

CHINA GAOXIAN FIBRE FABRIC HOLDINGS LTD.

**THREADING CHINA
SERVING THE WORLD**

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1. Highlights

1.1 Corporate profile

China Gaoxian Fibre Fabric Holding Ltd (中国高纤控股有限公司) (**'China Gaoxian'** or the **'Company'**), together with its subsidiaries (the **'Group'**), are engaged in the manufacturing of premium differentiated fine polyester yarn and warp knit fabric in the People's Republic of China (**PRC**), under its own "Huaxiang" (华祥) brand.

By varying the physical, mechanical and chemical properties of the fibres, China Gaoxian produces substitutes for other fibres like silk or nylon, but with desirable properties added on in terms of warmth, texture and feel, luster, tensile strength, as well as abrasion resistance. As such, our products are widely used in the manufacture of mid to high-end apparels and utilities, including sportswear, casual wear, upholstery for automobiles and aeroplanes, sports shoes, headgear, curtains, bedding, bags and umbrellas. China Gaoxian is well positioned to capture this growing domestic market with an established customer base of over 1,500 domestic textile and garment manufacturers, and experienced management with more than 16 years of expertise in polyester yarn business.

Our three production facilities are strategically located in Zhejiang and Fujian provinces, otherwise known as the two textile hubs of the PRC, which gives it easy access to the entire production chain. It therefore enables the Group to respond quickly to customers' demands and develop long lasting relationships with many of its local customers.

China Gaoxian was listed on the Main Board of the Singapore Exchange in September 2009.



We currently have the following product lines:

Product	Properties	Other features
Polyethylene Terephthalate (PET)	Excellent wear resistance; low coefficient of fraction; high flexural modulus; superior dimensional stability.	Material for designing mechanical and electro-mechanical parts.
Pre-Oriented Yarn (POY)	Primary form of polyester yarn.	Mainly used in texturing to make textured yarn. Also be used in draw warping for wearing and warp knitting of fabrics.
Fully Drawn Yarn (FDY) (with filament count of 24f and linear densities of 35D and 50D)	High tensile strength; semi-dull; softer; smoother feel; wrinkle resistance; soft luster.	Finer in texture as compared to more commonly available polyester FDY 150D/48f. Suitable for high-end apparel and home furnishings.
Drawn Textured Yarn (DTY)	Combines desired properties of natural fibre (e.g. warm, bulk, soft luster) and polyester fibre (high strength, elasticity, stretch and abrasion resistance).	Achieved through a texturing process. Fabric manufactured from DTY feels warm due to static air trapped between fibres, and have a softer and greater volume due to untwisted fibres.



1.2 Message to stakeholders

On behalf of the Board of Directors of China Gaoxian Fibre Fabric Holdings Ltd., I am pleased to present the Sustainability Report for the year ended 31 December 2017 (**FY2017**).

As a leading supplier of premium differentiated fine polyester yarn in the PRC, China Gaoxian is well poised to ensure that the environmental, health and safety (**EHS**) aspects of our business operations are sustainable and protecting the interests of our stakeholders.

In our inaugural sustainability report, we will be reporting on the Group's sustainability efforts based on our four pillars of sustainable development, comprising Quality Management, Production Safety, Environmental Protection and Employee Well-being.

Our spinning and polymerisation plant has achieved total daily production capacity of approximately 1,000 tonnes with approximately 700 tonnes of POY and FDY and 300 tonnes of PET polyester chips.

During FY2017, our significant subsidiary, Huaxiang (China) Premium Fibre Co., Ltd (华祥(中国)高纤有限公司) (**Huaxiang China**) achieved full production capacity for 8 FDY production lines and 8 POY production lines. This is the result of continuous improvements to our operation and production efficiency.

The Chinese government's emphasis on environmentally-friendly industrial operations has encouraged us to keep abreast of related regulatory developments and consequently improving our operations to comply with these changes in the regulation.

We continuously engage with the local government representatives to ascertain our operations meet the regulatory requirements and contribute to the Chinese government's goal of achieving a green economy.

In addition, we wish to confirm that the Board has considered sustainability issues as part of its strategic formulation, determined the material environmental, social and governance (**ESG**) factors and overseen the management and monitoring of the material ESG factors.

As part of Gaoxian's commitment to sustainable development, we will continue to strive to do business in a responsible way.

On behalf of the Board of Directors

XIE RULIANG

Non-Executive and Non-Independent Chairman



1.3 Scope of sustainability report

The scope of the report covers information on material sustainability aspects of China Gaoxian, namely the Group's significant subsidiary, Huaxiang China, from 1 January 2017 to 31 December 2017 unless otherwise specified. This should sufficiently address stakeholders' concerns in relation to sustainability issues arising from the major business operations of the Group.

This report is prepared in accordance with the Global Reporting Initiative (**GRI**) Standards: Core Option as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. It also considers the Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Securities Trading Limited (**SGX-ST**) Listing Manual. In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders.

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

Sustainability contact

We welcome your views and feedback on our sustainability practices and reporting at ir@china-gaoxian.com.



2. Our approach to sustainability

2.1 Sustainability organisational structure

Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much determine our financial performance. We developed a sustainability organisational structure to move things forward:



2.2 Sustainability strategy

At the Group, our sustainability strategy aims to create integrated values. Together with disciplined execution of our strategy and a commitment to doing business responsibly, we commit to deliver value to all our stakeholders through the following:



Quality Management



Production Safety



Environmental Protection



Employee Well-Being

The sustainable strategy is underpinned by our comprehensive internal policies on the following:

- Quality Management (质量管理), which covers aspects on the raw materials quality, supplier evaluation, product design, customer communications, quality controls, management of non-conforming products, and other areas required by ISO 9001: Quality Management System.
- Production Safety Management (安全生产管理), which covers aspects on safety culture, safety training and development, equipment safety, emergency response procedures, occupational health and safety, and fire safety and prevention.
- Environmental Protection Management (环境保护管理), which covers aspects on air pollution monitoring, proper discharge of solid and liquid waste, pollution management, and other areas required by ISO 14001: Environmental Management System.
- Human Resources Management (人事管理), which covers aspects on employee handbook, department-specific performance evaluations, rewards and penalties.

