80th Anniversary, A New Start

In 2018, with respect to the past and vision for the future, we reviewed the ceaseless efforts of CR in realizing its dreams and commitments in the past 80 years and celebrated the amazing achievements of China in the past 40 years since the Reform and Open-Up through organizing various activities. It is encouraging to see that 420,000 CR employees are writing a new chapter in the history of CR with devotion and dedication, which is the most valuable gift for the 80th birthday of CR. The 80 years' history is truly glorious, but we must understand clearly that all those achievements can only represent the past and we can never be complacent and consecutive. On the journey to build CR into a century-old enterprise, there are still many challenges waiting for us and we must keep alert. Looking to the future, we must have the courage and determination to kick a new start. We must be mature and wise, young-minded and confident, capable and brave at the same time. We should set a long-term vision, making the best of the wisdom we've accumulated in the past 80 years, and move forward steadily, seizing opportunities given by the new era.

CSR practices are taking place everywhere in CR, from energy to people's livelihood, from rural areas to bay areas. In the Report, we will present to you a vivid picture of all those practices. Please scan the QR code on the first page of the chapter "Responsibility Story", and enjoy a fantastic tour with VR technology.
CR ABCs

4 Words From Dr. Fu
6 CR Profile
8 Brand Tree
10 2018 Highlights

Responsibility Management
Responsibility Stems from Mission, Responsibility Leads the Future

Appendix

109 About the Report
110 Key Performance Indicators for 2016-2018
111 Report Index
113 Rating Report
114 Readers’ Feedback

Words From Dr. Fu About the Report

Report Index

CR Changshu Power Plant
Wastes are Resources Just Put in the Wrong Place

CR Pharmaceutical Commercial
Home-based Care for the Aged, A Health Service that Benefits Ordinary People

Hotel Elan
40 Rooms, Big Dreams

GREEN GROWTH
A NEW START FOR CR

60 Green Growth, A New Start for CR
62 Green management, Developing long-term mechanisms
65 Green operation, Developing environmental-friendly enterprises
69 Green office, Fostering a low-carbon, environmental-friendly culture
71 Our Commitment

WIN-WIN COOPERATION
A NEW START FOR CR

72 Win-win Cooperation, A New Start for CR
74 Developing strategic cooperation, building up a good business environment
76 Promoting fair competition, developing fair trade
77 Promoting responsibility fulfillment along the supply chain, promoting industrial development
80 Improving the relation with media, strengthening information disclosure
84 Our Commitment

HARMONIOUS SOCIETY
A NEW START FOR CR

86 Harmonious Society, A New Start for CR
88 Supporting policy implementation by the government, safeguarding the development of the country
90 Fostering a platform for charity and public welfare, facilitating efforts in poverty alleviation
94 Strengthening safe production management, safeguarding the health and safety of the people
96 Organizing volunteer activities, making public welfare accessible for everyone
97 Promoting community building, fostering a harmonious community relation
98 Our Commitment

Our Commitment
Words from Dr. Fu

The Chairman of China Resources Group

80th Anniversary, A New Start

I'm glad to have this opportunity to share with you my understanding of corporate social responsibility (CSR) in this annual CSR Report that is released every summer. 2018 has been an extraordinary year for China and the world. It was also of special significance to CR. In 2018, with respect to the past and vision for the future, we reviewed CR's unceasing efforts to realize its dreams and commitments in the past 80 years and celebrated China's amazing achievements over the previous 40 years since the Reform and Open-Up through organizing various activities. It is encouraging to see that 420,000 CR employees are writing a new chapter in the history of CR with devotion and dedication, which is the most valuable gift for CR's 80th birthday. I can confidently say that we lived up to our promises in 2018. Faced with a complex external environment and the challenge of industrial upgrade and transformation, CR maintained sound business growth with good momentum, achieving historic highs in major performance indicators, and making new contributions to the steady growth of the national economy. After being identified as a pilot of state capital invested enterprises, CR constantly improved its reputation and influence, laying a solid foundation for the realization of the strategic goals during the 13th Five-Year Plan Period and long-term development in the future.

