Sustainability Report 2017

SUNTAR ECO-CITY LIMITED

About Suntar Eco-City Limited

Suntar Eco-City Limited (the "Group") was established as a company with limited liability on 22 September 2006. The Group is headquartered in Singapore and was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 1 August 2007.

The Group and its subsidiaries significantly operate in the People's Republic of China ("PRC") and currently has two divisions: the pharmaceutical ingredients products segment and the property development segment. The pharmaceutical ingredients products segment was established in PRC in 2007 for the expansion into human hormone production business and the property development segment was established as part of the Group's entry into the ecotourism real estate development and management business.

The Group's consolidated financial statements include its subsidiaries – Xi'an Reyphon Pharmaceutical Co., Ltd ("Xi'an Reyphon Pharmaceutical") and China Green Eco-Holdings Pte Ltd.

[This material references Disclosures 102-1, 102-2, 102-3, 102-4, 102-5, 102-6 and 102-45 from GRI 102: General Disclosures 2016]

About This Report

This inaugural sustainability report for the Group has been prepared in accordance with the internationally recognised Global Reporting Initiatives (GRI) Standards: Reference Claims.

The aim of this report is to disclose the Group's Environmental, Social and Governance (ESG) performance in 2017 against the issues that are considered material to its stakeholders. To demonstrate its long term commitment to sustainable development, this report will be prepared annually to inform stakeholders of the Group's sustainability initiatives and strategies.

The materiality aspects identified for the Group in this report covers only the operations of Xi'an Reyphon Pharmaceutical. Xi'an Reyphon Pharmaceutical is located in the Jinghe Economic Development Zone of Xi'an, Shanxi Province, in the PRC. It is currently engaged in the production of pharmaceutical ingredients products, serving the pharmaceutical industry and companies. Xi'an Reyphon Pharmaceutical reported net sales of RMB 32,914,000, debt of RMB 25,407,000 and equity of RMB 26,014,000 in 2017. All data and activities reported were from 1 January 2017 to 31 December 2017, unless otherwise indicated.

The content of this report adheres to the following reporting principles prescribed by the GRI Standards:

- Stakeholder Inclusiveness – to identify Xi'an Reyphon Pharmaceutical's key stakeholders and understand their interests and reasonable expectations in determining the report context.
- Sustainability Context – to present Xi'an Reyphon Pharmaceutical's performance in relation to the demands and limitations of the economic, environmental and social factors.
- Materiality – to identify the internal and external factors taken into consideration when assessing the materiality of a topic and determining which topics are required to be reported due to their significant impact on Xi'an Reyphon Pharmaceutical's performance and influence on stakeholder decisions.
- Completeness – to examine key material and specific topics are sufficient to reflect significant economic, environmental and social impacts and to enable stakeholders to assess Xi'an Reyphon Pharmaceutical's performance in the reporting period.

External assurance has not been sought for this report, although the Group may consider doing so for subsequent sustainability reports in its drive for continuous improvement.

[This material references Disclosures 102-7, 102-46, 102-50, 102-52, 102-54 and 102-56 from GRI 102: General Disclosures 2016]

Contact Us

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[This material references Disclosure 102-53 from GRI 102: General Disclosures 2016]

Board Statement

The Group strongly believes that sustainability is integral to its business in achieving long-term commercial success. It is steadfast in its pursuit of excellence in managing ESG factors related to its strategy and business operations. To communicate its approach towards sustainability, the Board of Directors (the "Board") is proud to publish its inaugural sustainability report in accordance with the international standard for sustainability reporting – Global Reporting Initiative Standards: Reference Claims.

In order to anticipate and meet evolving stakeholder demands in an increasingly complex business environment, the Group has to consistently improve and adapt its operations to preserve the highest level of customer satisfaction and stakeholder engagement. This will allow the Group to achieve sustainable growth while enhancing stakeholder value with their quality products and services. Its valued stakeholders include shareholders, investors, government and regulatory bodies, employees, suppliers, customers and the media. The Board is open to receiving any feedback and suggestions from stakeholders moving ahead.

The Group recognises the importance of conducting its day-to-day business operations in a sustainable manner. The objective is to minimise and limit the Group's impact on the environment and society. In line with this objective, the Group is committed to demonstrating to its employees and stakeholders its adherence to responsible business behaviour which will ensure the continuity and long term value of its business. To that end, the Group has taken upon itself to strengthen the understanding of its employees and stakeholders on the important relationship between sustainability strategies and its business operations. This is conducted through regular employee training and education of stakeholders on the current standards, regulations and approaches adopted.