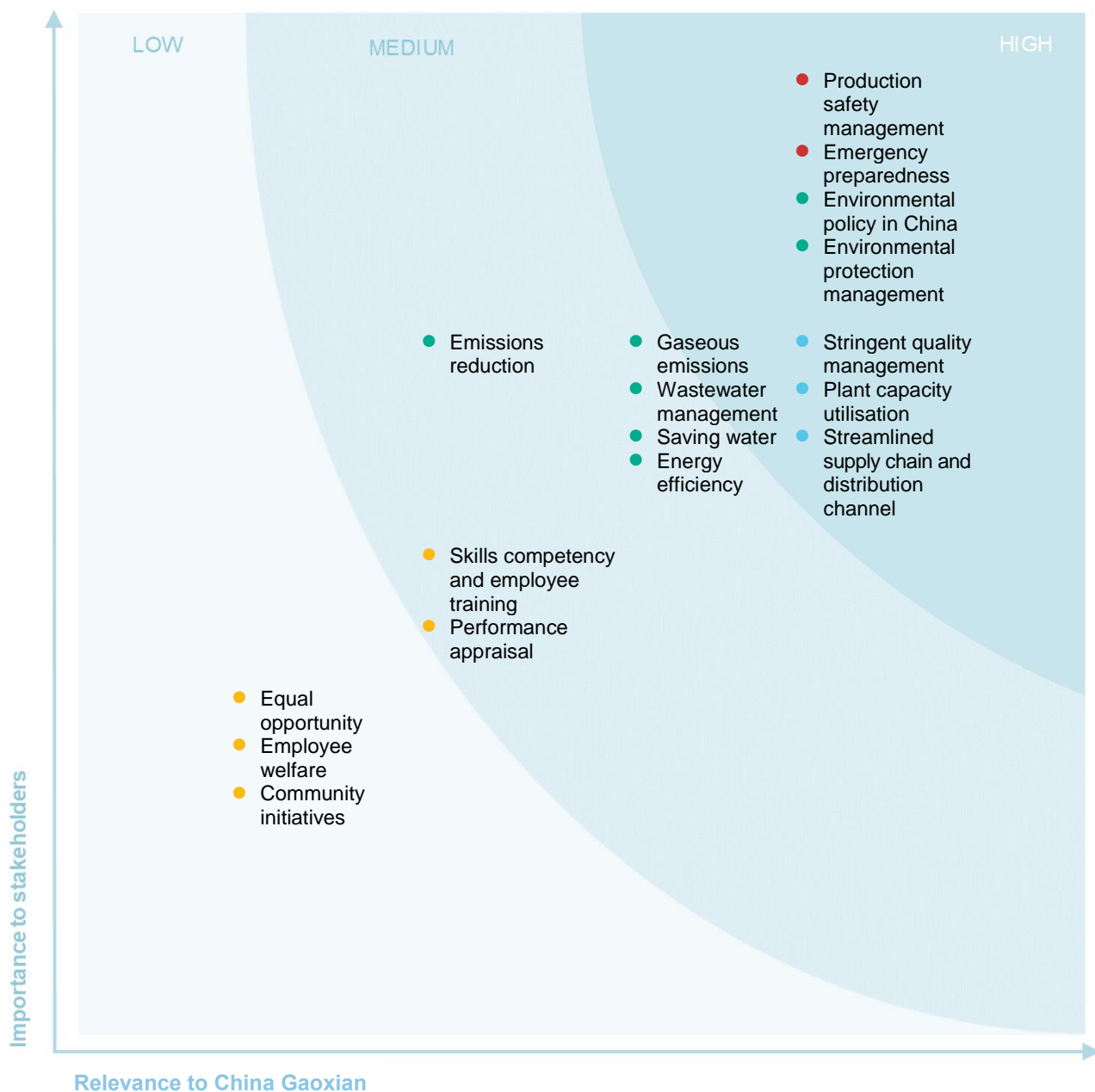
The strategy is also guided by external sources, including ISO 9001, ISO 14001, Global Reporting Initiative Standards, Sustainability Reporting Guide in Practice Note 7.6 of the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual.

2.3 Sustainability materiality

We recognise the need to continuously develop our responsible business approach in order to address growing stakeholder expectations around our impact on the economy, environment and society. As such, we periodically consult with our stakeholders to determine the issues that are most relevant to them and China Gaoxian. Some of our stakeholder's comments can be found in **Appendix B**.

Using a materiality index, we align our responsible business priorities with the Group's principal business and operational risks, as illustrated in the diagram below.

We have also developed metrics to help us measure our progress, as indicated in our sustainability scorecard in **Appendix A**. We will review and adjust the material issues and relevant metrics each year, as the external and business context changes.



3. Our performance

3.1 How we measure our performance

Our **sustainability strategy** is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programs have advanced, through a series of 'commitments'.