In celebrating the 80th anniversary of CR, we reviewed the patriotic efforts of CR in saving the country and rejuvenating the nation, the determination of sharing weal and woe with Hong Kong, the entrepreneurial spirit of exploring new frontiers and promoting reforms, and the culture of pursuing honesty, integrity and innovation. We are proud to find that CR has become a world-class enterprise guided by entrepreneurship that is market-oriented and innovative. We reaffirmed the determination of improving corporate competitiveness while carrying forward the patriotic tradition of CR, promoting the development of CR through following the trends of the times, adopting market-oriented approaches to deepen reform and promote innovation, and realizing corporate value through creating better lives for the people.

CR will make itself an implementer of national strategies, an advocate of Reform and Open-Up, a leader of innovation and transformation and a creator of better lives. This is CR's understanding of social responsibility as a responsible, aspiring and patriotic enterprise.

In the past year, CR made significant progress in fulfilling social responsibility. Social responsibility management has become a key component of CR's core competitiveness. In 2018, CR retained 1st place among the top 300 Chinese companies and top 100 state-owned enterprises in terms of the CSR Development Index. Our CR Corporate Social Responsibility Report received a “Five-Star” rating. Moreover, CR also won the China Charity Award, the country's highest charity accolade. CR's efforts in constantly improving the capacity and performance in CSR fulfillment have been widely recognized and appreciated by the society.

In terms of improving corporate governance, we have been actively exploring new approaches in establishing a modern state-owned enterprise system with Chinese characteristics, improving corporate governance systems and developing the authorized decision-making mechanism in the board of directors. These efforts effectively secured the efficiency of corporate decision-making and the regulated, scientific and efficient operation of the corporate governance system.

In terms of strengthening risk prevention and control, we developed effective plans to deal with potential risks on the basis of careful analysis of the macro economy and comprehensive assessment of global economic trend, especially the risks and potential threats to business operations as a result of the trade tensions between China and the United States. We steadily promoted deleveraging on both the corporate level and BU level; deepened the centralized management of capital, coordinated the budget arrangement of BUs, increased the percentage of direct financing, especially equity finance, accelerated the disposal of ineffective assets to increase financial resources and reduced demand of external debt and financing. Moreover, CR also encouraged the development of new channels for investment and financing, such as industrial fund, reduced capital input and promoted transformation in growth models.

In terms of promoting pollution prevention and control, CR encouraged CR Power and CR Cement to adopt new technologies and engage in the development of clean energy to effectively reduce pollutant emissions and realize energy conservation and consumption reduction, which helped to bring the emission of industrial waste water, waste gas and solid wastes under the national limit. CR also actively engaged in the R&D and utilization of environmental protection technologies to realize green operation. In terms of the coordinated disposal of wastes, CR Power and CR Cement adopted the urban waste disposal technology developed independently to treat municipal sledge, domestic waste and hazardous industrial waste in Jiangsu and Guangdong, which effectively solved the waste disposal bottleneck without occupying land or causing secondary pollution. Besides, CR also acquired shares of environmental protection service companies and became a shareholder of national environmental fund to expand its business into noise control, municipal
sledge treatment, medical waste treatment, industrial waste treatment and hazardous waste treatment, which significantly enriched CR’s business deployment in the environmental industry.

In terms of implementing the strategic planning of the central government and SASAC in winning the battle of poverty alleviation, CR made full use of its diverse resources and industrial competitiveness to adopt a series of measures in poverty alleviation. For example, in Haiyuan County CR established “Cow Foundation Bank” to target poverty alleviation and this has proved very effective in boosting the local economy and helping people eliminate poverty. CR also donated 12 Hope Towns around China, directly benefiting more than 10,000 farmers and helping more than 100,000 people in surrounding areas to eliminate poverty and live a better life.

