

The background features a vibrant, abstract design with large, overlapping leaves in shades of purple, blue, and green. A colorful bird, possibly a phoenix or a similar mythical creature, is depicted in flight, its wings spread wide. The bird's feathers are rendered in a textured, woven pattern. The overall aesthetic is modern and artistic, with a focus on natural elements and textile motifs.

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT
2022



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

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ABOUT ESG REPORT

Weiqiao Textile Company Limited (the “Company”) and its subsidiaries (collectively “Weiqiao Textile”, the “Group” or “We”) release the Environmental, Social and Governance (“ESG”) report for 2022, which provides detailed information on the various works of Weiqiao Textile in full implementation of the concept of sustainable development and fulfilment of corporate social responsibility in 2022. For details of corporate governance, please refer to the “Corporate Governance Report” set out in the annual report of the Group for the year 2022.

Reporting Scopes

ESG report focuses on the environmental and social performance of the core business of Weiqiao Textile in the People’s Republic of China (the “PRC”) from 1 January 2022 to 31 December 2022 (the “Year”). The aspects and key performance indicators as disclosed in the ESG report cover the Company and all of its subsidiaries (unless otherwise specified), and data regarding the environmental and social aspects are set out in Appendix I, while the key performance indicators regarding the environmental and social aspects have all complied with the principle of “comply or explain”.

Reporting Standard

The ESG report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The content of the report has complied with the reporting principles under the Environmental, Social and Governance Reporting Guide. The monetary unit in the ESG report is Renminbi (“RMB”), unless otherwise specified.

Reporting Principles

In preparing this ESG report, the Group attaches great importance to the principles of materiality, quantitative and consistency, and has applied these reporting principles as set out in the aforesaid Environmental, Social and Governance Reporting Guide as the following:

Materiality: 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 and advices, 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: The quantitative key environmental and social performance 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 data source used for these key performance indicators are stated wherever appropriate.

Consistency: To facilitate comparison of the ESG reports of various years, the Group has adopted consistent report format and 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 annual report. The Group values your opinions on the report. Should you have any advice or suggestions, please email us via wqfzesg@wqfz.com.

CHAIRMAN'S STATEMENT

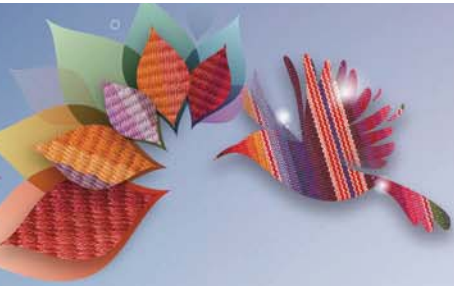
As one of the largest cotton textile enterprises in China, Weiqiao Textile is always committed to fully practicing the sustainability concept and fulfilling its corporate social responsibility. This ESG report covers our work and performance in sustainable development during the Year.

During the Year, facing the impacts of a number of adverse factors such as the international trade frictions, complex geopolitical landscape and strong fluctuations in the prices of bulk commodities, the Group proactively coped with market challenges, making strenuous efforts to ensure stable production and sales while maintaining its market share in the domestic and international markets.

While endeavouring to maintain stable operations, the Group continued to step up efforts in technological innovation, upgrades in intelligentisation and green development. During the Year, the Group continuously enhanced the level of intelligentisation and digitalisation of its equipment by carrying out intelligentisation transformation of its existing equipment, so as to improve productivity.

During the Year, the Group cooperated with a number of universities and scientific research institutes to promote collaboration with the innovation industries and development of platforms of innovation, and carried out key technology research of smart textiles and relevant product research and development ("R&D"). A milestone success has been achieved in "Key Technologies and Applications in the Smart Manufacturing of Bacteriostatic Textiles" (《抑菌紡織品智能製造關鍵技術及應用》), a collaborative engineering project with Donghua University in Shandong Province. The Group successfully developed high-performance knitted flame retardant fabric and a series of bacteriostatic fabric, etc., and successfully developed a patented technology to achieve domestic production of Lyocell pure-spinning high-count yarn. The Group has developed a fabric interwoven with Lyocell and polylactic acid, in an effort to develop green, low-carbon and environmentally-friendly products featured with regenerated cellulose fibre and bio-based materials.

During the Year, in terms of production safety, the Group continued to align itself with the principle of "comprehensive management with priority of safety and emphasis on precaution" (安全第一、預防為主、綜合治理), pushed forward the standardisation of production safety system and established the double precaution 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 enterprise safety performance.



CHAIRMAN'S STATEMENT

In terms of green development, the Group actively responded to the national policy of “Carbon Peak and Carbon Neutrality” (「碳達峰、碳中和」). The Group has passed the certification of Global Recycled Standard (GRS), and was included into the list of national green factories. Meanwhile, adhering to the green and innovative development philosophy, the Group stepped up efforts in product research, development and innovation, and achieved positive results in product portfolio adjustment. Weiqiao Innovation Center for Advanced Intelligent Technology and Product Technology of the Textile Industry (魏橋紡織行業先進智能技術及產品技術創新中心) under the Group is committed to strengthening its technology innovation capability by consolidating the R&D resources throughout the whole industrial chain, conducting R&D of module building technology and adopting the R&D mode of forming product R&D platform, and was included into the list of innovation platforms of the textile industry for the year 2022.

For our efforts to achieve the goal of carbon neutrality, the Group made significant contributions in the promotion of green textile and the leadership and facilitation of green and low-carbon development of the industry. The Group was accredited as the 2022 Pioneering Unit and Contributor of the Textile Apparel Industry in Innovation Action against Climate Change in China (2022年中國紡織服裝行業氣候創新行動先鋒單位和貢獻者), and has gained the circulated notice of commendation by China National Textile and Apparel Council (中國紡織工業聯合會).

In respect of social welfare, the Group attaches great importance to its corporate social responsibility. While pursuing business development, the Group is dedicated to facilitating the implementation of national major strategic initiatives such as rural vitalisation and common prosperity, taking part in various public welfare charity programmes and paying close attention to the society's well-being, in an effort to give back to the society. The Group encouraged its employees to proactively participate in public welfare activities outside of work and study, and strive to give back to the society through various means, establishing our corporate image of “Responsible Weiqiao” and “Charitable Weiqiao”.

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. Adhering to the people-oriented human resources management concept, the Group continued to fortify the integrated training mechanism and incentive mechanism covering training, appraisal and remuneration, creating a team of high-quality talents.

In the future, the Group will continue to practise its ESG philosophy and fulfil its social responsibilities such as energy conservation and environmental protection with the implementation of high standards and strict requirements. While aligning itself with the strategy of green development, the Group will speed up the pace to perform digital transformation, build smart factories, and implement transformation and improvement on existing assets, in an effort to facilitate green and low-carbon high-quality development.

Ms. Zhang Hongxia

Chairman

14 April 2023

ABOUT WEIQIAO TEXTILE

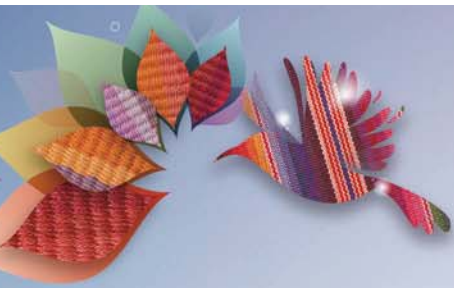
Corporate Overview

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 and sales of cotton yarn, grey fabric and denim, and the production and sales of electricity and steam, 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 output of approximately 389,000 tonnes of cotton yarn, 697 million metres of grey fabric and 53 million metres of denim, and developed over 3,615 new products. The revenue from the Group’s cotton yarn, grey fabric and denim businesses accounted for approximately 43.4%, 50.7% and 5.9% of the revenue from the textile business for the Year respectively, and revenue proportion of each of these three major categories of products showed insignificant changes as compared to that of the corresponding period of last year. The Group continued to implement a sales strategy of placing equal emphasis on domestic and overseas sales, with overseas sales and domestic sales accounting for approximately 29.5% and approximately 70.5% of the revenue of textile business, respectively. There is no significant change in the proportion of overseas and domestic sales from that for the corresponding period of last year.

The Group will actively respond to government policies and step up efforts to promote industrial upgrading and innovation, so as to achieve high-quality development. On the sales front, the Group will keep a close watch on developments in the domestic and international arena and the industry, adhere to its strategy of placing equal emphasis on domestic sales and overseas sales, and make timely adjustments to its operation and sales strategies. On the production front, the Group will continue to enhance its automatic, intelligent and green productions and make continuous efforts to push forward technological innovation, with an aim to strengthen the Group’s competitiveness. On the product front, being guided by market demands and giving full play to its advantages from the integration of industry, education, research and application, the Group will push forward the optimisation and upgrading of its product portfolio.