Moving ahead, the Group is dedicated to enhancing its performance in integrating sustainable practices into its business strategy. This includes the development of more comprehensive metrics and quantifiable targets to measure and monitor the Group's sustainability performance.

[This material references Disclosure 102-14 from GRI 102: General Disclosures 2016]

Governance Structure

Sound corporate governance is key to the sustainability of Xi'an Reyphon Pharmaceutical's business excellence. As the highest governing body of the Group, the Board is in charge of overseeing ESG factors related to the organisation and is also committed to achieving the highest standards in accordance with the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"). To facilitate effective execution of its functions,

the Board has delegated specific responsibilities to three subcommittees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee.

[This material references Disclosure 102-18 from GRI 102: General Disclosures 2016]

Supply Chain Management

Xi'an Reyphon Pharmaceutical's supply chain mainly comprises of suppliers for raw materials and equipment manufacturers. Suppliers of raw materials provide chemicals and solvents necessary to manufacture pharmaceutical products and equipment manufacturers provide machinery for production, research and development (R&D), and detection and analysis. Xi'an Reyphon Pharmaceutical seeks to ensure that it procures high-quality raw materials and technologically advanced equipment.

To ensure quality provision of products and services, Xi'an Reyphon Pharmaceutical has a Procurement Policy which articulates the guidelines and controls of all stages of the procurement process. Through its Supplier Assessment System, Xi'an Reyphon Pharmaceutical selects reputable suppliers, conduct Supplier Performance Feedback sessions and on-site visits.

[This material references Disclosure 102-9 from GRI 102: General Disclosures 2016]

Ethics and Integrity

Xi'an Reyphon Pharmaceutical adopts a strong anti-corruption stance as part of its commitment to protect brand equity and long term value of the organisation. It performs its business operations in compliance with the criminal and anti-money laundering laws of the PRC and other laws and regulations related to insider trading, fraud, bribery and extortion. Matters related to these issues are conveyed to employees through staff manuals and training. The Board oversees the review and approval procedures for interested person transactions.

Xi'an Reyphon Pharmaceutical also provides whistle-blowing channels for the reporting of violation of laws and misconduct, such as the use of confidential emails. Internal audits are conducted periodically to cover finance, procurement, management and production. During the year, there were no incidents of violations of law, regulations or corruption pertaining to the environment or in the provisions of its products and services.

[This material references Disclosure 102-16 from GRI 102: General Disclosures 2016]

Stakeholder Engagement

Xi'an Reyphon Pharmaceutical recognises the integral role played by stakeholders in ensuring the sustainable development of the organisation and the ESG factors affecting the

company. Stakeholders of Xi'an Reyphon Pharmaceutical includes shareholders, investors, government and regulatory bodies, employees, suppliers, customers and the media.

Xi'an Reyphon Pharmaceutical implements the following methods to maintain open and transparent communications with its stakeholders at all times:

Stakeholders	Methods of Engagement
Shareholders and Investors	• Annual reports, annual general meeting, investor relations management, quarterly result release and public announcements
Government and Regulatory Bodies	• Government meetings, supervision, assessments and on-site visits
Employees	• Employee and management meetings, internal memos, performance assessments and training
Suppliers	• Supplier assessment system, supplier performance feedback and on-site visits
Customers	• Customer meetings and customer satisfaction feedback
Media	• Press releases, announcements and interviews

Through the comprehensive suite of stakeholder engagement methods, Xi'an Reyphon Pharmaceutical ensures that stakeholders are able to express their concerns freely and openly even as it strives to address their feedback in a timely and meaningful manner. Proactive engagement will allow Xi'an Reyphon Pharmaceutical to adapt its strategies to the business environment and improve its business processes.

[This material references Disclosures 102-40, 102-42 and 102-43 from GRI 102: General Disclosures 2016]

Environmental Performance

Energy

As Xi'an Reyphon Pharmaceutical engages in the manufacturing of pharmaceutical ingredients, energy consumption is a key area of concern in its environmental performance. Xi'an Reyphon Pharmaceutical conducts organisational energy saving practices through training and staff manuals, and reinforces them with reminders and posters. Engineers in Xi'an Reyphon Pharmaceutical also takes readings from the meters regularly and records them to allow for constant monitoring of consumption levels. These practices aim to ensure that employees are mindful of their energy use and that energy consumption targets can be reached.