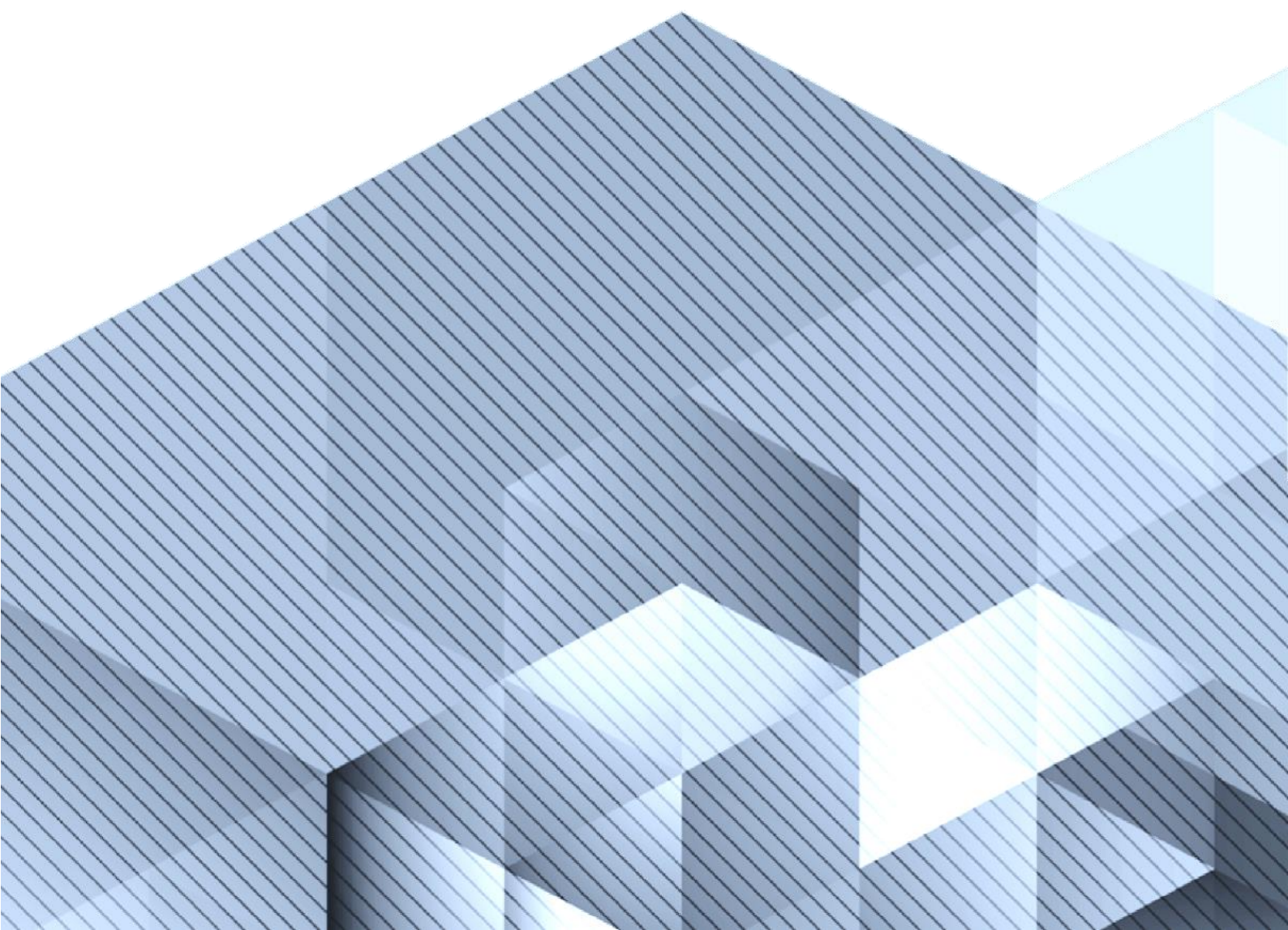
Metrics and targets

We have established key performance indicators for each of the four focus areas outlined in our **sustainability strategy**. As this is our first year adopting sustainability reporting, we will be establishing quantitative targets within the next year to hold ourselves accountable and track how we are doing.

Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

Commitments

To ensure we have a robust sustainability program in place, we will also publish the key initiatives we plan to implement within the next year.



3.2 Quality management

Overview

Huaxiang China is primarily engaged in the manufacture and production of premium differentiated fine polyester yarn.

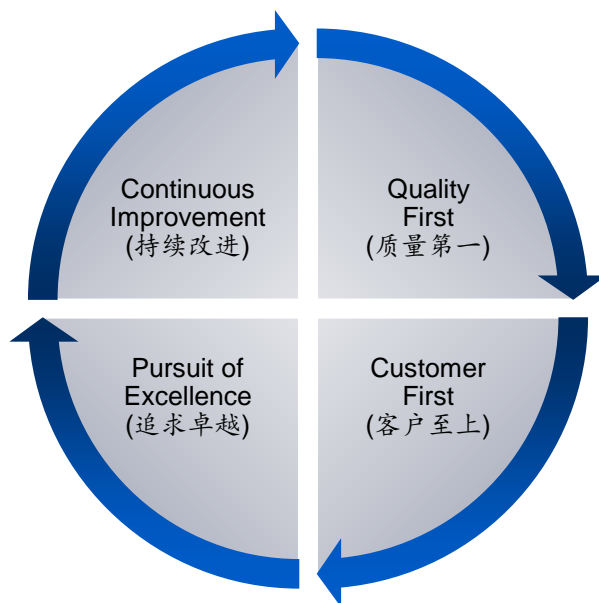
We are one of the leading suppliers in PRC with our advance technologies and strict quality control and management system. We have established comprehensive procedures to ensure quality throughout the production process.

Stringent quality management

Huaxiang China is ISO 9001:2015 Quality Management System certified. We are dedicated to the consistent implementation of our quality management policies across every aspect and every production unit of the Group.

Our employees are required to familiarise themselves with and uphold Huaxiang China's Quality Standards:

Huaxiang China's Quality Standards



These quality policies are strongly engraved in our employee's mind which will be reflected and applied in their daily work routine.

From the raw materials receipt and production to the delivery of products, we have dedicated quality control teams tasked to ensure the quality of our products.

Production capacity utilisation

We believe that effective management of our production and operational facilities are keys to our success. To meet the demand of our customers and generate maximum interest to our shareholders, we closely monitor the production capacity utilisation.

During FY2017, Huaxiang China plant has achieved full production capacity utilisation for 8 FDY production lines, 8 POY production lines and 4 FDY with luster production lines. With these improvements of production capacity utilisation, Huaxiang China achieved an overall production capacity utilisation rate of 95% by end of FY2017.

Going forward, we will continue to improve its production capacity to meet the demand of customer and the growing market.

95%

Production capacity utilisation rate

100%

Raw materials sourced domestically

Streamlined supply chain and distribution channel

In December 2016, we entered into a framework supply chain cooperation agreement (the '**Agreement**') with state-owned Zhejiang Materials Industry Chemical Group Co., Ltd. (**Zhejiang Materials**) for a period of 3 years commencing from 1 December 2016 to 31 December 2019.

According to the Agreement, Zhejiang Materials will be responsible for the purchase and supply of key raw materials to Huaxiang China. They will also act as the sole distributor of our products.



Supply chain management

A secure and stable supply chain is very important to ensure the smooth and uninterrupted operation of our production activities.

Huaxiang China's major raw materials are Purified Terephthalic Acid (**PTA**) and Monoethylene Glycol (**MEG**). All of these raw materials are sourced locally from the reliable suppliers through the Agreement with Zhejiang Materials. Raw materials will be purchased and stored by Zhejiang Materials and drawn for use based on our production needs.

This arrangement allows us to have a secure supply of key raw materials, reduce the cost of storing raw materials and ease cash flow requirement to keep raw materials.



Distribution channel management

Appointing Zhejiang Materials as sole distributor allows us to focus our resources on our core competency in manufacturing high quality products with our industrial knowhows.

In addition, as one of the largest trading companies in Zhejiang province, Zhejiang Materials has an extensive trading network in the entire PRC. The cooperation with Zhejiang Materials allows us to tap into new market and customers.

We believe that the streamlining Huaxiang China's supply chain and distribution channel has greatly contributed to the Company's competitiveness. This is reflected in the increased production capacity utilisation and overall profitability.