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 Governance 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 the 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, to make 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 principles 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.

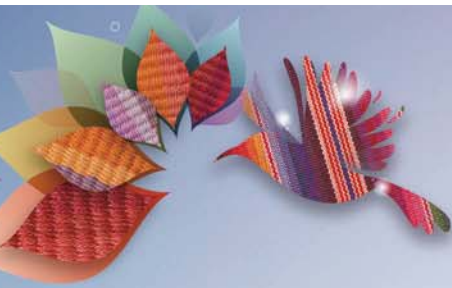


Stakeholder engagement

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 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 operations, 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 and circular 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



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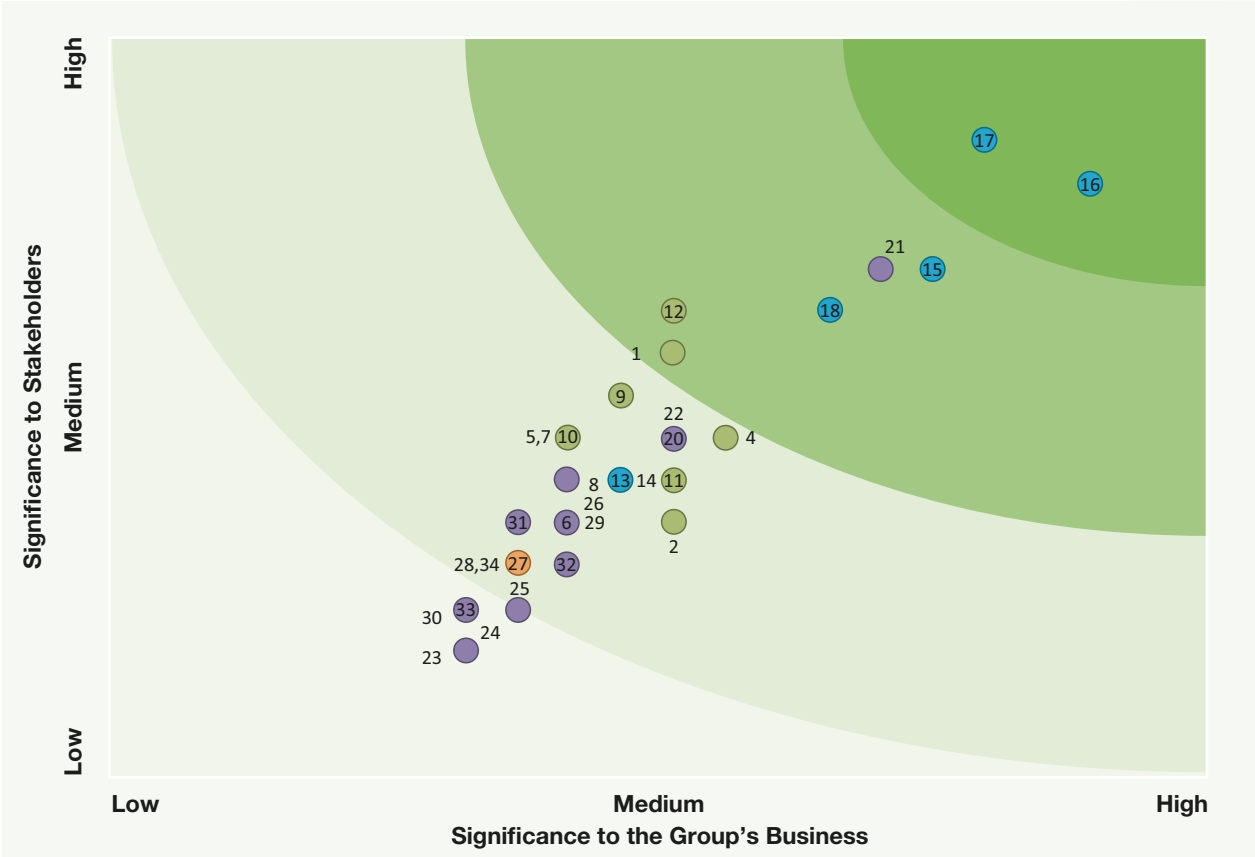
Stakeholders	Expectations and requirements	Communication and response mode
Employees	<ul style="list-style-type: none"> • Protection of rights and interests • Occupational health and safety • Remuneration and benefits • Career development • Care for employees 	<ul style="list-style-type: none"> • Employee meetings • In-house journals and intranet • Employee mailboxes • Trainings and workshops • Employee activities • Employee representatives meetings • Round-table democratic meetings
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

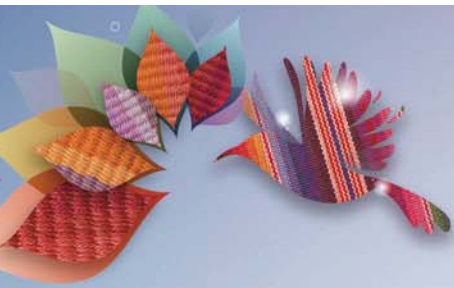
Materiality assessment

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 874 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.



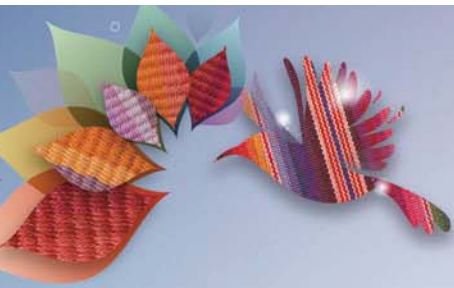


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Environment and resources		Employment and labour practices		Operation practices		Community investment	
1	Compliance with laws and regulations relating to environmental protection	18	Compliance with labour laws and regulations	25	Compliance with laws 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 7 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	Fulfilment of Corporate Environmental Responsibility
12	Green building	Fulfilment of Corporate Environmental Responsibility
15	Ecological protection	Ecological Protection
16	Response to climate change	Response to Climate Change
17	Prevention of and response to environmental incidents	Concerns about social wellbeing
18	Compliance with labour laws and regulations	Employment Policy
21	Employee diversity and equal opportunities	Talent Cultivation



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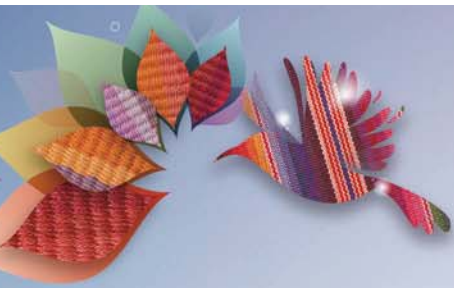
United Nations Sustainable Development Goals (UN SDGs)

As the global goals, the Group believes that sustainability policies are essential for our future development. As such, the Group is committed to promoting environmental, social and economic benefits and spares no efforts in fulfilling its corporate responsibility. The Group is committed to developing into a leading textile producer in sustainability performance among its global peers. To achieve this goal, the Group takes into consideration of sustainability component in the formulation of management policies, decision-making process and each operation aspect. In addition, the Group also works together with the clients, communities, suppliers and other stakeholders to achieve these sustainable development goals.

In response to the UN initiative, the Group identified 8 most relevant sustainable development goals, and focused on these areas to make contributions and produce positive effect. The table below illustrates all relevant goals and summarises the positive effect in respect of each indicator during the Year.