During the year, the facilities of Xi'an Reyphon Pharmaceutical consumed a total of 851,523 kilowatt-hours of energy. This figure is a combination of 5,523 litres of fuel from non-renewable sources and 846,000 kilowatt-hours of energy purchased for consumption. Going forward, Xi'an Reyphon Pharmaceutical aims to reduce its energy consumption by 5% in three years and by 10% in five years.

[This material references Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016; Disclosure 302-1 from GRI 302: Energy 2016]

Water

In the course of manufacturing pharmaceutical ingredients, water is used for the cooling and cleaning of the facilities. Hence, water withdrawn from source is a critical observational element for Xi'an Reyphon Pharmaceutical. During the year, the facilities of Xi'an Reyphon Pharmaceutical consumed a total of 10,062 tonnes of ground water. This is measured from water bills generated by the utility companies. Looking ahead, Xi'an Reyphon Pharmaceutical aims to reduce its water consumption by 5% in three years and by 10% in five years.

[This material references Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016; Disclosure 303-1 from GRI 303: Water 2016]

Social Performance

Employee Profile and Provision of Benefits

Employees are the backbone of Xi'an Reyphon Pharmaceutical's operations. The organisation is committed to the improvement of its employees' workplace competencies, and in turn, its business performance, through continuous training and education of its employees.

As at 31 December 2017, Xi'an Reyphon Pharmaceutical has a total headcount of 114 employees in the PRC, with male employees making up the majority of the workforce (61% male versus 39% female). Only two employees are on temporary contract, and the rest are permanent staff, while all employees work full-time *(refer to Figure 1)*.

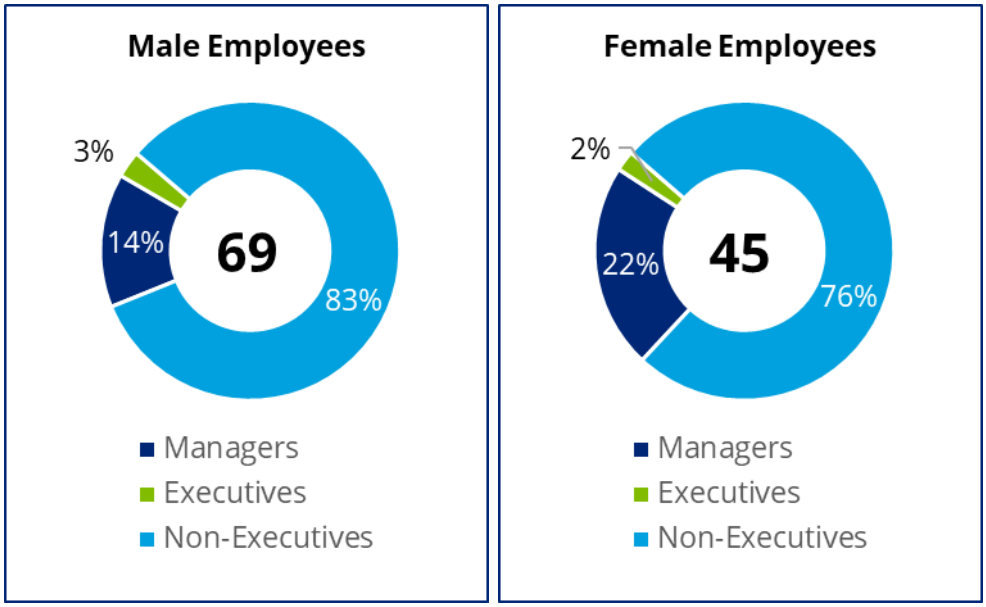


Figure 1. Employee profile breakdown.

The year 2017 saw a new hire rate of 24% with 27 new employees and a turnover rate of 14% with 16 resignations. Male employees between the ages of 30 and 50 make up the majority of the new hires.

Table 1. New hires and turnover by age group.

Age Group	New Hires	Turnover
Under 30 years old	2%	8%
30-50 years old	22%	6%
Over 50 years old	0%	0%

Table 2. New hires and turnover by gender.

Gender	New Hires	Turnover
Male	20%	9%
Female	4%	5%

All full-time employees of Xi'an Reyphon Pharmaceutical are placed on a healthcare plan and are entitled to parental leave. This includes 98 days of maternity leave and three days of paternity leave. In the event of dystocia, or obstructed labour, maternity leave will increase by 15 days, and mothers with multiple childbirths will also be entitled to 15 days increase in maternity leave per child. Additional employee benefits provided by Xi'an Reyphon Pharmaceutical include daily necessities distributed to staff on a quarterly basis, and gifts on birthdays and during major festival holidays such as Chinese New Year and Mid-Autumn Festival.