3.3 Production safety

Overview

Our raw materials consist of PTA and MEG that are used to produce the synthetic yarns products. These raw materials are considered hazardous chemicals and require special storing and handling procedures.

Thus, safety is always our top priority. We have always stressed the importance of production safety in each stage of our operations.

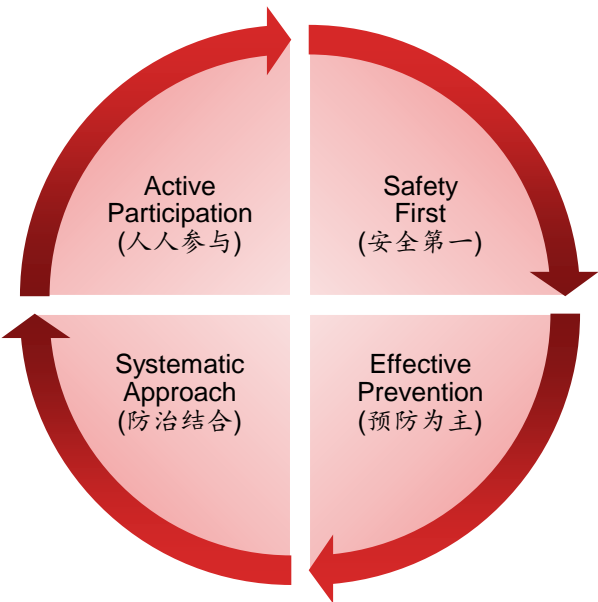
We believe that one of the keys to improving safety is the creation of a more effective safety culture and awareness through policies and communication.

Production safety management

We have a comprehensive set of Production Safety Management Policies (安全生产管理制度) that requires all our employees adhere to. These policies were developed in conjunction with the relevant safety laws and regulations as well as best industrial practices.

Our employees are required to familiarise themselves with and uphold Huaxiang China's Safety Standards:

Huaxiang China's Safety Standards



0

Production stoppage due to safety incidences

0

Serious incidents

3

Workplace injuries

Some of the areas covered by our policies include:

- Effective safety culture,
- Safety training and development,
- Occupational health and safety,
- Handling of hazardous chemicals, and
- Fire safety and prevention.

Our policies clearly outline the responsibilities of employee at different ranks. This is to ensure that the employees understand their responsibility fully and carry out the preventive measures and response to safety incidents effectively. Annually, the management determines the safety target to be achieved. Reward and punishment system are implemented based on the performance.

To increase the awareness to the production safety and evaluation the safety performance, a safety meeting is conducted weekly, quarterly and annually by the Production Safety Committee and Production Department. Safety concerns are discussed and action plans are determined and followed up during the meeting.

Huaxiang China has a comprehensive training and assessment programme to increase the employees' awareness to safety and their readiness to response to safety incidents. New production workers are required to attain at least 72 hours of safety training and pass the relevant safety assessments before commencing their work. Existing production employees are subjected to at least 20 hours of refresher safety training. Ad-hoc safety trainings are also introduced on a case by case basis as required.

In FY2017, there were zero production stoppage due to safety incidences and zero serious incidents. However, there were three workplace injuries involving our employees. We attended to their medical needs immediately and used these incidences to reinforce the importance of production safety to our employees.

We seek to achieve zero incidences in the coming year.

Emergency preparedness

While we emphasise on preventing safety incidents, we also prepare the employees to handle and respond to emergencies, including potential explosions, fire and chemical spills.

We have a comprehensive set of Emergency Response Handbook (紧急应变作业说明书) to provide details instructions and procedures for employees to response to the emergency situation.

To handle emergencies, an emergency response team is formed, consisting of key personnel, including the Company's leaders and production supervisors. Responsibilities and the contacts of the team members are provided in the handbook.

In addition to departmental trainings and refresher trainings, we also conduct annual fire safety and emergency preparedness drills involving company personnel and the local fire station. Meeting is conducted after the annual fire safety and emergency preparedness drills to review and improve the emergency response procedures.

We understand that proper emergency response procedure and drills is effective to reduce and limit the impact and casualty as a result of the any safety incidents that may happen in our line of work.

3.4 Environmental protection

Overview

Environmental protection is fast gaining traction in China amongst policy makers and the public. As a leading supplier of premium differentiated fine polyester yarn in the PRC, we are committed to ensuring our full compliance with national environmental regulations.

Comprehensive policies are developed to ensure our commitment towards environmental protection, reducing carbon emissions, preventing pollution, and minimising waste can be achieved during our daily operations.

Environmental policy in China

Environmental policy in China is set by the National People's Congress and managed by the Ministry of Environmental Protection of the People's Republic of China. The central government issues strict regulations for which the actual monitoring and enforcement is largely undertaken by the local governments.

In January 2015, a new environmental law came into effect, covering land, water and air pollution. It contains strict penalties, including seizing of the property of illegal polluters, with company executives subject to prison sentences of 15 days. There is no upper limit on fines. More than 300 different groups will be able to sue on the behalf of people harmed by pollution.

Huaxiang China has been largely compliant with PRC's as well as local government's environmental policies and has obtained the requisite approval on the environmental protection facilities of Huaxiang China's plant since January 2011.

However, in August 2017, the Company was subject to an administrative fine of ¥55,000 for failing to obtain the acceptance certification for the POY and FDY production facilities from the local Environmental Protection Agency on a timely basis. The Company's POY and FDY production facilities was gradually completed from 2014 through 2017.

The Company has since paid the fine in full and has obtained acceptance certification on management of noise pollution and solid waste disposal in September 2018. Acceptance certification on management of wastewater and waste gases treatment and disposal is in progress and is expected to complete in FY2019. This did not affect the production of Huaxiang China.

¥55k

Fines on contravention of environmental regulations

0

Environmental incidents



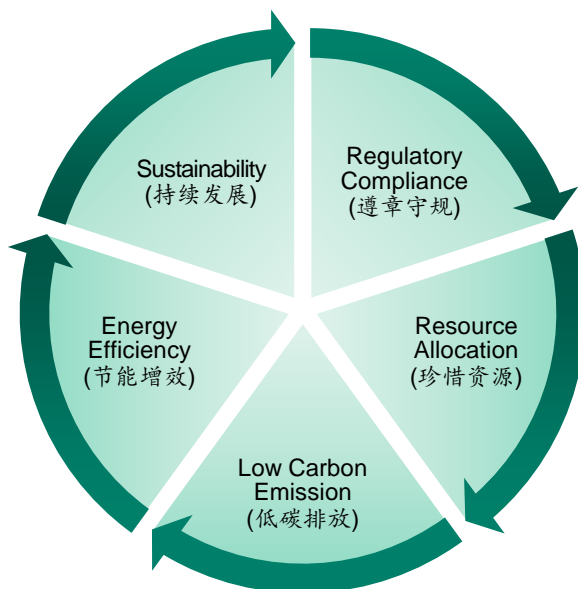
Environmental protection management

Huaxiang China has a dedicated Safety and Environmental Protection Department to oversee the compliance to the relevant environmental rules and regulations. The Department reports directly to the Production Safety and Environmental Protection Committee which is headed by our General Manager, and supported by our various Head of Departments. They will oversee all environmental protection and compliance matters in the Company.