UN SDGs	Description of targets	Positive effect
<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution.</p>	<p>The Group implemented a fully enclosed transformation for its coal yards, effectively reducing the dust produced and realising the “invisible coal in combustion (燃煤不見煤)”. The Group installed dedust, desulphurisation and denitrification devices on all power generator units, and all hazardous wastes were properly treated and stored.</p>
<p>4 QUALITY EDUCATION</p>	<p>4.3 Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p>	<p>The Group participated in “Sanyi Education Sponsorship Campaign (三一助學活動)” and formed several groups for poverty alleviation and education sponsorship, providing the underprivileged groups with equal opportunity to receive education.</p> <p>The Group provided assistance for employees with financial difficulties to ensure that their children would not be deprived of access to education due to poverty.</p>

UN SDGs	Description of targets	Positive effect
<p>6 CLEAN WATER AND SANITATION</p> 	<p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>	<p>The Group pushed forward the implementation of projects on recycling of condensate water from sizing-dyeing machines and recycling of water from sizing machines, which 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 Resource.</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child labour, and by 2025 end child labour in all its forms.</p>	<p>The Group strived to attract talents from or at different culture, background and levels, providing a platform for employees to fully demonstrate their talents. Meanwhile, the Group verified 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 that they are lawfully employable.</p> <p>The Group was not aware of any use of child labour during the Year.</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>	<p>The Group promoted reuse of all recyclable wastes as much as possible to reduce wastes transported to landfill yards and alleviate impacts on the environment.</p> <p>We have recycled the non-hazardous wastes during the Year.</p>



ABOUT WEIQIAO TEXTILE

UN SDGs	Description of targets	Positive effect
<p>13 CLIMATE ACTION</p>	<p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>The training programmes cover corporate manufacturing process, 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.</p>
<p>14 LIFE BELOW WATER</p>	<p>14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.</p>	<p>The Group had in place measures to ensure proper treatment of various types of wastes, so as to dispose and store wastes properly and facilitate recycle and reuse of all available resources as much as possible. Efforts have been made to cut demands for resources and reduce pollution on the ecological system.</p>
<p>15 LIFE ON LAND</p>	<p>15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.</p>	<p>The Group was committed to promoting environmental protection and encouraged its staff to participate in tree-planting activities.</p>

FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

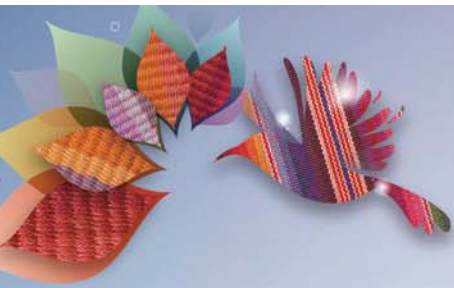
Weiqiao Textile has been implementing the green development initiatives proposed by the government. In response to the national policies on resource conservation and environmental protection, we have made strenuous effort to promote the sustainable development of the Company, society, our country and 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.



FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

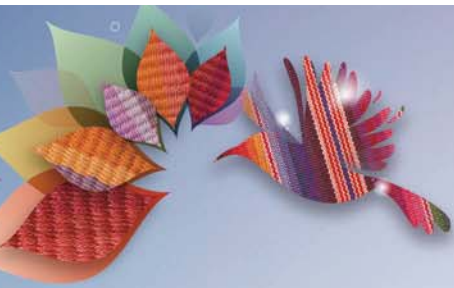
Wastewater treatment plants	Sources of wastewater	Discharge channels	Discharge standards
Wastewater Treatment Plant of Shandong Minghong Textile Technology Co., Ltd.	Industrial wastewater from textile production and domestic wastewater generated by Shandong Minghong Textile Technology Co., Ltd., a subsidiary of the Company	Reused or discharged into the Xiaoqing River after being treated to meet standards	Integrated Wastewater Discharge Standard for Basin Part 3: Xiaoqing River Basin (DB37/3416.3-2018)
Denim Wastewater Treatment Plant of Shandong Hongsheng Textile Co., Ltd.	Industrial wastewater from denim production and domestic wastewater generated by Shandong Hongsheng Textile Co., Ltd., a subsidiary 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)

Wastewater treatment plants	Sources of wastewater	Discharge channels	Discharge standards
–	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 municipal 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	Integrated Wastewater Discharge Standard (G88978-1996)

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 Denim Wastewater Treatment Plant of Shandong Hongsheng Textile Co., Ltd. carried out emergency drill regarding environmental contingency due to equipment failure during the Year, with an aim to examine the operability of the emergency response plan and enhance the staff's capability in handling such contingency situation. Through the drill, relevant staff can familiarise themselves with the liaison, handling process and treatment upon the occurrence of such incident to minimise the impacts of the incident on the environment and staff.



Emergency drill regarding environmental contingency



FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

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 promotes reuse of all recyclable wastes as much as possible to reduce wastes transported to landfill yards and alleviate impacts on the environment. We recycled 1,803 thousand tonnes of non-hazardous wastes during the Year. 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. The Group is committed to reducing all kinds of emission and recycling reusable resources to ensure a sustainable production mode, and implements proper treatment of hazardous wastes to lower the possibility of polluting the terrestrial and marine ecosystems, in an effort to achieve UN SDGs 3.9, 12.2, 12.5, 14.1 and 15.4.

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 qualified third party organisation 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.

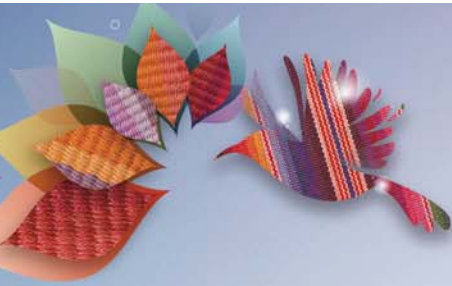
Energy Conservation and Emission Reduction

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 and promote their awareness of environmental protection and capability in mitigating climate change, which is in line with the UN SDG 13.3.



Training on energy conservation and emission reduction

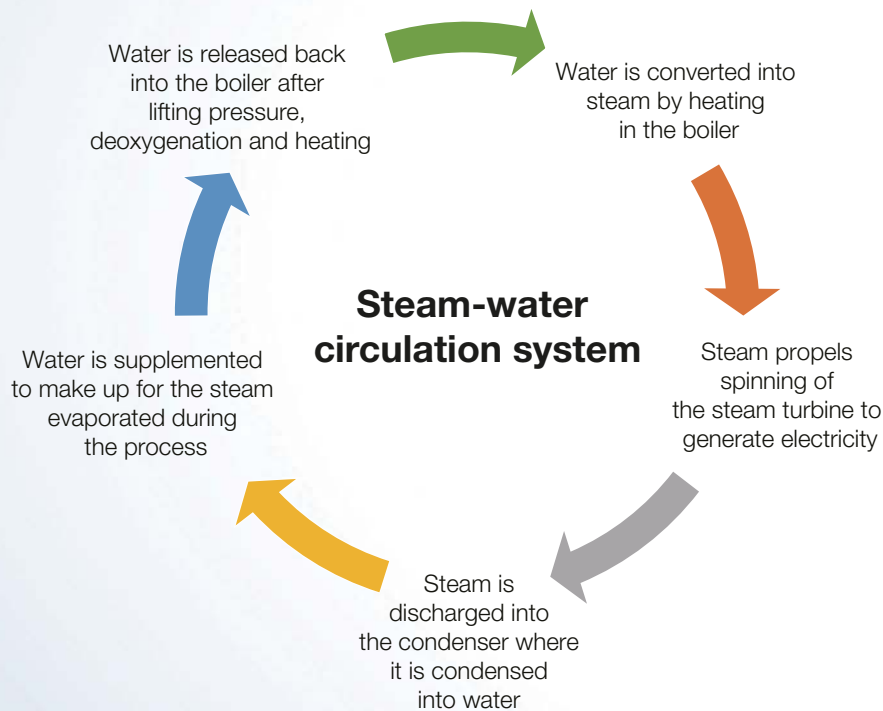


FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

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. The Group continued to increase the proportion of green energy, and constructed distributed solar power generation projects on the roof of plant buildings, taking concrete actions to support green energy development.

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.

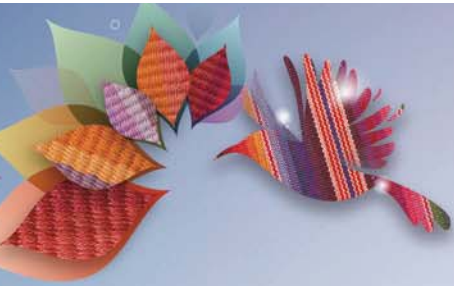


Reducing water consumption

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 sustainable 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. By significantly improving utilisation efficiency of water resources, the Group strives to reduce demands for water resources and water resource pollution, in an effort to achieve UN SDG 6.4.



FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

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 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

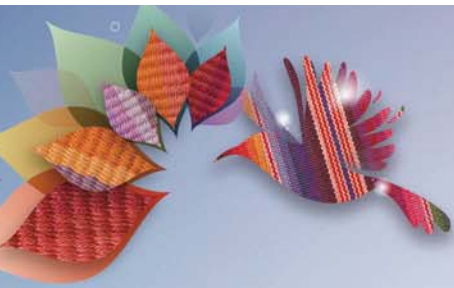
Weiqiao Textile has made remarkable achievements in energy conservation and emission reduction over the past years. During the Year, the Group kept up its pace and carried out technology improvement on the circulating slurry pump units. The Group made strenuous efforts to reduce energy consumption and promote a more sustainable production process, while lowered work intensity and production cost.

