



SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED

56th Floor Tower A Union Plaza
No 5022 Binhe Road
Futian District Shenzhen
Guangdong Province
The People's Republic of China



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ABOUT THE GROUP

Sino Grandness Food Industry Group Limited 中华食品工业集团有限公司 (“Sino Grandness” or “the Company” and together with its subsidiaries, the “Group”) has been listed on The Singapore Exchange Limited (Stock Code: T4B) since 2009. Headquartered in Shenzhen in the People’s Republic of China (“PRC”), Sino Grandness is an integrated manufacturer and distributor of various food products, including its own-branded 鲜绿园 (“Garden Fresh”) juices, 振鹏达 (“Grandness”) canned fruits, and 好田园 (“Hao Tian Yuan”) snack food products. The Group has become one of the leading brands for loquat fruit juice in the PRC and one of the top exporters of canned asparagus, long beans and mushrooms from the PRC since its establishment in 1997.

The Group serves the fast moving consumer goods sector with distributors as its major type of customer. Its products are distributed within the PRC and globally across Europe, North America and Asia, in a range of supermarkets, discount stores and convenience stores. Regarding its supply chain, the Group sources its raw materials from local agricultural cooperatives and finished goods from its suppliers. Major suppliers are distributed across Henan, Jiangsu, Hubei, Shanghai, Yunnan, Sichuan, Guangdong, Fujian and Beijing in the PRC. The Group conducts further processing in its production facilities in four provinces, namely Shandong, Shanxi, Sichuan and Hubei.

The Group’s principal activities are divided into three product segments: Beverages, Canned Products (Overseas) and Canned Products (Domestic). Details of the product segments and their economic performances are listed below:

| Segment | Beverages | Canned Products (Overseas) | Canned Products (Domestic) |
|---------------------------|---|---|---|
| Operating Subsidiaries | “Garden Fresh Beverage” “Garden Fresh Group” “Garden Fresh (HK)” “Garden Fresh (Shenzhen)” “Garden Fresh (Hubei)” “Anhui Garden Fresh” “Garden Fresh (Sichuan)” | “Grandness (HK)” “Shanxi Yongji Huaxin” “Shenzhen Grandness” “Grandness (Anhui)” “Grandness (Sichuan)” “Dongpeng (Chengdu)” “Grandness (Shanxian)” “Grandness (Hubei)” | “Grandness (HK)” “Shanxi Yongji Huaxin” “Shenzhen Grandness” “Grandness (Anhui)” “Grandness (Sichuan)” “Dongpeng (Chengdu)” “Grandness (Shanxian)” “Grandness (Hubei)” |
| Quantity of products sold | 612,759.69 tonnes | 41,858.39 tonnes | 51,387.07 tonnes |
| Revenue (RMB Million) | 2,692.2 | 549.5 | 476.0 |
| Proportion (%) | 72.4 | 14.8 | 12.8 |
| Total number of employees | The Group | 2,550 | |
| | The Group’s office in Shenzhen, the PRC | 167 | |

From 1 January 2017 to 31 December 2017 (the “reporting year”), the net profit was RMB 356.0 million. As at 31 December 2017, the total liabilities and total shareholders’ equity of the Group were RMB 1,359.1 million and RMB 3,088.2 million respectively. There was no significant change to the organization and its supply chain in the reporting year.

Sino Grandness aims to be transparent and ethical in all its dealings as well as making positive contribution to the community in which it operates. Led by the Board of Directors, the Group is committed to being a responsible company, upholding the following core values in all aspects of its work toward sustainability:

- Clear direction, strong leadership and open communication;
- Customer focus;
- Equality, fairness and transparency;
- Development of positive working relationships with others; and
- Respect for people

¹The operating subsidiaries of Sino Grandness include: Grandness (HK) Industry Co., Limited (“Grandness (HK)”), Shanxi Yongji Huaxin Food Co., Ltd. (“Shanxi Yongji Huaxin”), Shenzhen Grandness Industry Groups Co., Ltd. (“Shenzhen Grandness”), Grandness Group Co., Limited (“Grandness Group”), Garden Fresh (HK) Fruit & Vegetable Beverage Co., Limited (“Garden Fresh (HK)”), Grandness (Anhui) Foods Co., Ltd. (“Grandness (Anhui)”), Garden Fresh Group Holding Co., Ltd (“Garden Fresh Group”), Garden Fresh Beverage Group Co., Limited (“Garden Fresh Beverage”), Grandness (Sichuan) Foods Co., Ltd. (“Grandness (Sichuan)”), Dongpeng (Chengdu) Agricultural Development Co., Ltd. (“Dongpeng (Chengdu)”), Grandness (Shanxian) Food Co., Ltd (“Grandness (Shanxian)”), Grandness (Hubei) Foods Co., Ltd (“Grandness (Hubei)”), Hao Tian Yuan Industry (Shenzhen) Co. Ltd. (“Hao Tian Yuan”), Garden Fresh (Shenzhen) Fruit & Vegetable Beverage Co. (“Garden Fresh (Shenzhen)”), Limited, Garden Fresh (Hubei) Food & Beverage Co., Limited (“Garden Fresh (Hubei)”), Anhui Garden Fresh Fruit & Vegetable Beverage Co., Limited (“Anhui Garden Fresh”), and Garden Fresh (Sichuan) Fruit & Vegetable Beverage Co., Limited (“Garden Fresh (Sichuan)”), as of 31 December 2017.

