emission factor in Chinese national standard of GB/T32151.12-2018 "Requirements of the Greenhouse Gas Emissions Accounting and Reporting – Part 12: Textile and Garment Enterprises".

APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS

Key Performance Indicators	Year 2020	Year 2019
Solid Wastes		
<i>Non-hazardous Waste</i>		
Total non-hazardous waste generated (1,000 tons) (Note vi)	2,324	2,952
Non-hazardous waste intensity (1,000 tons/income of RMB10 million)	1.82	1.95
<i>Hazardous Waste</i>		
Total hazardous waste generated (ton) (Note vii)	597	1,649
Hazardous waste intensity (ton/income of RMB10 million)	0.47	1.09
Use of Resources		
<i>Energy</i>		
Total energy consumption (MWh) (Note viii)	23,843,533	30,895,370
Energy consumption intensity (MWh/income of RMB10 million)	18,710	20,369
Total electricity consumption (MWh) (Note ix)	2,222,932	2,477,274
Total steam consumption (10,000 tons) (Note x)	60	74
<i>Water</i>		
Total water consumption (10,000 m ³) (Note xi)	2,438	2,962
Water consumption intensity (10,000 m ³ /income of RMB10 million)	1.91	1.95
<i>Packaging materials (Note xii)</i>		
<i>Paper products</i>		
Total consumption (ton)	15,158	14,619
Intensity (ton/income of RMB10 million)	11.90	9.64

Notes:

- (vi) The data was calculated based on the actual weight of non-hazardous waste. During the Year, the non-hazardous wastes generated by the Group include fly ash, slag, desulfurised gypsum, plastic, metal, waste paper and general waste.
- (vii) The data was calculated based on the actual weight of hazardous waste. During the Year, the hazardous wastes generated by the Group include waste denitration catalyst, waste printers, waste cartridges, waste computers, waste monitors, waste network equipment, waste oil drums, waste batteries, waste lubricating oil and waste paint buckets. During the Year, the Group did not generate chemical waste, thus significantly reducing the total hazardous waste compared to last year.
- (viii) Total energy consumption includes the consumption of fuels in stationary sources, the consumption of fuels in vehicles, purchased steam as well as relevant removal of electricity and steam sold. The data was calculated based on "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Land Transport Enterprises (Trial)" (《陸上交通運輸企業一溫室氣體排放核算方法與報告指南(試行)》) published by the National Development and Reform Commission of the PRC and the actual use of purchased steam. During the Year, the Group had no sold steam. During the Year, the Group reviewed the data of total energy consumption, and accordingly restated the relevant data for 2019.
- (ix) The data was calculated based on the actual electricity consumption of the Group.
- (x) The data was calculated based on the actual steam consumption of the Group.
- (xi) The data was calculated based on the record of actual water consumption of the Group.
- (xii) The data was calculated based on the Group's record of actual use of packaging materials which are used for three categories of products including cotton yarn, grey fabric and denim.

Key Performance Indicators	Year 2020	Year 2019
Plastic products		
Total consumption (ton)	1,571	1,268
Intensity (ton/income of RMB10 million)	1.23	0.84
Metal products		
Total consumption (ton)	140	204
Intensity (ton/income of RMB10 million)	0.11	0.13
Fibre & textile products		
Total consumption (ton)	595	703
Intensity (ton/income of RMB10 million)	0.47	0.46
Wooden products		
Total consumption (ton)	53	46
Intensity (ton/income of RMB10 million)	0.04	0.03
Others		
Total consumption (ton) <i>(Note xiii)</i>	135	140
Intensity (ton/income of RMB10 million)	0.11	0.09
Employment		
Total number of employees	44,000	50,000
<i>By gender</i>		
Male	20,576	24,117
Female	23,424	25,883
<i>By age group</i>		
Aged below 30	9,532	16,745
Aged 30-50	33,526	31,944
Aged above 50	942	1,311
<i>By type of employment</i>		
Temporary	2,526	3,960
Permanent	41,474	46,040

Note:

(xiii) During the Year, the Group reviewed the data of other types of packaging materials, and accordingly restated the relevant data for 2019.

APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS

Key Performance Indicators	Year 2020	Year 2019
<i>By geographical region (Note xiv)</i>		
Mainland China	43,999	50,000
Hong Kong	1	0
Turnover number (rate)	6,000 (14%)	3,127 (6%)
<i>By gender</i>		
Male	2,883 (14%)	1,615 (7%)
Female	3,117 (13%)	1,512 (6%)
<i>By age group</i>		
Aged below 30	1,280 (13%)	1,411 (8%)
Aged 30-50	4,498 (13%)	1,495 (5%)
Aged above 50	222 (24%)	221 (17%)
<i>By geographical region (Note xv)</i>		
Mainland China	6,000 (14%)	3,127 (6%)
Hong Kong	0 (0%)	0 (0%)
Development and training		
Average training hours completed (Percentage of employees trained)	116 (100%)	118 (100%)
<i>By gender (Note xvi)</i>		
Male	116 (100%)	–
Female	116 (100%)	–
<i>By categories of employees</i>		
Senior management	36 (100%)	36 (100%)
Middle management	36 (100%)	36 (100%)
Junior management	48 (100%)	48 (100%)
Frontline employees	119 (100%)	123(100%)

Notes:

- (xiv) The Group starts to disclose the number of employees by geographical region in the Year.
- (xv) The Group starts to disclose the turnover number and rate of employees by geographical region in the Year.
- (xvi) The Group starts to disclose the average training hours completed and percentage of employees trained by gender in the Year.

APPENDIX II: CONTENT INDEX OF ESG REPORTING GUIDE

ESG Indicators	Summary	Sections	Pages
Environmental			
A1 Emissions			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emission Management	12-16
A2 Use of Resources			
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Conservation and Emission Reduction	16-20
A3 The Environment and Natural Resources			
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Energy Conservation and Emission Reduction Green Office Ecological Protection	16-20 21 22
Social			
Employment and labour practices			
B1 Employment			



APPENDIX II: CONTENT INDEX OF ESG REPORTING GUIDE



ESG Indicators	Summary	Sections	Pages
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	24-25 33-34
B2 Health and Safety			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety	29-33
B3 Development and Training			
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Cultivation	25-28
B4 Labour Standards			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Employment Policy	24-25
Operating practices			
B5 Supply Chain Management			
General disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	35-37



ESG Indicators	Summary	Sections	Pages
B6 Product Responsibility			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and remedial measures.	Quality Assurance Product Promotion Customer Services Privacy Protection	37-48 48 48 49
B7 Anti-corruption			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing bribery, extortion, fraud and money laundering.	Anti-corruption Practice	49
Community			
B8 Community Investment			
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Building a First-class Emergency Rescue Team Fighting against the Pandemic and Donations Supporting People with Difficulties	50 51 52