Technology Improvement on the Circulating Slurry Pump Units

The significant outlet pressure of the circulating slurry pump units leads to frequent damage and leakage of the equipment and higher electricity consumption. Therefore, we carried out technology improvement on the circulating slurry pump units to lower pipeline pressure, reduce wear and tear of expansion joints, nozzles, impellers and other equipment, and extend the useful life of the equipment. Through technology improvement on the circulating slurry pump units, we are expected to save approximately RMB950,000 as compared with last year.

In addition, the circulating slurry pump units before the aforesaid technology improvement need to be restarted upon change of the properties of sulfur that are fed into the units, while the units after the technology improvement are able to run regardless the properties of sulfur, so as to ensure stable operation of the units. Furthermore, we are also able to conduct fine-tuning of the frequency of the circulating slurry pump units after the technology improvement, so as to keep a constant pH value of the slurry, improve the efficiency of desulphurisation and maintain a good quality of the slurry.





FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

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, wastage of office supplies like paper, and the resources 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 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.

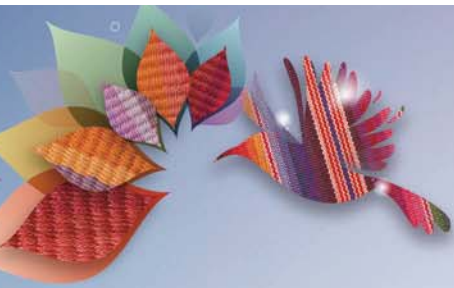
Ecological Protection

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.

Response to Climate Change

Climate change and other environmental issues represent a great challenge currently confronted by the world, and, more importantly, present risks to the Group's business. In order to deal with the extreme weather conditions and natural disasters brought by climate change, the Group has established a series of policies and measures for the wastewater treatment plants to cope with various extreme weather conditions and natural disasters 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.



FULFILMENT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

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.

In order to alleviate global warming, the Group made active response to the national policy of “Carbon Peak and Carbon Neutrality” through optimisation of its energy structure. The Group has passed the certification of Global Recycled Standard (GRS), and was included into the List of National Green Factories. The Group expedited the implementation of the strategic plan of “Carbon Peak and Carbon Neutrality”. Through cooperation with the Office for Social Responsibility of China National Textile And Apparel Council, Weiqiao Textile participated in the Climate Stewardship 2030 Initiative initiated by China National Textile And Apparel Council and released its goals of “Carbon Peak and Carbon Neutrality”, aiming to achieve carbon peak by 2023 and carbon neutrality for its operation by 2049. In addition, the Group has also established targets for other environmental aspects, further aligning the future development of the Group’s business with the sustainability requirement.

Aspects	Relevant targets
Greenhouse gas	Achieve carbon peak by 2023 and carbon neutrality for its operation by 2049 Reduce greenhouse gas emission
Waste pollutants	Reduce waste discharge
Energy consumption	Reduce energy consumption
Water resources consumption	Reduce water consumption and promote water recycling

ESTABLISHING HARMONIOUS LABOUR RELATIONS

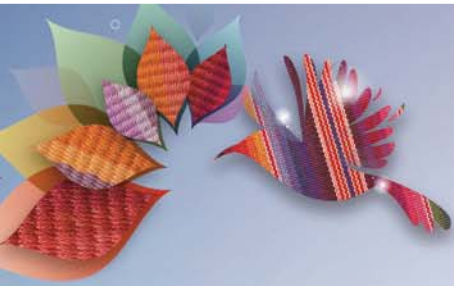
Weiqiao Textile regards all employees as an important pillar for the Group and a cornerstone for its growth and development. Employees also drive and vitalise the Group. Weiqiao Textile not only strives to create a safe working environment and promising career development path for the employees, but 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 online recruitment. 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 or forced labour 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 and forced 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. At the Mid-year Award Ceremony held in 2022, the Group awarded bonuses, prizes, medals, trophies and honorary certificates to a number of skilled operators, skilled equipment operators in terms of the "Skilled Equipment Operator Award", the "Energy Conservation and Efficiency Enhancement Award" and etc..



ESTABLISHING HARMONIOUS LABOUR RELATIONS

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.



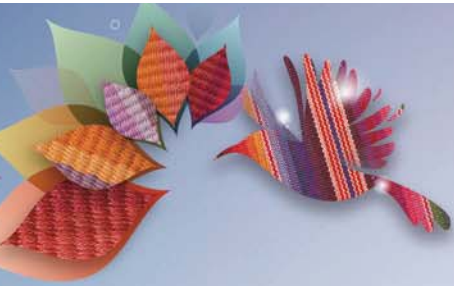
In respect of working hours and holidays, the staff in regular daily shift of the Group work six days per week, while the employees of the production units work for eight hours per day in three shifts which shall be adjusted according to the actual production conditions. All employees enjoy holidays 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. In respect of employment policies, we are committed to maintaining a workplace free from discrimination across all aspects, and implement stringent regulations on recruitment to prohibit any form of discrimination and use of child labour, in an effort to push forward the implementation of UN SDGs 8.5 and 8.7.

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:

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, visualization board 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>



ESTABLISHING HARMONIOUS LABOUR RELATIONS

Type of training	Training approaches
Safety training	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.

The Group's efforts in strengthening training of multi-skilled employees paid off. During the year, we provided training for 1,658 employees to carry out cross-process and cross-position supervision tasks in actual productions, and to be equipped with practical skills of up to 4 work processes simultaneously. As an important driving force to be reckoned with, they addressed the issue of production labour shortage to a great extent and maintained the basic production, effectively relieving employees' labour intensity and meeting the pressing needs of production with the truthful fulfillment of "being fully prepared to stand out at critical moments to fight and win the battle".

A total of 666 participants were selected as the winners for the 1st prize, 2nd prize and 3rd prize in the spring skill contests of operation and equipment, which once again motivated the employees' enthusiasm of learning technology and practising skills, and pursuing high quality with excellent skills.