ABOUT THIS REPORT

This is the first Sustainability Report (the “report”) published by Sino Grandness. By reporting the policies, practices, targets and performances of the Group in terms of its material sustainability issues, it allows all stakeholders to understand the progress and development direction of the Group. The report has been uploaded to the website of the Singapore Exchange Limited (“SGX”) and Sino Grandness (www.sinograndness.com).



REPORTING BOUNDARY

This report focuses on the operation of Sino Grandness’ business segment of sale of fruit juices (the “Garden Fresh” segment) in the reporting year. The reporting boundary covers the operation of the Group’s office in Shenzhen, the PRC. While this report does not cover all of the Group’s operations, the aim of Sino Grandness is to consistently upgrade the internal data collection procedure and gradually expand the scope of disclosure.

REPORTING STANDARD

This report is prepared in accordance with the ‘comply or explain’ provisions of SGX-ST Listing Rules 711A (“LR 711A”), as well as the guidance set out in the Practice Note 7.6: Sustainability Reporting Guide (“PN 7.6”) launched by the SGX. The five reporting components prescribed by the SGX-ST Listing Rules 711B (“LR 711B”) underline the key structure of this report. It takes reference from the sustainability reporting framework provided by the Global Reporting Initiative (“GRI”), the GRI Standards (version 2016 and 2018). GRI’s Reporting Principles for defining report quality – accuracy, balance, clarity, comparability, reliability, and timeliness – form the backbone of this report.

To ensure the reporting quality and credibility, Sino Grandness commissioned a professional consultant, Carbon Care Asia, to conduct processes of report preparation and stakeholder engagement. In addition to the ‘required disclosures’ categorised by GRI, selected topic-specific disclosures are included for enhanced reporting. A complete GRI-SGX Content Index is inserted in the last chapter for reader’s easy reference.

CONFIRMATION AND APPROVAL

Information documented in this report is sourced from the official documents, statistical data, as well as management and operation information of and collected by Sino Grandness according to the policies of the Group. The report has received the Board of Directors’ approval in December of 2018.

OPINION AND FEEDBACK

Sino Grandness values the opinion of stakeholders. If you have any questions or suggestions regarding the content or format of the report, please contact the Group via the following channels:
Address: 56th Floor, Building A, Union Square, 5022 Binhe Avenue, Futian District, Shenzhen
Email: sustainability@grandnessgroups.com
Tel: +86 755 8282 1930
Fax: +86 755 8282 1934

BOARD STATEMENT



I am proud to present the first Sustainability Report of Sino Grandness. Across the globe, sustainability has never been higher on the agenda in the business sector. As a food processing business, product safety is always our priority. As we make every effort to minimize risk in our production, we also work towards advancing Goal 3 of the Sustainable Development Goals – Good Health and Well-Being. We strive to align the interests of the community and that of our business by liaising with internal and external stakeholders.

The Board of Directors acknowledges that sustainability extends well beyond sustainability reporting or the disclosure of key performance indicators. Speaking on behalf of the management, we hold ourselves accountable for the establishment of a sound sustainability governance structure and the development and implementation of the Group's sustainability strategies. I am confident that a systematic approach to managing our impact will help us stride further in our sustainability journey in the future.

This report shares with readers how we analyse and manage environmental and social risks to provide a comprehensive account of the Group's performance in a transparent and informative manner. We embrace risks because they give us the opportunity to become better and differentiate ourselves from competitors, whether in terms of product quality, employee retention, or mitigation of climate change. Well managed, these risks turn into opportunities manifested as enhanced reputation, a more satisfied workforce and greater stability in the supply chain.

Engaging the relevant stakeholders allows the Group to identify a clear purpose and achieve agreed outcomes in sustainability efforts. As part of preparation of this report, we engaged an independent consultant to conduct a series of stakeholder engagement exercises. Our stakeholders made fundamental contribution to our identification, understanding and response to sustainability issues and concerns that matter the most to the Group. The engagement also helped us make more informed decisions when answering stakeholders' needs.

To make the most out of this report and prepare for future strategic planning, a materiality analysis is conducted based on response from our stakeholders as well as the opinion of the Group's management. Through this process we came up with five material sustainability issues which relate to the economic and social aspects. These issues are dealt with in detail in this report to address stakeholders' concerns.