In terms of implementing the national strategy on development, CR has been actively engaged in the development of Xiongan New District while creating new channels for overseas expansion. CR successfully signed a cooperation agreement with Sovena, the world’s largest olive oil exporter; acquired Dudgeon off-shore wind farm in UK; promoted the establishment of the Chinese office of GC, a leading healthcare service provider in Australia; and completed the stock acquisition of Aroma Coffee.

However, what’s most encouraging is President Xi Jinping’s letter on the 80th anniversary of CR. In this letter, President Xi Jinping expressed his wish to CR from strategic point of view, which serves as a guidance for the development of CR in the new era and injects momentum into the enterprise. We must shoulder the responsibility of a Hong Kong-based Chinese-invested enterprise, a public utility enterprise and a central enterprise to build CR into a world-class enterprise with international competitiveness and make greater contributions to the great rejuvenation of the Chinese nation with President Xi’s words in mind.

Currently, the Guangdong-Hong Kong-Macao Greater Bay Area is under the spotlight as a key project of the central government. As a test field for deepening Reform and Open-Up in the new era, it is an important platform for China to further integrate into the global community and promoting the development of BRI, as well as a demonstration for high-quality development in China. In the past 80 years, the Greater Bay Area has become home of the core assets of CR and the largest source of revenue and profit of CR. Therefore, CR identified promoting the development of the Greater Bay Area as an important way of fulfilling its social responsibility as a central enterprise. In November 2018, CR launched White Paper of CR’s Engagement in the Development of Guangdong-Hong Kong-Macao Greater Bay Area on the Banquet for the Celebration of the 80th Anniversary of CR and exchanged ideas with leaders of 9 cities in Guangdong Province and the Greater Bay Area on jointly promoting the development of the Greater Bay Area. Besides, CR established the special task force, office and secretariat on the development of the Greater Bay Area for the coordinated planning and layout of business operations in the Greater Bay Area to comprehensively improve the influence and market share of CR in the area as an industrial leader. CR will follow the strategy of “coordination, introduction and cooperation” in developing business operations in the Greater Bay Area and unleash the potential of all BUs to meet the real demand of local governments with regard to local circumstances through adopting the strategy of “One Policy for One City”. We will also focus on addressing the pain points of Hong Kong through reshaping our business operations in Hong Kong and increase our investment in environmental protection, healthcare, medical services and real estate. We will support and help young people from Hong Kong to settle down and start their own business in the Greater Bay Area that is expected to relieve the pressure of the young people in Hong Kong in finding employment and starting their own career. We will also focus on high and new tech industries, such as biomedicine and information technology, promote the industrial application of research outputs in Hong Kong and get access to advanced R&D resources in other countries through taking advantage of Hong Kong’s highly internationalized market of Hong Kong. It is expected that the Greater Bay Area will become a driver of corporate expansion, a major contributor to corporate profits and a main channels for job creation.

Dear friends, looking to the past, we have indeed made outstanding progress. However, rather than indulge in past glories, we should strive for new progress through innovation and reform. Many challenges still await us and there is no room to relax in today’s complex and competitive market. 2019 is a crucial year for building an affluent society in an all-round way and the realization of the first Centenary Goal. CR employees should make a concerted effort to overcome all difficulties and make CR a world first-class enterprise with international competitiveness, an implementer of national strategies, an advocator of Reform and Open-Up and a leader in innovation and transformation. CR will embrace the 70th anniversary of the founding of the People’s Republic of China with excellent performance.
CR Profile

Nature of CR Group

One of the key state-owned enterprises under the direct supervision of SASAC

An industrial Group with diversified business operations closely related to the life of the public

Founded in 1938

Scale and Strength

Ranked 86th in the Fortune Global 500

7 Hong Kong listed companies, among which CR Land is a HSI constituent stock

A total asset of 1439.4 billion RMB

Industrial Status

CR Beer (Holdings) Co., Ltd.

The largest beer company in China with the largest sales volume in the domestic market for many consecutive years since 2006. Snow, one of its flagship brands, has been the world’s largest beer brand in terms of sales volume since 2008, operating 78 beer factories in China

CR C’estbon (Holdings) Ltd.