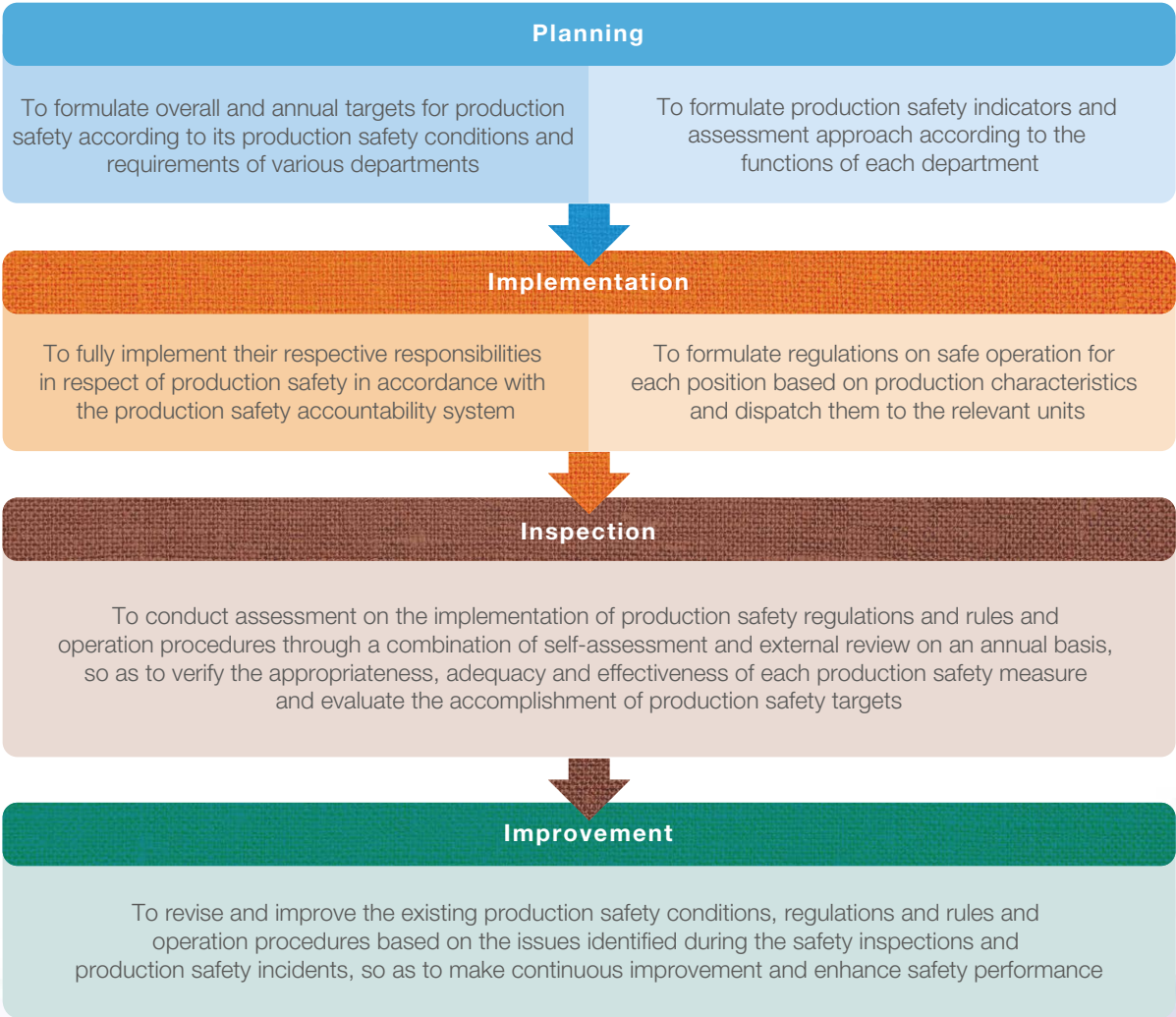


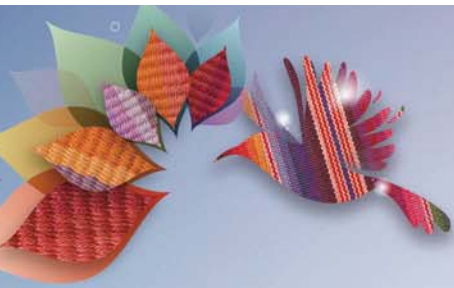
Strengthening training of multi-skilled employees

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, including:

- establishment of the goal on occupational hazard prevention and control for the respective year, and implementation of accountability system in prevention and control of occupational diseases;
- enhancement of trainings on identification and detection of occupational hazards, notification of occupational hazards, occupational health protection and occupational health;
- formulation of emergency response plans and organisation of emergency drills;
- 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.

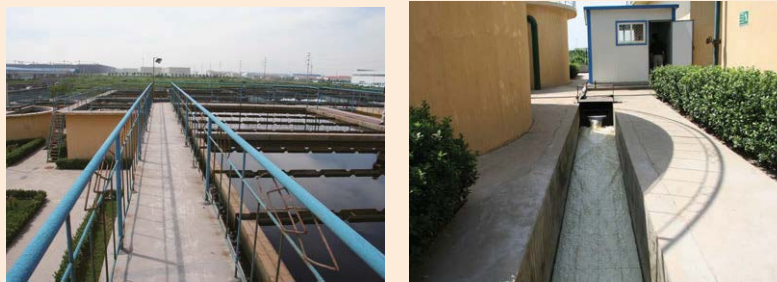
During the Year, the Group pushed forward the standardisation of work safety and the implementation of double prevention mechanism, and actively carried out hierarchical risk control and hidden hazard identification and rectification. In addition, the Group also stepped up efforts in the identification and rectification of hidden safety hazards, made focused efforts for the inspection on equipment and facilities, safety facilities, emergency equipment, dangerous operation equipment and other devices, and strengthened the Group's capability in respect of safety risk identification and management, with an aim to lower the possibility of casualties among the employees.

Emergency drill regarding environmental contingency due to equipment failure at the Denim Wastewater Treatment Plant of Shandong Hongsheng Textile Co., Ltd.

During the year, in order to fully enhance the emergency response capability in handling work safety incidents, consolidate and fortify the training of all team members to improve work effectiveness, the safety supervision department of Weiqiao Textile launched the emergency response plan for environmental incidents in wastewater treatment and organized employees of the Wastewater Treatment Plant to practise on-site emergency response plan.

Based on the results of the emergency incident drill, the Group provided well-targeted guidance for respective units to conduct their business trainings, so as to examine the operability of the emergency response plan and lay a solid foundation for enhancing the on-duty staff's capability in handling such contingency situation.

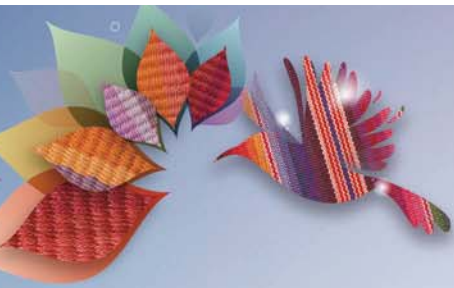
Equipment of the Denim Wastewater Treatment Plant of Shandong Hongsheng Textile Co., Ltd.



Emergency drill for environmental contingency due to equipment failures

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 61 employees of the Group suffered work-related injuries, resulting in a loss of 350 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 hazardous chemicals accidents, emergency response drill for electrical shock accidents and emergency response training for pressure vessel accidents for all industrial parks and branch companies, and organised them to study relevant regulations, cases and preventive measures.



Training tests for cadres and management personnel of Weiqiao Textile

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 by Weiqiao Chuangye, the parent company;
- construction of dormitory buildings at each industrial park by Weiqiao Chuangye, the parent company, 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 by Weiqiao Chuangye, the parent company, 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 by Weiqiao Chuangye, the parent company;
- 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 offered by Weiqiao Chuangye, the parent company;
- 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.



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 sales 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.

Procurement of raw coal

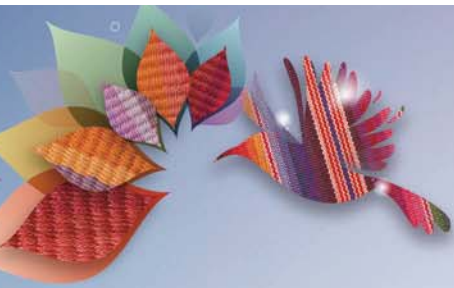
The power plants established by the Group provide electricity and steam for operations. In order to lower the risks of raw coal procurement, the Group continues to implement the following management measures to ensure that the raw coal quality meets the requirements of the power plants:

- 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.



IMPROVEMENT OF PRODUCTION AND OPERATION

During the Year, the Group participated in a total of 2,328 major bidding events and online bidding events. Besides, the Group carried out regular consultation with suppliers, and investigated a total of 0 reported case 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	2022	2021
Total	154	143
By geographical area		
Northern China	35	16
Eastern China	83	90
Central China	13	3
Northwest China	10	9
Others	13	25

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 ISO9001:2015 Quality 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 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 quality control (QC), etc. Through the introduction of advanced management mode and application of effective management tools, the Group continues to improve its production and operation.

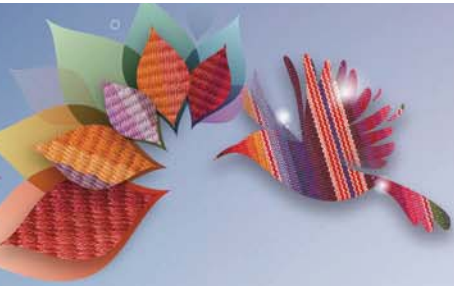
Introduction of advanced management mode

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.

During the Year, we were granted 12 awards in the category of product quality, including 5 first-class awards and 2 second-class awards. In addition, the “Weiqiao” brand has been included into the list of “China’s 500 Most Valuable Brands” for 19 consecutive years, ranking the 61st with a brand value of RMB103.736 billion in the Year.



IMPROVEMENT OF PRODUCTION AND OPERATION

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 green and intelligent textile production line project has been put into operation in December 2019. After completion of the construction of the project, we will possess an intelligent high-end production line comprising spinning and weaving 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 information 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 world-leading 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 conveyor system of sliver lap machine and combing machine

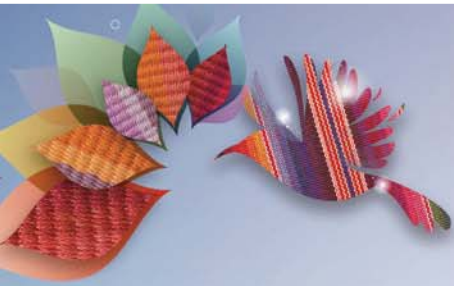
The sliver lap machine and combing machine generate online monitoring data for convenient identification of cause for machine failure, enabling the Group to address the issue upon detecting such failure, so as to improve production efficiency. In addition, the distinctive automation feature of the system 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.