While the Group has just embarked on its sustainability journey, it is clear that the principles of sustainability will be essential to risk-proofing its operation. By merging sustainability values with the way we carry out business, the degree of our success as a business can ultimately be measured by how sustainable we are at what we do. In turn, this mindset of accountability in the management will lead the Group to continue making positive contributions to all stakeholders.

HUANG YUPENG

Chairman and Chief Executive Officer
Sino Grandness Food Industry Group Limited

SUSTAINABILITY GOVERNANCE

The Board of Directors of Sino Grandness takes sustainability issues in consideration as part of its strategic formulation and reviews management performance. To assist the Board of Directors in carrying out its principal functions, the Board of Directors is supported by the Audit Committee, the Nominating Committee and Remuneration Committee. A CSR policy has been established to guide the review of the Group's policies, standards and impacts with regard to environmental and social issues; as well as key stakeholders such as regulators, suppliers, customers and employees. Garden Fresh Group is a member of Shenzhen Agriculture Industrialization Association.




Sino Grandness' canned products are compliant with international standards, including the Hazard Analysis and Critical Control Point ("HACCP") food safety system, British Retail Consortium ("BRC"), International Food Standard ("IFS") and International Organization for Standardization ("ISO") certifications. With these qualifications, the Group's canned products can be exported to overseas customers including the European Union, which has strict import requirement for food product in the aspects of environmental and food safety. In the future, the Group is planning to integrate a Sustainability Committee to better respond to the socio-environmental challenges.



STAKEHOLDER ENGAGEMENT

As a key in the management of Sino Grandness, stakeholder participation helps the Group review potential risks and business opportunities. Communicating with stakeholders and understanding their views allow the Group to better fulfil their needs and expectations with its business practice and manage different stakeholders' opinions. The Group constantly communicates with key internal and external stakeholders via various channels. This ensures that they have the opportunity to learn about the Group's development and operation directions and offers the Group the chance to listen to them in order to identify the priority of issues and develop corresponding policies.

Main means of stakeholder engagement

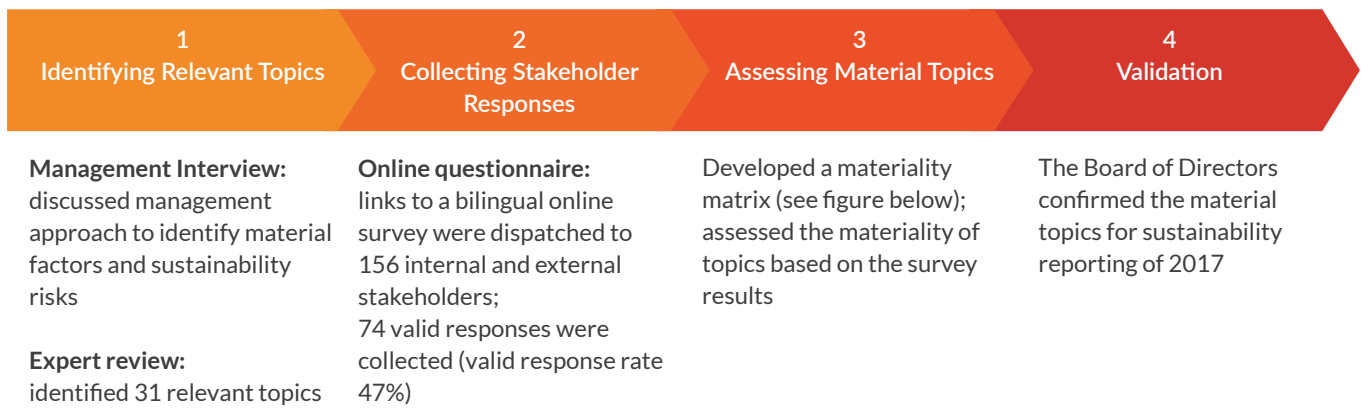
| | Stakeholders  | Means of Communication  |
|--|--|--|
|  Internal | Board of Directors | Direct mails, regular meetings |
| | Management | Direct mails, regular meetings, internal memo via WeChat/ QQ |
| | General employees | Direct mails, internal memo via WeChat/ QQ |
| External | Shareholders | Direct mails, regular meetings, Annual General Meetings |
| | Investors | Phone calls, regular meetings |
| | Customers | Visits/ study trips, communication Apps such as WeChat/ QQ |
| | Suppliers | Visits/ study trips, communication Apps such as WeChat/ QQ |
| | Local community groups | Visits, phone calls, local activities |
| | Regulatory agencies | Visits, phone calls |

²Stakeholders refer to groups or individuals materially influencing or affected by the Group's business.