One of the earliest Chinese companies specialized in producing bottled drinking water with the second largest sales volume nationwide

CR Power Holdings Co., Ltd.

One of the leading comprehensive energy service providers in terms of efficiency and profitability; being elected for the 12th time Global 2000 by Forbes and one of Platts Top 250 Global Energy Companies

CR Land Limited

One of the most influential comprehensive real estate developers in China’s Mainland with operations in 71 cities at home and abroad; a Hong Kong listed company being included as a HIS constituent stock

CR Cement Holdings Limited

The largest and most competitive cement, clinker and concrete producer in South China with one of the largest cement and concrete productive capacity in China

CR Gas Group Limited

The largest municipal gas operation in China; its portfolio is consisted of 244 gas projects in 25 provinces, autonomous regions and municipalities, serving 34 million households

CR Pharmaceutical Group Limited

The largest municipal gas operation in China; its portfolio is consisted of 244 gas projects in 25 provinces, autonomous regions and municipalities, serving 34 million households

CR Capital Management

Owning 7 financial and semi-financial institutions with business operations covering banking, trust, asset management, financial leasing, insurance, public fund and equity investment

CR Vanguard Co., Ltd.

One of the largest retailers in China; ranking the 1st on the “China Top 100 FMCG Chain” for many consecutive years

CR Healthcare Group Ltd.

One of the largest healthcare companies in China with 117 healthcare facilities and more than 15,000 beds; the largest shareholder of CR Phoenix Healthcare medical Holdings Co., Ltd (1515.HK)

CR Chemicals Innovative Materials Holdings Ltd.

The annual output is 1.6 million tons of bottle-grade PET chips; ranking the fifth in the world and the third in China in terms of productive capacity

CR Microelectronics Limited

One of the largest and most influential comprehensive microelectronics enterprises in China; its business operations cover integrated circuit design, mask manufacturing, wafer fabrication, package testing and discrete devices
**CR Culture**

<table>
<thead>
<tr>
<th>Vision</th>
<th>Be a Global Enterprise with Accumulating Public Trust and Popularity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity first</td>
<td>Performance-driven</td>
</tr>
<tr>
<td>Value</td>
<td>Philosophy</td>
</tr>
<tr>
<td>Make it solid</td>
<td>Make it stronger</td>
</tr>
</tbody>
</table>

**Spirit**

Pragmatism  
Professionalism  
Synergy  
Dedication

**CR Business Development Strategy During the 13th Five-Year Plan Period**

**Lead the Business Progress and Build a Better Life Together**

**Strategic Goal**

Be the leader of the market  
Realizing six specific goals through transformation and upgrade

**Business Units**

- Healthcare  
- Energy Services  
- Consumer Products  
- Urban Construction and Operation  
- Technology and Finance

**Regional Choice**

- Rooted in Hong Kong  
- Rely on the Mainland  
- Open to the world

**Development Model**

- Business operations and capital are engines  
- Globalization and Internet are wings

**Major Strategic Moves**

- Developing emerging industries  
- Optimizing asset structure  
- Accelerating overseas expansion  
- Promoting innovation  
- Strengthening organizational construction  
- Reshaping and implementing CR culture  
- Fostering new growth magnets  
- Improving the quality of assets  
- Optimizing regional deployment  
- Promoting green development  
- Encouraging employees  
- Resource allocation  
- Innovative development  
- Excellent operation  
- Risk control
2018 Highlights