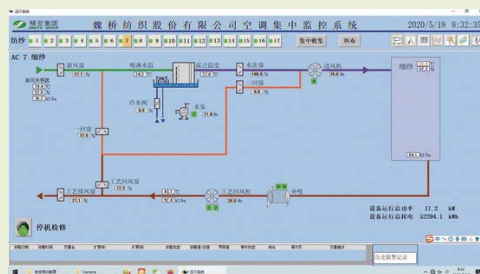




IMPROVEMENT OF PRODUCTION AND OPERATION

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.

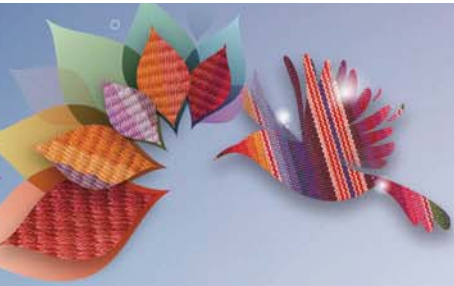


During the Year, the Group carried out a number of intelligent renovation projects, all of which have been completed and put into production. The green and intelligent renovation project of spinning plants in Binzhou is currently under construction.

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:

- 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, such as automatic winding and automatic yarn feeding (自動打卷線及自動上紗), 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 electric scooters as inspection vehicles for turners, which effectively improved inspection speed and efficiency and relieved employees' burden;
- upgrading some ordinary ring spinning to produce compact spinning, as well as improving spandex cored bamboo yarn and ring spinning bamboo yarn, so as to cater to market demands and create new growth drivers for market exploration and future development;
- converting the air supply system of the air-conditioning system into a variable frequency fan to automatically control the temperature according to the actual temperature and humidity requirements of the workshop, reducing energy consumption while ensuring a comfortable working environment for the employees and improving work efficiency; and
- replacing long-used steam drums and air compressor tanks room in a unified manner 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 reduce labour costs, improve product quality, increase productivity per employee and satisfy the demands for transformation and upgrading of the Company.



IMPROVEMENT OF PRODUCTION AND OPERATION

Innovation and R&D

Weiqiao Textile attaches great importance to innovation and R&D of products. Our constant efforts in innovation and R&D are 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 3,591 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.

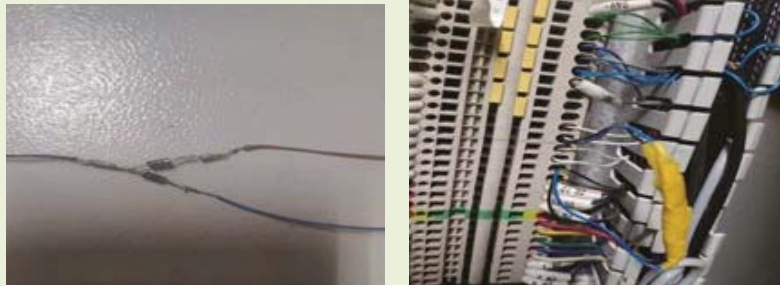
During the Year, the Group continued to implement and revise the Assessment Policies and Incentive Measures for Minor Reforms and Innovations, and set up a group for technology innovation and breakthroughs, with an aim to further promote technology innovation. The Group promotes staff participation and 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, the Group filed 31 external patent applications throughout the Year, and received patent certifications for 23 applications, among them, 7 were invention patents and 16 were utility model patents. A number of technology improvement projects were rewarded for quality improvement, including technology improvement achievements in areas such as renovation of hotwater heating system by recycling wastewater from sizing-dyeing cylinders, automatic packing belt button punching machine, independently-developed wing heald frame hook finishing machine, technology improvement of semi-automatic leather roller regrinding machine and automatic control system for constant temperature and humidity for storage and packaging workshops, which helped to facilitate the equipment upgrading, automatic control enhancement and quality improvement, and energy conservation and consumption reduction of the textile industry. The Company internally carried out 115 projects of quality improvement achievement, 49 QC Team and 6 Reliable Quality Team activities.

During the Year, a total of 175 minor technical reforms and innovations were selected by the Group throughout the Year. A number of technology improvement projects were rewarded for quality improvement, including technology improvement achievements in areas such as renovation of hotwater heating system by recycling wastewater from sizing-dyeing cylinders, automatic packing belt button punching machine, independently-developed wing heald frame hook finishing machine, technology improvement of semi-automatic leather roller regrinding machine and automatic control system for constant temperature and humidity for storage and packaging workshops, which help to facilitate equipment upgrading, automatic control enhancement and quality improvement, and energy conservation and consumption reduction of the textile industry. A total of 3 2nd prizes, 12 3rd prizes and 33 encouragement prizes were rewarded throughout the Year for projects with remarkable results in terms of improving product quality, saving labour, reducing labour intensity, and improving economic efficiency respectively, fully reflecting the technology advantages of small investment with great returns. Apart from the projects of quality improvement and labour intensity reduction, the promoted technology improvement projects achieved an annual cost reduction of more than RMB21.36 million for the Company during the Year.

Case of Minor Technical Reforms and Innovations: Modification to the CMT1801 Roving Frame to Increase Roving Changing Speed

CMT1801 roving frame features automatic doffing and yarn changing. After the manipulator picks up the yarn, the steel belt rotary motor has to wait for the manipulator telescopic cylinder and the rotary cylinder to act in turn, then the magnetic switch gives the steel rotary motor a signal to make it rotate. After doffing, it takes about 53 minutes to change a row of rovings. The long time for changing rovings will cause the rovings to stop, and will delay the machine operators in the process of identifier changing and machine operation, which will affect the overall efficiency of roving operation.



Intelligent management of textile devices

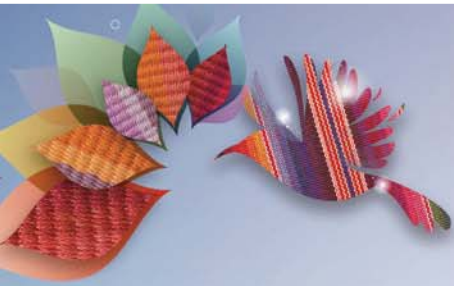
Case of Minor Technical Reforms and Innovations: Automation Modification of Leather Roller Oiler Machine

To use the leather roller oiler machine, it requires manual pressing of the handle. It is not easy to control the oiling amount and it takes about 4 minutes to oil a plate of leather rollers. Such long-time pressing of handles had caused the senior workers who dominate the workforce of the leather roller workshops to have sore arms. Through technology improvement, the time for oiling a plate of leather rollers is reduced by 1.5 minutes, which has greatly reduced the labour intensity of workers.



Before

After



IMPROVEMENT OF PRODUCTION AND OPERATION

Case of Minor Technical Reforms and Innovations: Water Mist Dust Removal Box at the Finishing Workshop of Denim Factory

If the smoke and dust generated in the singeing process are directly discharged into the air, it will pollute the environment. By passing through the independently developed water mist dust removal box, the smoke particles would be processed by the box and examined against the test by Kaixiang Environmental Inspection and Testing Company (凱翔環境檢驗檢測公司) (test report number: KXHJ20210602-01). It would ensure that the emission indicators have reached the national emission standards, such that the discharge such into the air would then comply with the environmental protection requirements.



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 entered into a cooperation agreement with Shanghai Donghua University and Qingdao University. In view of the strong demands for green and long-acting antibacterial textile products, the Group reached a strategic cooperation framework agreement with the School of Textile Science and Engineering of Tiangong University. Tiangong University and Weiqiao Textile Company Limited set up the School-Enterprise Joint Research and Development Center, and Practice Base for Tiangong University Postgraduates Joint Training and Student Practice (天津工業大學研究生聯合培養與學生實習實踐基地). It is hoped that the two parties will join hands to build a high-level school-enterprise joint R&D center, and achieve major breakthroughs in core technological research that hinder the country’s development by leveraging the R&D advantages of both parties in a strong union; together build a high-standard talent training base and practical training platform, and accelerate the cultivation of urgently needed high-level professional talents, so as to provide a talent pool for the technology R&D and innovative development of the enterprise; jointly create a new model of highly efficient technological innovation and commercialisation, strengthen technology empowerment, promote the application and commercialisation of science and technology achievements, promote the implementation of commercialisation of technological achievements to the greatest extent, and boost high-quality development of the enterprise.

During the Year, the Group 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. We have further accelerated 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 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.