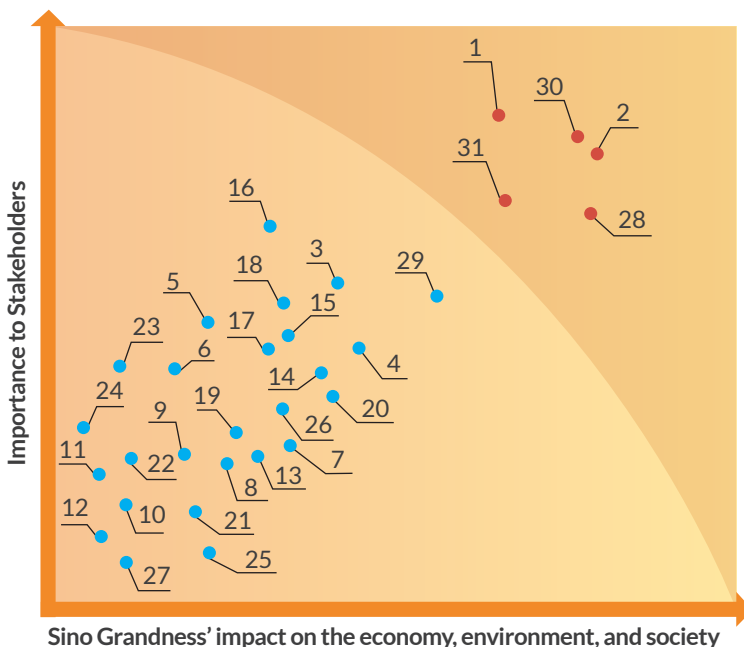
MATERIAL SUSTAINABILITY TOPICS IN THE REPORTING YEAR

To formulate the Group's sustainability strategy and direction and to identify material sustainability topics for the Group and its stakeholders, the Group commissioned an independent consultant to conduct a management interview. Combining the results of the interview and expert advice, the Group selects five critical issues to focus on in this report.

Procedures for materiality analysis



Materiality Matrix








| Areas | No. | Material issues |
|----------|-----|----------------------------|
| Economic | 1 | Economic Performance |
| | 2 | Market Presence |
| Social | 28 | Customer Health and Safety |
| | 30 | Customer Privacy |
| | 31 | Socioeconomic Compliance |

To ensure the effectiveness of stakeholder engagement, the Group dedicates itself to establishing communication mechanisms for transparency, integrity, accuracy and providing timely response. In the future, the Group plans to formulate a more systematic annual stakeholder engagement plan by integrating it with the Group's operation plan and development goals, as well as to establish an evaluation mechanism to support the formulation of the Group's sustainability strategy.

BOUNDARIES OF MATERIAL FACTORS

The impact and influence of each material factor identified may have wider impacts beyond the business operations of Sino Grandness or the Group itself, and thus require considerations. The table below summaries where impacts occur for each material factor. All topics are material within and outside of the Group. The Group will continue monitoring any significant changes in the boundaries of material factors.

| Material Factors | Boundaries | | Impacts addressed in this Report |
|--|-------------------------------|--|------------------------------------|
| | Within the Group ³ | Outside the Group ⁴ | |
| Customer Privacy  | Sino Grandness | Distributors, customers | Ethical Operations, [Page 12 - 13] |
| Customer Health and Safety  | Sino Grandness | Customers | Ethical Operations, [Page 12-13] |
| Market Presence  | Sino Grandness | Customers, local community groups, regulatory agencies | Economic Performance, [Page 14] |
| Economic Performance  | Sino Grandness | Customers, local community groups, regulatory agencies | Economic Performance, [Page 14] |
| Socioeconomic Compliance  | Employees of Sino Grandness | Regulatory agencies | Responsible Employer, [Page 15] |

³The boundary for impacts within the Group aligns with the reporting boundary.

⁴The boundary for impacts outside the Group takes reference from the key external stakeholders identified for this reporting year.

SUSTAINABILITY RISKS AND OPPORTUNITIES

Given the material sustainability issues identified from the stakeholder engagement exercise, the Group has identified the following risks and opportunities.