Ten Major Events

- CR Group celebrated the 80th Anniversary
- CR Group officially launched the Phase of CR’s Engagement in the Development of Guangdong-Hong Kong-Macao Greater Bay Area
- CR Group founded the CR Group Archive
- CR Shenzhen Bay Complex completed construction
- CR Group ranked the 86th place in the 2018 Fortune Global 500
- CR Group ranked No.1 on China Top 300 List (Top 100 State-owned Enterprises, Top 100 Private Enterprises, Top 100 Foreign-invested Enterprises) with the highest social responsibility development index and won “Top 100 State-owned Enterprise in 10 Years” Award
- CR Group won the 10th “China Charity Award”
- CR Group was selected as one of the “Top 100 Enterprise During the 40 Years of Reform and Open-up” by the Publicity Department of the CPC Central Committee
- CR Group signed cooperation agreement with Heineken
- CR Group ranked the 18th place in the 2018 Corporate Social Responsibility Summit Forum (held by People’s Daily)
- CR Group was selected as one of the “Top 100 Enterprise During the 40 Years of Reform and Open-up” by the Publicity Department of the CPC Central Committee
- CR Hope Town won the 10th “China Charity Award”
- CR 2017 CSR Report won Five-Star Rating
- CR Group was selected outstanding central enterprise for information submission
- China Resources (Holdings) Co., Ltd. was identified by SASAC as a corporation with outstanding performance for 2016-2018

Key Performance

- Total assets: 1.4394 trillion RMB
- Revenue: 608.46 billion RMB
- Total profit: 66.12 billion RMB
- Net profit: 45.11 billion RMB
- Revenue growth: 9.5%
- Total profit growth: 17.3%

Honor and Awards

1. CR Group ranked No.1 on China Top 300 List (Top 100 State-owned Enterprises, Top 100 Private Enterprises, Top 100 Foreign-invested Enterprises) with the highest social responsibility development index and won “Top 100 State-owned Enterprise in 10 Years” Award
2. CR Group won “Outstanding Corporate Social Responsibility Award” of the Chinese Academy of Social Sciences
3. CR Group was selected as one of the “Top 400 Enterprises for Social Responsibility” by the Chinese Academy of Social Sciences
4. CR Group was selected as one of the “100 Companies with the Most Significant Social Responsibility in China” by the People’s Daily
5. China Resources (Holdings) Co., Ltd. was identified by SASAC as a corporation with outstanding performance for 2016-2018
6. CR Group was selected as one of the “Top 100 Companies with the Most Significant Social Responsibility in China” by the People’s Daily
7. CR Group was selected as one of the “Top 100 Companies with the Most Significant Social Responsibility in China” by the People’s Daily
8. CR Group was selected as one of the “Top 100 Companies with the Most Significant Social Responsibility in China” by the People’s Daily
9. CR Group was selected as one of the “Top 100 Companies with the Most Significant Social Responsibility in China” by the People’s Daily
10. CR Group was selected as one of the “Top 100 Companies with the Most Significant Social Responsibility in China” by the People’s Daily
11. CR Group was selected as one of the “Top 100 Companies with the Most Significant Social Responsibility in China” by the People’s Daily

China Resources Holdings Co., Ltd.
"In the past, people wouldn’t consider going from one place to another in the Mainland via Hong Kong. However, the Greater Bay Area provides new options. This is very interesting. The change in people’s mindset while choosing transportation paths is a manifestation of the transformative changes brought by the promulgation of the Greater Bay Area. Beyond its geographical and economic significance, the Greater Bay Area is witnessing the integration, transformation and restructuring of resources. As the development of the Greater Bay Areas unfolds, a major mindset change is quietly taking place."
in the Greater Bay Area

In early 2018, Li Haoran became Director of the CR Office for the Guangdong-Hong Kong-Macao Greater Bay Area. In the following few months, he travelled around the Greater Bay Area. As a frequent traveler, Li is familiar with high-speed railway stations in the area and usually arrives at the station just 10-15 minutes before the train departs. Once, he wanted to travel to Zhuhai to Sapengjiao, a popular tourist destination. The regular route is to go through Hammer Bridge. However, to avoid traffic congestion, Li Haoran tried to go to Hong Kong via the Hong Kong-Zhuhai-Macao Bridge and took a bus to the West Kowloon Railway Station where he took the high-speed train to Zhuhai. It turned out that the route he chose was faster.

“The past, people wouldn’t consider going from one place to another in the Mainland via Hong Kong. However, the Greater Bay Area provides new opportunities. This is very interesting,” he says. People in different regions are working together to create a networking platform to realise the transformative change brought about by the promulgation of the Outline Development Plan of the Greater Bay Area. Beyond its geographical and economic significance, the Greater Bay Area is witnessing the integration, transformation and restructuring of resources. As the development of the Greater Bay Area unfolds, a major remittance change is a quietly taking place.