Weiqiao Textile held a signing and inauguration ceremony for the strategic cooperation framework agreement with the School of Textile Science and Engineering of Tiangong University

Performance indicator related to product R&D	Year 2022	Year 2021	Unit
Proportion of first-grade products	99.39	99.29	%
Number of patents applied	31	38	Item
Number of authorised patents	23	22	Item
R&D investment	535,461	595,559	RMB one thousand
Percentage of R&D investment to revenue	3.23	3.66	%
Number of R&D personnel	735	732	Person
Number of industry standards made under participation	10	2	Item



IMPROVEMENT OF PRODUCTION AND OPERATION

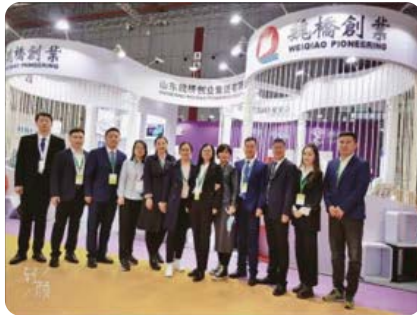
During the Year, the Group achieved remarkable results in the development of new textile products, making category innovations leading the market trend, customer demand-oriented product innovations and breakthroughs in technology research. During the Year, over 1,905 new cotton yarn products were developed by the Group, which were mainly differentiated fibre-blended yarn products and differentiated spun yarn products. The production rate of pure fibre and cellulose fibre reached over 94%. Over 1,710 new cotton fabric products were developed, with a customer reorder rate of 18%. 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.

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

Awards and honours	Issuing units
“Golden Wheel Cup” 2nd National Carding Knowledge Contest – Excellent Enterprise Organization Award “Golden Wheel Cup” 2nd National Carding Knowledge Contest – Excellent Talent Training Award	ChinaYarn.com
Sun Qiang QC team’s achievement “R&D of Three Automatic Devices for A201E Combing Machine ” won the 1st prize of Shandong Provincial Excellent Quality Achievement Award(山東省優秀品質成果) Bi Bo Reliable Quality Team won the 1st prize of Shandong Provincial Excellent Quality Achievement Award Cai Hongyan QC team’s achievement “Reducing the Breakage Rate of Doffing Operation for CM40 Varieties Spun Yarn (降低細紗CM40品種落紗開車斷頭率)” won the 2nd prize of Shandong Provincial Excellent Quality Achievement Award Cheng Wangjian Reliable Quality Team of Green and Intelligent Operation won the 2nd prize of Shandong Provincial Excellent Quality Achievement Award	Shandong Quality Association (山東省品質協會)
Shandong Provincial May 1st Labour Certificate (山東省五一勞動獎狀)	Shandong Provincial Federation of Trade Unions
2021 Intelligent Manufacturing Demonstration Factory (2021年度智慧製造示範工廠揭榜單位)	The Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Finance, and the State Administration for Market Regulation
2021 Shandong Provincial Intelligent Manufacturing Benchmark Enterprise (2021年山東省智慧製造標杆企業)	Department of Industry and Information Technology of Shandong Province
National Textile Industry Advanced Collective (全國紡織工業先進集體)	
Weiqiao Textile’s project of developing an intelligent spinning production management system covering the whole process information flow (打通全流程資料流程的智慧紡紗生產管理體系構建項目) won the first prize	National Enterprise Management Modernization Innovation Achievement Review Committee (全國企業管理現代化創新成果審定委員會)
The 12th National Equipment Management Outstanding Unit (第十二屆全國設備管理優秀單位)	China Association of Plant Engineering

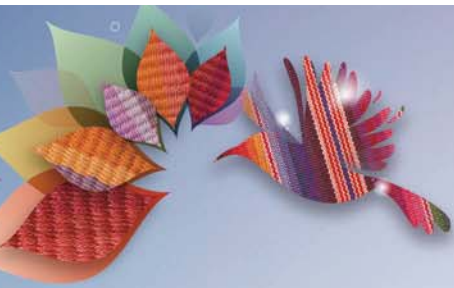
Product Promotion

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 3,615 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. Zero customer complaint was received, and the total number of products sold or shipped that had to be recalled for safety and health reasons was zero during the Year.



IMPROVEMENT OF PRODUCTION AND OPERATION

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 has established sound reporting policies and measures and will continue 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

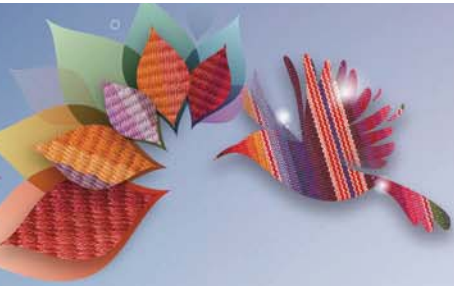
Over the past years, Weiqiao Textile has been taking initiatives to fulfill its social responsibilities as a corporate citizen, and believes that sharing the fruits of its developments with the society is fundamental to its sustainable development. Therefore, while pursuing business development, the 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 safety supervision department regularly conducts standardised safety trainings, emergency drills, and fire-fighting trainings every year. This includes drills for special emergency response plan of accidents of fall from height, drills for emergency response plan of accidental poisoning in limited workspace, drills for comprehensive emergency response plan of high-level residential building fire and evacuation in the “three parks and three zones” (三園三區), drills for comprehensive emergency response plan of textile building fire, drills for special emergency response plan of outdoor raw cotton yard fire, rescue drills for special emergency response plan of elevator-trapping safety accidents, and drills for emergency response plan of electric-shock safety accidents. 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 general public.



Drills for comprehensive emergency response plan of high-level residential building fire and evacuation



CONCERNS ABOUT SOCIAL WELLBEING



Drills for emergency response plan of electric-shock safety accidents



Training for fire-fighting emergency response plan of outdoor raw cotton yard

Supporting People with Difficulties

Weiqiao Textile continues to promote people-centered management. In addition to offering competitive remuneration and benefits to employees, the Group also establishes relevant archives regarding employees suffering from 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.



Weiqiao Textile visited employees with difficulties

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.

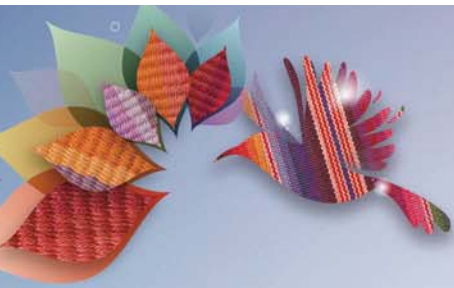
Holding the belief that knowledge is power, the Group has been playing an active role in supporting students with financial aid to realise their dreams over the past years, aiming to help all students in need to receive high-quality education. The Group has been participating in “Sanyi Education Sponsorship Campaign (三一助學活動)”, and formed several groups for poverty alleviation and education sponsorship to support students with financial difficulties, in an effort to facilitate the achievement of SDGs 4.3, 4.4 and 4.5.



APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS

Key Performance Indicators	Year 2022	Year 2021
Emissions		
<i>Wastewater (Note i)</i>		
Total wastewater discharge (ten thousand tonnes)	308	469
COD emission (tonnes)	195	229
Ammonia nitrogen emission (tonnes)	10	11
<i>Exhaust Gas (Note ii)</i>		
Total exhaust gas emission (ten thousand m ³)	5,529,983	5,507,988
Nitrogen oxides emission (tonnes)	1,613	1,365
Sulphur dioxide emission (tonnes)	875	963
Soot emission (tonnes)	56	78
GHG		
Total GHG emission (tonnes of CO ₂ e)	1,351,907	1,598,531
GHG emission intensity (tonnes of CO ₂ e/income of RMB10 million)	831	983
Scope 1 total direct GHG emission (tonnes of CO ₂ e) (Note iii)	1,323,946	1,565,747
Scope 2 total energy indirect GHG emission (tonnes of CO ₂ e)(Note iv)	27,961	32,783
Solid Wastes		
<i>Non-hazardous Waste</i>		
Total non-hazardous waste generated (thousand tonnes) (Note v)	1,708	1,968
Non-hazardous waste intensity (thousand tonnes/income of RMB10 million)	1.03	1.21
<i>Hazardous Waste</i>		
Total hazardous waste generated (tonnes) (Note vi)	185	46
Hazardous waste intensity (tonnes/income of RMB10 million)	0.11	0.03
Use of Resources		
<i>Energy</i>		
Total energy consumption (MWh) (Note vii)	23,624,138	22,236,852
Energy consumption intensity (MWh/income of RMB10 million)	14,527	13,674
Total electricity consumption (MWh) (Note viii)	2,159,016	2,437,793
Total steam consumption (ten thousand tonnes) (Note ix)	37	32