[This material references Disclosure 102-8 from GRI 102: General Disclosures 2016; Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016; Disclosures 401-1 and 401-2 from GRI 401: Employment 2016]

Occupational Health and Safety

Xi'an Reyphon Pharmaceutical recognises the importance of inculcating safety as an integral part of workplace culture and is committed to establishing a safe workplace for its employees.

It is mandatory for both new employees and those undergoing internal transfer to attend pre-employment safety training, covering topics on the safe use of electricity, machinery and equipment. Employees are also instructed to identify, reduce or eliminate risks that may arise during the production process and are trained to comply with rules emphasising safety. Xi'an Reyphon Pharmaceutical also organises annual training for its employees to learn relevant knowledge in chemical hazards and safety management.

The Safety and Environmental Protection Department has developed various emergency plans to handle sudden safety accidents, given the large storage of chemicals in factories. Fire training and drills are conducted annually to enable employees to acquire skills in managing disasters, such as in the event of fires or explosions. Employees are also required to be first-aid trained. Safety warning slogans are placed around the workplace, such as "No Smoking" posters or those prohibiting the use of mobile phones in explosion-prone areas.

In 2017, Xi'an Reyphon Pharmaceutical recorded no injuries and fatalities, and will strive to maintain a zero-incident workplace injury and loss rate. The organisation remains

committed to sustaining its safety record and workplace safety standards and will continue to instil a strong culture of workplace safety among all employees.

[This material references Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016; Disclosure 403-2 from GRI 403: Occupational Health and Safety 2016]

Training and Education

Xi'an Reyphon Pharmaceutical recognises the importance of training and education in the development of its employees to their fullest potential. In 2017, each employee received an average of 23 hours of training provided by the organisation *(refer to Figure 2)*.

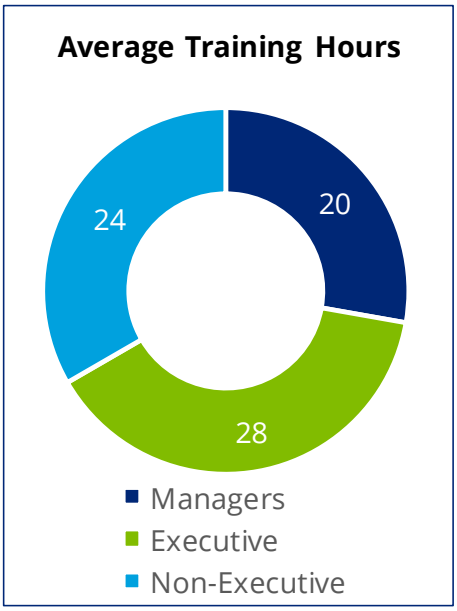


Figure 2. Average training hours by employee category.

Internal training provided by the organisation included orientation for new employees and those undergoing internal transfer, as well as safety training for all staff conducted up to twice a year. The organisation also send employees for external training for induction on special equipment, as well as specialised training sessions for warehouse managers, production managers and safety officers on the safe management of hazardous chemicals.

[This material references Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016; Disclosure 404-1 from GRI 404: Training and Education 2016]

Performance Management

Xi'an Reyphon Pharmaceutical has established a comprehensive performance management system to support the professional development of staff, which includes monthly performance reviews and career development sessions for each employee. This means on

a yearly basis, each employee would have received 13 performance reviews and one career development review.

On a monthly basis, two supervisors of each business unit in Xi'an Reyphon Pharmaceutical would evaluate the work performance of each employee based on established key performance indicators. A monthly bonus would be distributed to each employee based on the individual's assessment result, which is calculated by averaging the performance scores of each employee's two supervisors. The supervisors would also communicate their appraisal to the employees for any required improvement to their performance. Employees are also entitled to a year-end bonus on top of their monthly bonus, based on a comprehensive assessment of their performance at the end of the year. All employee assessments would be submitted for record keeping to the Human Resource department, which will reference the assessments for calculating the bonuses.

[This material references Disclosures 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016; Disclosure 404-3 from GRI 404: Training and Education 2016]

This report is intended solely for the information and internal use of Suntar Eco-City Limited, and should not be used or relied upon by any other person or entity.

GRI Content Index

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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Energy
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GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy
WATER		
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	103-2 The management approach and its components	Water
	103-3 Evaluation of the management approach	Water
GRI 303: Water 2016	303-1 Water withdrawal by source	Water

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CATEGORY: SOCIAL		
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Employee Profile and Provision of Benefits
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GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee Profile and Provision of Benefits
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GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	Occupational Health and Safety
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GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training and Education
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance Management