| RISKS | RESPONSES/ OPPORTUNITIES |
|---|---|
| <p>PRODUCT RESPONSIBILITIES</p> <p>Product safety and health requirements are based on the safety standard requirement of the target market. Product defect and product safety issues may result in loss of trust from customers. As the Group has a diverse customer base across Asia and Europe, sustaining their trust is critical. The operations and market positions of the Group can be adversely affected if problems arise with regards to product responsibilities.</p> | <p>PRODUCT QUALITY CONTROL</p> <p>Across the Group, various departments, such as the Procurement Department and the Quality Control Department are responsible for monitoring product quality according to the policies and procedures established by the Group. For instance, the “Quality and Safety Management Manual” was in place to guide employees to ensure hygiene conditions are in compliance with relevant laws and regulations. Applicable to both existing products and the development of new products, responsible personnel also follow the “Quality and Safety Management Manual” in identifying, assessing and managing potential food safety risks.</p> <p>As part of its established procedures in product quality control, the Quality Control Department is responsible for sampling and inspecting each lot of outbound goods to ensure that the quality and hygiene conditions fulfil the Group’s criteria before distribution. In addition, the Group has in place an “Unsafe food recall management system”, through which the Group would report any unsafe cases to local regulatory agencies, and recall the products.</p> |
| <p>SOCIALLY RESPONSIBLE CONDUCT</p> <p>In the age of more transparent media and public communication, any misconduct of established businesses can be rapidly broadcasted leading to reputational risks and potential financial loss. Malpractices in employment (e.g. discrimination, harassment, child labour, forced labour), as well as incidents of socioeconomic non-compliance (e.g. corruption and labour issues) threaten business reputation, damage employee wellbeing, dispel investors, and affect customers’ trust, which may also result in lengthy litigations and monetary sanctions.</p> | <p>MANAGEMENT OVERSIGHT IN SUSTAINABILITY</p> <p>The Group will consider setting up an active monitoring system to identify the changing social norms, legal requirements, and administrative regulations in different areas of operations. The Board of Directors will continue to take sustainability issues into consideration as part of its strategic formulation, so as to provide timely response to changing needs of the stakeholders and local communities, and uphold the socially responsible conduct of the Group.</p> |

| RISKS | RESPONSES/ OPPORTUNITIES |
|---|--|
| <p>CLIMATE CHANGE Greenhouse Gas (“GHG”) emissions from production facilities constitute a significant source of risk to current and future operations. Increasingly stringent regulatory requirements in combating climate change, both at national and international levels, would pose regulatory risks to the Group. On the other hand, increased frequency or intensity of extreme weather conditions could damage the Group’s assets, while changing weather patterns could lead to lower productivity and higher costs of raw materials, causing disruptions in the supply of products.</p> | <p>ENERGY EFFICIENCY As energy use is a source of GHG emissions for the Group, the Group strives to enhance energy efficiency to reduce its operating costs and GHG emissions.</p> <p>ALTERNATIVE ENERGY SOURCES The Group may benefit from opportunities created by new energy sources around the operation areas, and be able to utilize policy incentives for energy efficiency and renewable energy.</p> |
| <p>OCCUPATIONAL HAZARDS Without proper management, workers at production facilities may be exposed to occupational hazards ranging from operation of machines to use of chemicals, compromising employee wellbeing and productivity. Non-compliance with regulatory requirements on health and safety may also result in fines and non-financial sanctions which impact operations and affect reputation.</p> | <p>SAFETY MANAGEMENT SYSTEM The Group can implement safety management systems to control the risks associated with occupational hazards. Regular practices of hazard identification, provision of adequate personal protective equipment as well education are essential to the health and safety of workers.</p> |
| <p>TALENT RETENTION Employees are key contributors to value creation in the industry. Manufacturers face increasing challenges in recruiting and retaining qualified employees.</p> | <p>EMPLOYEE TRAINING AND DEVELOPMENT The Group has in place policies and plans for employee training and development. On an annual basis, the management identifies training needs, implements training plans and evaluates training effectiveness. Employees are also encouraged to attend external training courses for further personal development.</p> |

ETHICAL OPERATIONS

CUSTOMER PRIVACY

Sino Grandness upholds its sustainability values and acknowledges the importance of protecting the data privacy of its customers, which are distributors of the Group's beverage, canned fruit and canned vegetable products. To assure the protection of customer privacy, Sino Grandness emphasises confidentiality in its operations and has established relevant procedures in the Employee Handbook. Employees are required to follow standards of non-disclosure at work and refrain from disclosing confidential information in personal interaction or public events.

Highlights of Customer Privacy Protection Measures

- Investing in the strengthening of the Group's computer and internet security systems to reduce the risks of data leakage;
- Conducting training programs to enhance the awareness of employees in avoiding leaking customers' information;
- Assigning designated employees to establish, distribute, use, copy, extract, store and dispose confidential information with oversight by the Chairperson. Designated employees must store confidential information in secured media when distributing or carrying out of the Group.

Management of Data Leakage

When employees suspect or discover cases of leakage, they would take mitigation measures and report to the Human Resources and Administration Department. For cases not incurring significant impact or economic loss for the Group, and that mitigation measures have been effectively implemented, Sino Grandness would issue a warning or deduct a specific amount from the performance related pay of the involved employee. For cases incurring significant impact or economic loss for the Group, such as stealing confidential information for others, or using one's authority to force others to violate confidentiality rules, Sino Grandness would consider dismissing the involved employee, requesting compensation comparable to the loss of the Group, or reporting to the judiciary.