In addition, to ensure Huaxiang China complies with relevant rules and regulations, we have obtained the ISO 14001:2015 Environmental Management System certificate. We are subjected to a three-year certification cycle of ISO 14001:2015 and independent certification audit to be conducted based on the ISO Standards as well as government's rules and regulations.

Our employees are also required to familiarise themselves with and uphold Huaxiang China's Environmental Standards:

Huaxiang China's Environmental Standards



Emissions reduction

The corporate culture of protecting the environment is reflected in every operation undertaken by Huaxiang China.

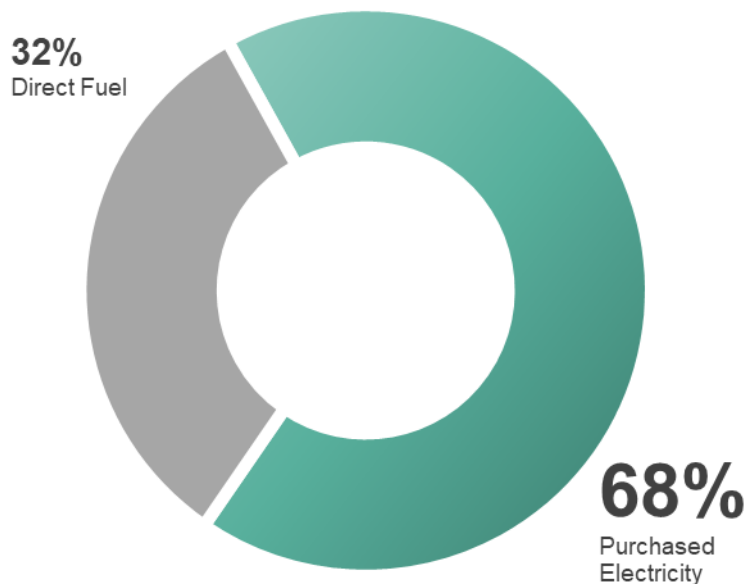
We are committed to reduce our carbon emission in our production activities. Our production facilities and machines are designed to save electricity consumption. Employees are also reminded to save electricity through regular internal communications.

To determine the carbon footprint, we collect energy usage data from each our businesses and then calculate our total annual greenhouse gas emissions.

In FY2017, Huaxiang China generated a carbon footprint of 245,079 tonnes of carbon dioxide emission (**tCO₂e**) with a carbon emission intensity of 0.73 tCO₂e per tonne of production. The emission mainly arises from purchased electricity which accounted for close to 68% of the total carbon emission of Huaxiang China.

0.73tCO₂e

Carbon emission intensity per tonne of production



We follow the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development, the standard manual for measuring corporate greenhouse gas emissions. Using the “control method”, we include 100% of the emissions associated with businesses which we directly control. Our carbon footprint includes:

- All fuels used directly by our companies (Scope 1 emissions)
- All purchased electricity and steam used in our facilities (Scope 2 emissions)

We will continue to monitor the performance on the carbon emission reduction. Progress and performance on the reduction of carbon emission will be reported in the following year.

Gaseous emissions

Our production used coal water slurry as fuel to generate heat for the boilers. Coal water slurry a clean liquid coal-based fuel that generates less sulphur dioxide and nitrogen oxide emissions compared to traditional coal. The coal water slurry used by our heaters has less than 0.65% sulphur content.

Our production facilities are dully equipped to collect and treat the flue gases prior to their release into the atmosphere, resulting in the removal of more than 80% of sulphur and 99% of dust particles present in the flue gases.

As a result, the fumes released into the atmosphere will be able to meet the requirements of the gas emission standard of the Zhejiang Province. We seek to continue to ensure that 100% of our gaseous emissions meet the local emission standards in the coming years.

Waste and wastewater management

Waste materials from the production of polyester yarn are not significant. Any waste engine oils and materials recovered from maintenance of machinery will be aggregated in a locked and isolated container and disposed through proper biohazard disposal channels.

Wastewater disposal is performed through a wastewater treatment system is installed in the Huaxiang China plant. Wastewater from various production stages are systematically collected and treated before they are routed to the plant's wastewater treatment station for further treatment.

The wastewater treatment station is able to handle up to 1,300 m³ of wastewater a day. Wastewater collected will go through biological wastewater treatment and wastewater reclamation processes.

In FY2017, Huaxiang China had a wastewater discharge intensity of 0.1 m³ per tonne of production.

The treated wastewater discharge will be able to meet the requirements of the water emission standard of the Zhejiang Province. We seek to continue to ensure that 100% of our wastewater discharge meet the local emission standards in the coming year.

Saving water

Water scarcity is a growing concern around the world and a serious global challenge that we must work together to address.

Water consumption in the fibre and yarn manufacturing processes are intensive. At Huaxiang China, we have policies in place to ensure our operation conserve as much water as possible.

Huaxiang China's wastewater treatment station is equipped with facilities to recycle wastewater, with a water reclamation rate of up to 85%. Reclaimed water is used for the membrane filtering process and recirculating the water cooling system.

In FY2017, Huaxiang had a water consumption intensity of 2.3 m³ per tonne of production. In addition, up to 41.9 m³ of water is recycled for reuse per tonne of production.

We will continue to monitor the performance on the water consumption reduction. Progress and performance on the reduction on water consumption will be reported in the following year.

100%

Gaseous emissions that meets local emission standards

100%

Wastewater discharge that meets local emission standards

0.1m³

Wastewater discharge intensity per tonne of production

2.3m³

Water consumption intensity per tonne of production

41.9m³

Water recycle intensity per tonne of production

Energy efficiency

Due to our manufacturing activities, direct fuel and electricity constitutes a significant proportion of our operating expenses. By investing in energy efficiency, we not only help protect the environment but can also lower our financial costs.