Key Performance Indicators	Year 2022	Year 2021
<i>Water</i>		
Total water consumption (ten thousand m ³) (Note x)	2,178	2,272
Water consumption intensity (ten thousand m ³ /income of RMB10 million)	1.34	1.40
<i>Packaging materials (Note xi)</i>		
Paper products		
Total consumption (tonnes)	11,300	13,859
Intensity (tonnes/income of RMB10 million)	6.95	8.52
Plastic products		
Total consumption (tonnes)	1,134	1,443
Intensity (tonnes/income of RMB10 million)	0.70	0.89
Metal products		
Total consumption (tonnes)	81	142
Intensity (tonnes/income of RMB10 million)	0.05	0.09
Fibre & textile products		
Total consumption (tonnes)	319	193
Intensity (tonnes/income of RMB10 million)	0.19	0.12
Wooden products		
Total consumption (tonnes)	89	45
Intensity (tonnes/income of RMB10 million)	0.05	0.03
Others		
Total consumption (tonnes)	308	367
Intensity (tonnes/income of RMB10 million)	0.19	0.23
Employment		
Total number of employees	38,415	40,000
<i>By gender</i>		
Male	18,062	19,318
Female	20,352	20,682
<i>By age group</i>		
Aged below 30	1,928	2,711



APPENDIX I: SUMMARY OF KEY PERFORMANCE INDICATORS

Key Performance Indicators	Year 2022	Year 2021
Aged 30-50	34,429	35,727
Aged above 50	2,057	1,562
<i>By type of employment</i>		
Temporary	1,678	1,935
Permanent	36,737	38,065
<i>By geographical region</i>		
Mainland China	38,414	39,999
Other regions	1	1
Turnover number (rate)	3,109 (8%)	4,000 (10%)
<i>By gender</i>		
Male	1,758 (9%)	1,930 (10%)
Female	1,351 (7%)	2,070 (10%)
<i>By age group</i>		
Aged below 30	1,008 (43%)	270 (10%)
Aged 30-50	1,930 (6%)	3,570 (10%)
Aged above 50	171 (9%)	160 (10%)
<i>By geographical region</i>		
Mainland China	3,109 (8%)	4,000 (10%)
Other regions	0 (0%)	0 (0%)
Development and training		
Average training hours completed (Percentage of employees trained)	62 (100%)	112 (100%)
<i>By gender</i>		
Male	62 (100%)	112 (100%)
Female	62 (100%)	112 (100%)
<i>By categories of employees</i>		
Senior management	28 (100%)	36 (100%)
Middle management	52 (100%)	36 (100%)
Junior management	60 (100%)	48 (100%)
Frontline employees	62 (100%)	115 (100%)

NOTES:

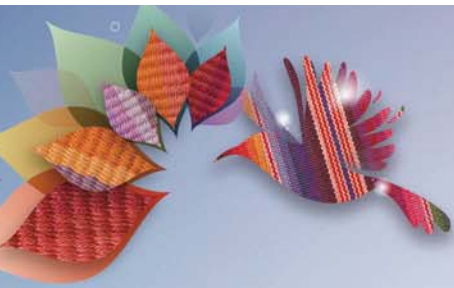
- (i) The discharge of wastewater includes wastewater discharge from power plants and wastewater treatment plants. Total wastewater discharge and discharge of water pollutants were calculated based on the actual discharge of the Group.
- (ii) Exhaust gas emissions include those from power plants and 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 “Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Land Transport Enterprises (Trial)” (《陸上交通運輸企業－溫室氣體排放核算方法與報告指南(試行)》) provided by the National Development and Reform Commission (“NDRC”), and the emission factors used are based on the “Appendix 2: Reporting Guidance on Environmental Key Performance Indicators” published by the Hong Kong Stock Exchange.
- (iii) 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, 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》)”, the “Sixth Assessment Report” provided by the Intergovernmental Panel on Climate Change (IPCC), the “Guidelines on Greenhouse Gas Emission Accounting and Reporting”, “Land Transportation Enterprises-Greenhouse Gas Emission Accounting Method and Reporting Guidelines (Trial)” published by the National Development and Reform Commission of the PRC, “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.
- (iv) 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”.
- (v) 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, desulphurisation gypsum, plastic, metal, waste paper and general waste.
- (vi) 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.
- (vii) Total energy consumption includes the consumption of fuels in stationary sources, the consumption of fuels in vehicles, electricity and steam generated by the Group, purchased steam as well as relevant removal of electricity and steam sold. The data was calculated based on “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》)”, “Guidelines on Greenhouse Gas Emission Accounting and Reporting” and “Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Land Transport Enterprises (Trial)” (《陸上交通運輸企業－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, the actual use of electricity and steam generated by the Group and the actual use of purchased steam.
- (viii) The data was calculated based on “Guidelines on Greenhouse Gas Emission Accounting and Reporting” published by the National Development and Reform Commission of the PRC and the actual electricity consumption of the Group.
- (ix) The data was calculated based on the actual steam consumption of the Group.
- (x) The data was calculated based on the record of actual water consumption of the Group.
- (xi) 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.



APPENDIX II: CONTENT INDEX OF ESG REPORTING GUIDE

ESG Indicators	Summary	Report Sections	Pages/ Description
Environmental			
A1 Emissions	General Disclosure	Emission Management	15-19
A1.1	The types of emissions and respective emissions data.	Appendix I: Summary of Key Performance Indicators	54
A1.2	Direct (Scope 1) and energy indirect (Scope 2) total greenhouse gas emissions and, where appropriate, intensity.	Appendix I: Summary of Key Performance Indicators	54
A1.3	Total hazardous waste produced and, where appropriate, intensity.	Appendix I: Summary of Key Performance Indicators	54
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Appendix I: Summary of Key Performance Indicators	54
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Energy Conservation and Emission Reduction	19-23,26
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Energy Conservation and Emission Reduction	22-23,26
A2 Use of Resources	General Disclosure	Energy Conservation and Emission Reduction	24
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Appendix I: Summary of Key Performance Indicators	54
A2.2	Water consumption in total and intensity.	Appendix I: Summary of Key Performance Indicators	55
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Conservation and Emission Reduction	24,26
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Energy Conservation and Emission Reduction	21,24,26

ESG Indicators	Summary	Report Sections	Pages/ Description
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	N/A	The Company's business does not involve packaging materials.
A3 The Environment and Natural Resources	General Disclosure	Ecological Protection	25
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Ecological Protection	25
A4 Climate Change	General Disclosure	Response to Climate Change	25
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change	25
Social			
B1 Employment	General Disclosure	Employment Policy	27-28
B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: Summary of Key Performance Indicators	55-56
B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Summary of Key Performance Indicators	55-56
B2 Health and Safety	General Disclosure	Occupational Health and Safety	31-34
B2.1	Number and rate of work-related fatalities occurred in each of the past three years.	Occupational Health and Safety	34
B2.2	Lost days due to work injury.	Occupational Health and Safety	34
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety	31-34



APPENDIX II: CONTENT INDEX OF ESG REPORTING GUIDE

ESG Indicators	Summary	Report Sections	Pages/ Description
B3 Development and Training	General Disclosure	Talent Cultivation	29-30
B3.1	The percentage of employees trained by gender and employee category.	Appendix I: Summary of Key Performance Indicators	56
B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Summary of Key Performance Indicators	56
B4 Labour Standards	General Disclosure	Employment Policy	27
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Policy	27
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Policy	27
B5 Supply Chain Management	General Disclosure	Supply Chain Management	36-38
B5.1	Number of suppliers by geographical region.	Supply Chain Management	38
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	36-38
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	36-38
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	36-38

ESG Indicators	Summary	Report Sections	Pages/ Description
B6 Product Responsibility	General Disclosure	Product Promotion	49
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Customer Services	49
B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Services	49
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Privacy Protection	50
B6.4	Description of quality assurance process and recall procedures.	Customer Services	49
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy Protection	50
B7 Anti-corruption	General Disclosure	Anti-corruption Practice	50
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption Practice	50
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption Practice	50
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption Practice	50
B8 Community Investment	General Disclosure	Concerns about Social Wellbeing	51-53
B8.1	Focus areas of contribution.	Concerns about Social Wellbeing	51
B8.2	Resources contributed to the focus area.	Concerns about Social Wellbeing	51-53