Performance

The number of substantiated complaints received concerning breaches of customer privacy is summarized as follows:

Number of substantiated complaints received concerning breaches of customer privacy

| | |
|--|---|
| Complaints received from outsiders parties and substantiated by the organization | 0 |
| Complaints from regulatory bodies | 0 |
| Total number of identified leaks, thefts or losses of customer data | 0 |

CUSTOMER HEALTH AND SAFETY

Sino Grandness strives to provide quality products that ensure the health and safety of consumers. The Procurement Department, the Quality Control Department and the Production Department are responsible for managing the production process according to the "Quality and Safety Management Manual", to ensure hygiene conditions are in compliance with relevant laws and regulations.

Quality Control

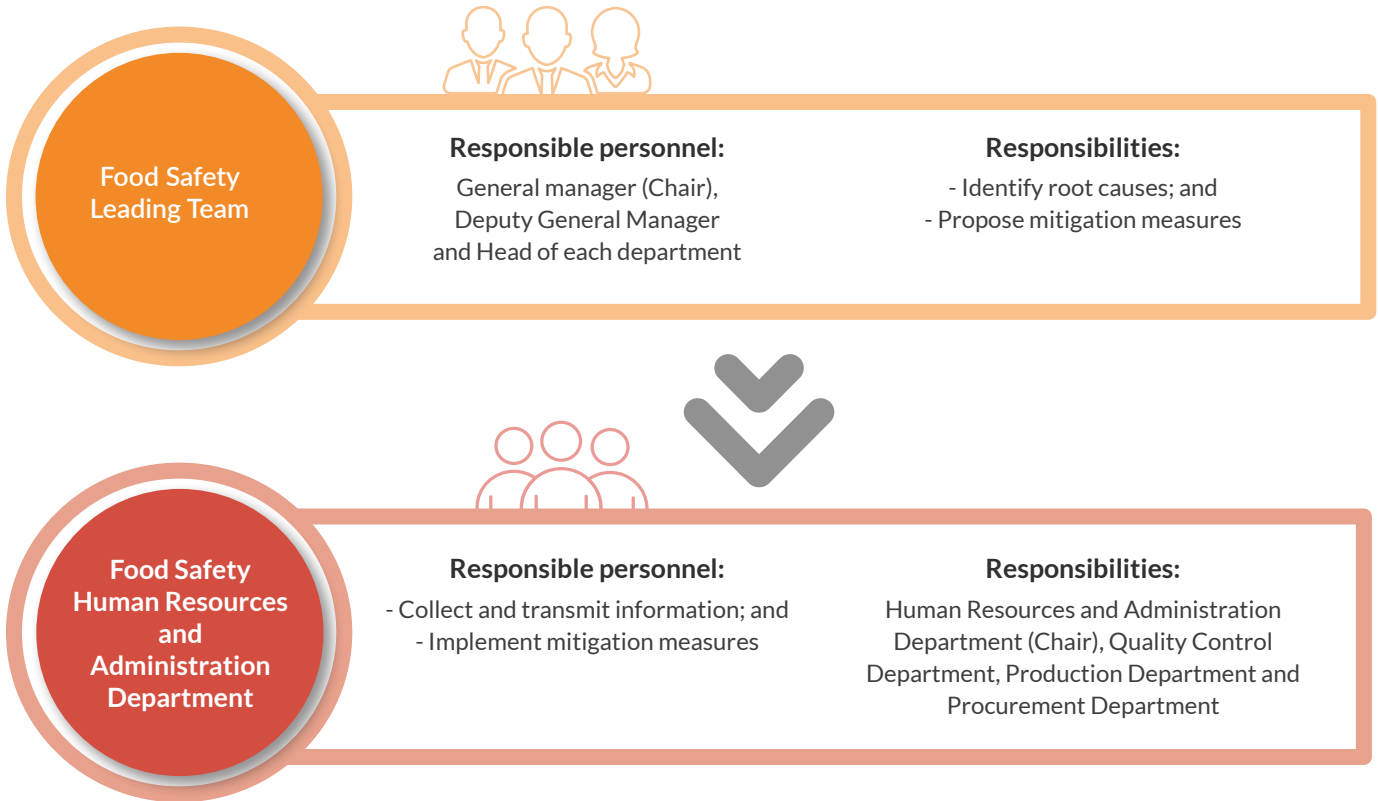
According to the Group's inspection procedures and standards, the Quality Control Department inspects the purchased food at the suppliers' premises before receiving the food, or at the Group's production facility after receiving the food. The inspection results would be passed to the Procurement Department, which evaluates the overall performance of its food suppliers and maintains a "Supplier List". The Group would only procure from suppliers in the "Supplier List".