Our fuel consumption came from coal water slurry for heat generation in the boilers. Our electricity consumption came from regular operations of the office and factory.

To ensure the effective use of fuel and electricity, we conducted the following practices:

- Use energy saving equipment
- Regular maintenance of production equipment, especially boilers, to maintain high efficiency
- Using high quality fuels to ensure energy efficiency
- Turn off lights, computers and air conditioning system before clocking out
- Place energy saving reminder labels next to switches



3.5 Employee well-being

Overview

We fully commit to our People Development Policy of Knowledge, Ability, Integrity, Growth and Development, giving employees with the requisite knowledge, ability, and integrity opportunities for growth and development within the Company.

To increase productivity, we have a comprehensive performance appraisal and rewards programme that helps us understand the skills level of our employees and tailor appropriate training programmes to fill up their skill gaps. We are hence well-positioned to provide a constructive working experience to our employees and contribute to the economic development and skilled labour resources of the local community.

Through our people, we are also committed in making positive contributions to our community by giving back to the society and helping the less privileged.

Skills competency and employee training

To ensure that our employee excel, we emphasise on continuous learning in the workplace. Every employee has equal opportunities to upgrade and sharpen their skill sets through formal and on-the-job internal training programs, as well as inter-departmental job-rotation.

In FY2017, we conducted no less than 20 hours of on-the-job training for each employee across all departments together with the Safety and Environmental Protection Department, with topics ranging from corporate culture and production safety to technical courses. At least 32 hours of initial training will be conducted for Production Safety Management staff, with at least 12 hours of refresher trainings in subsequent years.

Performance appraisal

To ensure the Company achieves its goals, we have various performance appraisal methods in place to determine the performance of the Company as well as each individual employee.

The employee performance appraisal comprises mainly quantifiable evaluation criteria. In addition, we actively collect performance information for each employee each month through inputs from direct supervisors and feedbacks, as well as periodical employee communication sessions.

These collected information allow us to understand the performance and skills development needs of each team and individual employee from multiple aspects. This is crucial for the Company to develop annual training programs for employee that are designed to enhance the skills of the employee and aims to improve the overall productivity.

In FY2017, all of our employees are at least subject to an annual performance appraisal by their superiors. We seek to continue this practice in the coming year.

20

Average training hours per staff

100%

Employees subject to regular performance appraisal

Equal opportunity

We always strive to create a fair workplace for our employees based on the principle of equality and non-discrimination. From recruitment, remuneration, promotion, to employee benefits, equal opportunities are given to all employees regardless of gender, race, marital status, pregnancy, disability, age or family status.

We attract talent through fair, and flexible recruitment strategy that includes recruitment application, job description, job applications, interview, selection, approval, and job offer. Promotion is based on performance and suitability.

Remuneration packages (which includes the necessary social benefits) are reviewed periodically to ensure consistency with employment market. Dismissal also complies with employment laws and regulations relating to non-discrimination.

In FY2017, female employees comprise 29% of our entire workforce, with female representation in management at 15%.

29%

Female representation in workforce

15%

Female representation in management

¥60k

Social contributions made to the local community

Employee welfare

To recognise the efforts of employees, Huaxiang has various recognition awards and rewards to serve as encouragement for the employees to excel and grow together with the Company. In addition, we have various special benefits and subsidies for the employees, including:

- High temperature subsidies
- Festival allowance
- Employee dormitories
- Welfare facilities

We organised a variety of employee activities to help them relax their mind and body, develop teamwork, explore their talent, so as to develop a positive attitude in both work and life.

To enhance employee teamwork and cohesion, improve employee health and improve employee work-life balance, Huaxiang China has also been organising periodic employee gatherings during major festivals and sports competitions.

We will continuously to periodically assess the needs of the employee and strive to reasonably improve the welfare of the employees.

Community initiatives

In FY2017, we made cash donations totaling ¥60,000 to various village committees, schools and charity organisations to fund their daily activities.

The Group will continue to invest in the above and other initiatives supporting community building.

Appendix A: Sustainability scorecard

Quality management

Performance indicators	Units	2017
Plant capacity utilisation rate	Percentage	95
Raw materials sourced domestically	Percentage	100

Production safety

Performance indicators	Units	2017
Production stoppage due to safety incidences	Number	0
Serious incidents	Number	0
Workplace injuries	Number	3

Environmental protection

Performance indicators	Units	2017
Environmental incidents	Number	0
Fines on contravention of environmental regulations	¥'000	55
Total carbon footprint	tCO ₂ e	245,079
Carbon emission intensity	tCO ₂ e/tonne	0.73
Gaseous emissions that meets local emission standards	Percentage	100
Wastewater discharge that meets local emission standards	Percentage	100
Wastewater discharge intensity	m ³ /tonne	0.1
Water consumption intensity	m ³ /tonne	2.3
Water recycle intensity	m ³ /tonne	41.9

Employee well-being

Performance indicators	Units	2017
Training hours per staff	Hours	20
Employees subject to regular performance appraisal	Percentage	100
Female representation in workforce	Percentage	29
Female representation in management	Percentage	15
Social contributions made to the local community	¥'000	60

Appendix B: Consulting our stakeholders

We listen to our stakeholders and engage with them on an ongoing and ad hoc basis. An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

Stakeholders	How we listen	Why we do it	What you've told us
Customers	<ul style="list-style-type: none"> Industry association meetings Meetings with customer's procurement department 	<ul style="list-style-type: none"> Ensure ability to meet customer's requirements in terms of quality and delivery timeliness 	<ul style="list-style-type: none"> Provision of high quality yarn Ability to meet delivery timelines
Employees	<ul style="list-style-type: none"> Internal updates and communication Events and functions 	<ul style="list-style-type: none"> Improve employee's capabilities through internal and external training Improve employee's well-being through managing health and safety, and upkeep of estates 	<ul style="list-style-type: none"> Health and safety Career progression Benefits and rewards External courses
Regulatory authorities (Governments, SGX, MOM, IRAS)	<ul style="list-style-type: none"> Regular updates and communication Reports and compliance Periodical meetings with government bodies 	<ul style="list-style-type: none"> Adhere to environmental regulations for chemical production Good relationship between continuing sponsor and Company Dialogue with SGX Active participation in SGX events to increase visibility and transparency 	<ul style="list-style-type: none"> Compliance with relevant laws and regulations
Shareholder and investors	<ul style="list-style-type: none"> SGX Announcements Shareholder's meeting Annual reports Company's website Regular updates and communication 	<ul style="list-style-type: none"> Committed to delivering economic value to our capital providers through a strong financial performance and our methods of engagement with them. 	<ul style="list-style-type: none"> Long-term profitability Sustainability matters Group's performance against targets Compliance with all relevant requirements
Suppliers	<ul style="list-style-type: none"> Meetings with supplier's sales department Negotiation of bulk discounts 	<ul style="list-style-type: none"> Ensure availability of quality supplies for uninterrupted yarn production at a reasonable cost 	<ul style="list-style-type: none"> Ability to meet Company's quality standards Ability to meet Company's delivery timelines

Appendix C: GRI content index

GRI Standards Content Index

The GRI Content Index references the China Gaoxian Fibre Fabric Holding Ltd Sustainability Report 2017 (SR), and the Annual Report 2017 (AR).