With regards to production, the Production Department stores and treats the food in accordance with the production procedures and standards. Before commencement and at the end of daily operations, employees at the production facility have to inspect and ensure their equipment are conforming to its hygiene standards. The Quality Control Department acts as a third party responsible for inspecting the overall hygiene condition of the production facility. In case of non-conformance, the Production Department has to address the issues before resuming production. In terms of transporting raw materials, packaging materials and finished goods, the Group uses sanitized logistic fleets and takes precautionary measures to prevent contamination.





Emergency Plan of Food Safety Incidents

The Group has established an emergency plan to improve the Group’s food safety management system and capacity to respond to food safety incidents, as well as minimize the impact caused by food safety incidents.



The Group abides by laws and regulations in relation to food safety and production safety, including but not limited to the “Food Safety Law of People’s Republic of China”, “Food production license management measures”, “General rules of Audit”, “Beverage product production license Audit rules”, “National Food Safety Standards - General Hygienic Practice for Food Production”, “People’s Republic of China Product Quality Law” and “Consumer Protection Law of the People’s Republic of China”. The Group did not identify any non-compliance with local laws and regulations relating to customer health and safety during the reporting year.

Going forward, the Group has set out social targets in terms of ethical operations:

| Targets for 2018 | |
|--|--|
| <p>Customer Privacy</p>  | <p>Zero substantiated complaints received concerning breaches of customer privacy</p> |
| <p>Customer Health and Safety</p>  | <p>Zero incident of non-compliance with regulations concerning the health and safety impacts of the Group’s products</p> |

ECONOMIC PRESENCE

MARKET PRESENCE

Sino Grandness' production facilities in the PRC are located in four provinces, namely Shandong, Shanxi, Sichuan and Hubei. The Group strives to contribute to the economic development of local communities by employing locally. The Group assigns the Human Resources and Administration Department to manage the remuneration system, which abides by "the Labour Law of the People's Republic of China". To ensure the remuneration package is competitive in the market, the Group enhanced the professionalism of employee who research the compensation information on regular basis. In addition, the Group has a grievance mechanism to provide a channel for employees to voice their opinion and recommendation on remuneration-related issues.

Senior management hired from the local community

The Group strives to employ senior management at director and executive level from local communities as well. In the reporting year, the percentage of senior management that are hired from the local community at significant locations of operation, namely the Group's office and production facility in Shenzhen, is 27%.

ECONOMIC PERFORMANCE

The Group aims at further increasing the brand visibility and accessibility of its products. Sino Grandness are set to capitalise on the opportunities from the increasing demand for convenient healthy lifestyle products and the rising e-commerce industry in the PRC to generate greater brand value and returns.

Direct economic value generated and distributed

| Economic value breakdown | | RMB ('000) |
|---------------------------------|----------------------------------|------------|
| Direct economic value generated | Revenue | 3,717,734 |
| Economic value distributed | Operating costs | 844,729 |
| | Employee wages and benefits | 30,504 |
| | Payments to providers of capital | 0 |
| | Payments to government | 168,972 |
| | Community investments | 0 |
| Economic value retained | 2,673,529 | |

⁵Local community refers to registered Shenzhen residents.

Financial implications and other risks and opportunities due to climate change

Climate change may lead to reduced crop yields including fruits, thereby increasing raw material procurement costs. Sino Grandness assigns the Procurement Department to keep monitoring the availability and price of the fruits, and adjust the product spectrum according to trends on the supply side. In the future, the Group will develop a risk management plan, in which the Group identifies potential risks, evaluate the impacts of each risk, and formulate management approaches for prioritized risks with regard to climate change.

Defined benefit plan obligations and other retirement plans

Sino Grandness contributes to the social insurance of all employees in compliance with the "The Social Insurance Law of the People's Republic of China". This insurance is equivalent to a mandatory retirement plan; and the value of the insurance is RMB30,504,000.



Financial assistance received from government

Sino Grandness does not have any government present in its shareholding structure. Total monetary value of financial assistance received by the organization from government is listed below:

| | RMB ('000) |
|---|------------|
| Tax relief and tax credits | 0 |
| Subsidies | 0 |
| Investment grants, research and development grants, and other relevant types of grant | 21 |
| Awards | 0 |
| Royalty holidays | 0 |
| Financial assistance from Export Credit Agencies (ECAs) | 0 |
| Financial incentives | 0 |
| Other financial benefits received or receivable from any government for any operation | 0 |

RESPONSIBLE EMPLOYER

As of 31 December 2017, there were a total 167 full-time employees at Sino Grandness with no part-time employees. The number of permanent and fixed-term employees⁶ is listed below:

| Employment Category | Male  | Female  | Total |
|---------------------|--|--|-------|
| Permanent | 2 | 1 | 3 |
| Fixed-term | 103 | 61 | 164 |

In the reporting year, the Group's activities are all performed by its employees⁷. Employees at Sino Grandness are yet to be covered by collective bargaining agreements.