Disclosure number		Disclosure title	Page reference and remarks
GRI 102: General disclosures			
Organisational profile	102-1	Name of organisation	• AR: Corporate Profile (Page 2)
	102-2	Activities, brands, products, and services	• AR: Corporate Profile (Page 2)
	102-3	Location of headquarters	• AR: Corporate Profile (Page 2)
	102-4	Location of operations	• AR: Corporate Profile (Page 2) • AR: Investment in Subsidiaries – Note 9 to the Financial Statements (Pages 70-71)
	102-5	Ownership and legal form	• AR: General Information – Note 1 to the Financial Statements (Page 45)
	102-6	Markets served	• AR: Operations & Financial Review (Pages 6-7) • AR: Segment Information – Note 26 to the Financial Statements (Pages 81-82)
	102-7	Scale of organisation	• AR: Corporate Profile (Page 2) • AR: Segment Information – Note 26 to the Financial Statements (Pages 81-82)
	102-8	Information on employees and other workers	• SR: Employee Well-being (Pages 18-19)
	102-9	Supply chain	• SR: Quality Management (Pages 9-10)
	102-10	Significant changes to the organisation and its supply chain	• AR: Corporate Profile (Page 2) • AR: Our Products (Page 3)
	102-11	Precautionary Principle or approach	• AR: Corporate Governance Report (Pages 14-32)
	102-12	External initiatives	• Not applicable
	102-13	Membership of associations	• Not applicable
Strategy	102-14	Statement from senior decision-maker	• AR: Chairman's Statement (Pages 4-5)
	102-15	Key impacts, risks, and opportunities	• AR: Operations & Financial Review (Pages 6-7) • AR: Independent Auditor's Report (Pages 36-39)
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	• SR: Sustainability Strategy (Page 6)
	102-17	Mechanisms for advice and concerns about ethics	• AR: Corporate Governance Report (Pages 14-32)
Governance	102-18	Governance structure	• AR: Corporate Governance Report (Pages 14-32)
	102-19	Delegating authority	• AR: Corporate Governance Report (Pages 14-32)
	102-20	Executive-level responsibility for economic, environmental, and social topics	• SR: Sustainability Organisational Structure (Page 5)
	102-21	Consulting stakeholders on economic, environmental, and social topics	• SR: Consulting Our Stakeholders (Page 21)
	102-22	Composition of the highest governance body and its committees	• AR: Corporate Governance Report (Pages 14-32)

Disclosure number		Disclosure title	Page reference and remarks
	102-23	Chair of the highest governance body	• AR: Corporate Governance Report (Pages 14-32)
	102-24	Nominating and selecting the highest governance body	• AR: Corporate Governance Report (Pages 14-32)
	102-25	Conflicts of interest	• AR: Corporate Governance Report (Pages 14-32) • AR: Directors' Statement (Pages 33-35) • SR: Sustainability Strategy (Page 6)
	102-26	Role of highest governance body in setting purpose, values, and strategy	• AR: Corporate Governance Report (Pages 14-32)
	102-27	Collective knowledge of highest governance body	• AR: Corporate Governance Report (Pages 14-32)
	102-28	Evaluating the highest governance body's performance	• AR: Corporate Governance Report (Pages 14-32)
	102-29	Identifying and managing economic, environmental, and social impacts	• SR: Sustainability Materiality (Page 7)
	102-30	Effectiveness of risk management processes	• AR: Corporate Governance Report (Pages 14-32)
	102-31	Review of economic, environmental, and social topics	• SR: Sustainability Report (Pages 1-28)
	102-32	Highest governance body's role in sustainability reporting	• SR: Sustainability Organisational Structure (Page 5)
	102-33	Communicating critical concerns	• SR: Sustainability Materiality (Page 7)
	102-34	Nature and total number of critical concerns	• SR: Sustainability Materiality (Page 7)
	102-35	Remuneration policies	• AR: Corporate Governance Report (Pages 14-32)
	102-36	Process for determining remuneration	• AR: Corporate Governance Report (Pages 14-32)
	102-37	Stakeholders' involvement in remuneration	• AR: Corporate Governance Report (Pages 14-32)
	102-38	Annual total compensation ratio	• AR: Corporate Governance Report (Pages 14-32)
	102-39	Percentage increase in annual total compensation ratio	• AR: Corporate Governance Report (Pages 14-32)
Stakeholder engagement	102-40	List of stakeholder groups	• SR: Consulting Our Stakeholders (Page 21)
	102-41	Collective bargaining agreements	• Not applicable
	102-42	Identifying and selecting stakeholders	• SR: Consulting Our Stakeholders (Page 21)
	102-43	Approach to stakeholder engagement	• SR: Sustainability Strategy (Page 6)
	102-44	Key topics and concerns raised	• SR: Consulting Our Stakeholders (Page 21)
Reporting practice	102-45	Entities included in the consolidated financial statements	• AR: Investment in Subsidiaries – Note 9 to the Financial Statements (Pages 70-71)
	102-46	Defining report content and topic Boundaries	• SR: Sustainability Materiality (Page 7)
	102-47	List of material topics	• SR: Sustainability Materiality (Page 7)