SOCIOECONOMIC COMPLIANCE

To ensure the day-to-day operations of the company is in compliance with laws and regulations in the social and economic area, including "The Labour Law of the People's Republic of China", "The Social Insurance Law of the People's Republic of China" and "The Labour Contract Law of the People's Republic of China". Each department of the Group is responsible for monitoring regulatory changes related to its function. When there are changes in regulatory requirements, department heads would provide an update to the department, and conduct training to ensure employees are aware of the requirements and implement follow up actions.

In the reporting year, the Group did not identify any cases of non-compliance with regard to laws and regulations in the social and economic area.

Going forward, the Group has set out social targets for its employment and labour practices:

| Targets for 2018 | |
|---|---|
| Occupational Health and Safety  | Adopt a zero-tolerance approach to safety accidents |
| | Increase participation in health training |
| | Facilitate employees' participation in the review of the occupational health and safety management system |
| Labour Standards  | Eliminate the use of child labour |
| | Eliminate all forms of forced or compulsory labour |

⁶The definitions of full-time, part-time, permanent and fixed-term employees are based on the definitions stipulated in "The Labour Law of the People's Republic of China".

⁷With reference to the sustainability reporting framework provided by the Global Reporting Initiative ("GRI"), the GRI Standards, the term 'workers' includes, but is not limited to, employees. Examples of workers include interns, apprentices, self-employed persons, etc. In the reporting year, the Group's activities are all performed by its employees.

GRI-SGX CONTENT INDEX

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| 102-2 | Activities, brands, products, and services | - | 4 | - |
| 102-3 | Location of headquarters | - | 4 | - |
| 102-4 | Location of operations | - | 4 | - |
| 102-5 | Ownership and legal form | - | 4 | - |
| 102-6 | Markets served | - | 4 | - |
| 102-7 | Scale of the organization | - | 4 | - |
| 102-8 | Information on employees and other workers | - | 4,15 | - |
| 102-9 | Supply chain | - | 4 | - |
| 102-10 | Significant changes to the organization and its supply chain | - | 4 | - |
| 102-11 | Precautionary Principle or approach | - | 10 | - |
| 102-12 | External initiatives | - | 7 | - |
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| Ethics and integrity | | | | |
| 102-16 | Values, principles, standards, and norms of behaviour | - | 4 | - |
| Governance | | | | |
| 102-18 | Governance structure | PN7.6-3.1 | 7 | - |
| 102-21 | Consulting stakeholders on economic, environmental, and social topics | PN7.6-3.7 | 7-8 | - |
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| 102-40 | List of stakeholder groups | | 7 | - |
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| 102-46 | Defining report content and topic Boundaries | - | 5,9 | - |
| 102-47 | List of material topics | - | 8-9 | - |
| 102-48 | Restatements of information | - | - | Not applicable (first report) |
| 102-49 | Changes in reporting | - | - | Not applicable (first report) |
| 102-50 | Reporting period | - | 5 | - |
| 102-51 | Date of most recent report | - | - | Not applicable (first report) |
| 102-52 | Reporting cycle | - | 5 | - |
| 102-53 | Contact point for questions regarding the report | - | 5 | - |
| 102-54 | Claims of reporting in accordance with the GRI Standards | LR711B-1d | 5 | GRI-referenced claim is included. |
| 102-55 | GRI content index | - | 16-17 | - |
| 102-56 | External assurance | PN7.6-3.8 | 5 | - |

| Disclosure | Description | SGX | Page | Remarks |
|--|---|--------------|-------|---------|
| Material Topics | | | | |
| GRI 201: Economic Performance 2016 | | | | |
| 103 | Management approach disclosures | LR711B-1 b&c | 14 | - |
| 201-1 | Direct economic value generated and distributed | - | 14 | - |
| 201-2 | Financial implications and other risks and opportunities due to climate change | - | 14 | - |
| 201-3 | Defined benefit plan obligations and other retirement plans | - | 14 | - |
| 201-4 | Financial assistance received from government | - | 14 | - |
| GRI 202: Market Presence 2016 | | | | |
| 103 | Management approach disclosures | LR711B-1 b&c | 14 | - |
| 202-2 | Proportion of senior management hired from the local community | - | 14 | - |
| GRI 416: Customer Health and Safety 2016 | | | | |
| 103 | Management approach disclosures | LR711B-1 b&c | 12-13 | - |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | - | 13 | - |
| GRI 418: Customer Privacy 2016 | | | | |
| 103 | Management approach disclosures | LR711B-1 b&c | 12-13 | - |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | - | 12 | - |
| GRI 419: Socioeconomic Compliance 2016 | | | | |
| 103 | Management approach disclosures | LR711B-1 b&c | 15 | - |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | - | 15 | - |