Disclosure number		Disclosure title	Page reference and remarks
	102-48	Restatements of information	• Not applicable
	102-49	Changes in reporting	• Not applicable
	102-50	Reporting period	• SR: Scope of Sustainability Report (Page 4)
	102-51	Date of most recent report	• Not applicable
	102-52	Reporting cycle	• Annual
	102-53	Contact point for questions regarding the report	• SR: Scope of Sustainability Report (Page 4)
	102-54	Claims of reporting in accordance with the GRI Standards	• SR: Scope of Sustainability Report (Page 4)
	102-55	GRI content index	• SR: GRI Content Index (Pages 22-28)
	102-56	External assurance	• No external assurance
GRI 200: Economic disclosures			
Economic performance	201-1	Direct economic value generated and distributed	• AR: Operations & Financial Review (Pages 6-7)
	201-2	Financial implications and other risks and opportunities due to climate change	• Not applicable
	201-3	Defined benefit plan obligations and other retirement plans	• Not applicable
	201-4	Financial assistance received from government	• Not applicable
Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	• Not applicable
	202-2	Proportion of senior management hired from local community	• Not applicable
Indirect economic impacts	203-1	Infrastructure investments and services supported	• Not applicable
	203-2	Significant indirect economic impacts	• Not applicable
Procurement practices	204-1	Proportion of spending on local suppliers	• SR: Quality Management (Pages 9-10)
Anti-corruption	205-1	Operations assessed for risks related to corruption	• Not applicable
	205-2	Communication and training about anti-corruption policies and procedures	• Not applicable
	205-3	Confirmed incidents of corruption and actions taken	• There is no incidences of corruption.
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• There is no legal actions for anti-competition.
GRI 300: Environment disclosures			
Materials	301-1	Materials used by weight or volume	• Not applicable
	301-2	Recycled input materials used	• Not applicable
	301-3	Reclaimed products and their packaging materials	• Not applicable

Disclosure number		Disclosure title	Page reference and remarks
Energy	302-1	Energy consumption within the organisation	• SR: Environmental Protection (Pages 13-17)
	302-2	Energy consumption outside of the organisation	• Not applicable
	302-3	Energy intensity	• Not applicable
	302-4	Reduction of energy consumption	• Not applicable
	302-5	Reductions in energy requirements of products and services	• Not applicable
Water	303-1	Water withdrawal by source	• SR: Environmental Protection (Pages 13-17)
	303-2	Water sources significantly affected by withdrawal of water	• Not applicable
	303-3	Water recycled and reused	• SR: Environmental Protection (Pages 13-17)
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	• Not applicable
	304-2	Significant impacts of activities, products, and services on biodiversity	• Not applicable
	304-3	Habitats protected or restored	• Not applicable
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	• Not applicable
Emissions	305-1	Direct (Scope 1) GHG emissions	• SR: Environmental Protection (Pages 13-17) • SR: Sustainability Scorecard (Page 20)
	305-2	Energy indirect (Scope 2) GHG emissions	• SR: Environmental Protection (Pages 13-17) • SR: Sustainability Scorecard (Page 20)
	305-3	Other indirect (Scope 3) GHG emissions	• Not applicable
	305-4	GHG emissions intensity	• SR: Environmental Protection (Pages 13-17) • SR: Sustainability Scorecard (Page 20)
	305-5	Reduction of GHG emissions	• Not applicable
	305-6	Emissions of ozone-depleting substances (ODS)	• Not applicable
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	• SR: Environmental Protection (Pages 13-17)
Effluents and waste	306-1	Water discharge by quality and destination	• SR: Environmental Protection (Pages 13-17)
	306-2	Waste by type and disposal method	• SR: Environmental Protection (Pages 13-17)
	306-3	Significant spills	• Not applicable
	306-4	Transport of hazardous waste	• SR: Environmental Protection (Pages 13-17)
	306-5	Water bodies affected by water discharges and/or runoff	• Not applicable

Disclosure number		Disclosure title	Page reference and remarks
Laws and regulations	307-1	Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> There is no non-compliance with environmental laws and regulations.
Supplier environmental assessments	308-1	New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> Not applicable
GRI 400: Social disclosures			
Employment	401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> SR: Employee Well-being (Pages 18-19)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> SR: Employee Well-being (Pages 18-19)
	401-3	Parental leave	<ul style="list-style-type: none"> Not applicable
Labor / management relations	402-1	Minimum notice periods regarding operational changes	<ul style="list-style-type: none"> Not applicable
Occupational health and safety	403-1	Workers representation in formal joint management-worker health and safety committees	<ul style="list-style-type: none"> Not applicable
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<ul style="list-style-type: none"> SR: Production Safety (Pages 11-12) SR: Sustainability Scorecard (Page 20)
	403-3	Workers with high incidence or high risk of diseases related to their occupation	<ul style="list-style-type: none"> Not applicable
	403-4	Health and safety topics covered in formal agreements with trade unions	<ul style="list-style-type: none"> Not applicable
Training and education	404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> SR: Employee Well-being (Pages 18-19) SR: Sustainability Scorecard (Page 20)
	404-2	Programs for upgrading employee skills and transition assistance programs	<ul style="list-style-type: none"> SR: Quality Management (Pages 9-10) SR: Production Safety (Pages 11-12) SR: Employee Well-being (Pages 18-19)
	404-3	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> SR: Employee Well-being (Pages 18-19)
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> SR: Employee Well-being (Pages 18-19)
	405-2	Ratio of basic salary and remuneration of women to men	<ul style="list-style-type: none"> Not applicable
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> There is no incidents of discrimination.
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<ul style="list-style-type: none"> Not applicable
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> Child labour is strictly prohibited.

Disclosure number		Disclosure title	Page reference and remarks
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> Forced and compulsory labour is strictly prohibited.
Security practices	410-1	Security personnel trained in human rights policies or procedures	<ul style="list-style-type: none"> Not applicable
Rights of indigenous peoples	411-1	Incidents of violations involving rights of indigenous peoples	<ul style="list-style-type: none"> Not applicable
Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	<ul style="list-style-type: none"> Not applicable
	412-2	Employee training on human rights policies or procedures	<ul style="list-style-type: none"> Not applicable
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<ul style="list-style-type: none"> Not applicable
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> SR: Employee Well-being (Pages 18-19)
	413-2	Operations with significant actual and potential negative impacts on local communities	<ul style="list-style-type: none"> Not applicable
Supplier social assessment	414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> Not applicable
	414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> Not applicable
Public policy	415-1	Political contributions	<ul style="list-style-type: none"> Not applicable
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> Not applicable
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> Not applicable
Marketing and labelling	417-1	Requirements for product and service information and labeling	<ul style="list-style-type: none"> Not applicable
	417-2	Incidents of non-compliance concerning product and service information and labeling	<ul style="list-style-type: none"> Not applicable
	417-3	Incidents of non-compliance concerning marketing communications	<ul style="list-style-type: none"> Not applicable
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> Not applicable

Disclosure number		Disclosure title	Page reference and remarks
Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none">There is no non-compliance with socioeconomic laws and regulations.