Born and raised in Hong Kong, Li Haoran went to university in Beijing and held temporary positions in the country government of Xiang, Guanzhou Province before joining CR in the Greater Bay Area. The experiences of Li Haoran coincides with the historical CR, a larger state-owned enterprise rooted in Hong Kong with the Greater Bay Area as its base and business operations all over the country. Now fully utilising his thorough knowledge of the Greater Bay Area and a solid market basis, CR is at the forefront of implementing the national strategy of developing the Greater Bay Area. In the past 10 years, CR witnessed and participated in the development of the Greater Bay Area, forming a unique bond with the area, which recommends CR to be the pioneer in implementing the national strategy of developing the Greater Bay Area through promoting Reform and Open-up on policy level and market-oriented reforms at corporate level. Soon after the central government proposed the development of Guangdong Hong Kong-Macao Greater Bay Area, CR made the decision to make full use of its resources to respond to the national strategy. CR reorganised its business operations and launched the Greater Bay Area Strategy. The Greater Bay Area Task Force was established. Under the leadership of Dr. Fu Yang, Chairman of CR, the core executive of CR made multiple trips to each city of the Greater Bay Area. To figure out how to match the business operations of CR with local resources. At the same time, CR Office of Guangdong-Hong Kong-Macao Greater Bay Area was established to attract resources and talents into the Greater Bay Area and coordinate the operations of different BAs.

Soon after the launch of the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area, CR officially launched White Paper of CR’s Engagement in the Development of Guangdong, Hong Kong and Macau Greater Bay Area to make comprehensive plans for the integration into the Greater Bay Area and the high quality development of CR. CR also put its engagement in the development of Guangdong, Hong Kong and Macau Greater Bay Area (Edition 2.0) under development. It will form a list of projects for each city on the basis of the industrial plan proposed in the first edition of the White Paper.

CR’s blueprint for Greater Bay Area follows three principles: do what the country requires; do what CR is capable of doing; do what the market needs. The Outline Development Plan proposed developing a quality living circle for living, working and travel. CR’s business operations are closely linked to the Greater Bay Area and its business operations in living, caring services for the aged, food and healthcare. CR will provide solutions to make life better through targeting the pain points of the Greater Bay Area and integrating the business operations of CR into the Greater Bay Area.

To implement the proposal of building wonderful towns in the Greater Bay Area Plan, CR took full advantage of its strengths in urban construction and operation to develop projects that are closely related to living standards such as education, healthcare and medical facilities, industrial parks, science and innovation centers and sports facilities. In terms of office, CRPlaylist presents the development of real estate projects for education, industrial development, culture and sports and healthcare as well as long-term rental apartments. In terms of medical services for the elderly, CR’s “Healthy Living Town” (KuangYang Town) pilot programme serves in Hangzhou and has shown that it can be replicated in the Greater Bay Area. The program is expected to be introduced in Shenzhen, Zhuhai and Zhoushan in the future. If policy allows, CR’s residents can choose to stay in the Greater Bay Area over retirement and enjoy higher living standards. In terms of food, CR will promote an upgrade in consumer convenience in the Greater Bay Area through its international distribution business, and build an industrial cluster for the manufacture and processing of green, organic, and safe agricultural and food products.

In terms of healthcare, CR is seeking to cooperate with IU Faculty of Medicine of The University of Hong Kong to establish an industry-university-research institution integrated platform that benefits doctors, pharmaceutical research institutions and medical educators in the Greater Bay Area. This platform will be committed to nurturing medical and healthcare talents. CR will also establish more specialized hospitals to treat regional demand building on the foundation of existing women and children’s, orthopaedic and brain surgery hospitals. CR also established Traditional Chinese Medicine Hospital in Hong Kong. To address education, another critical point for the Greater Bay Area, CR hopes to introduce Hong Kong’s high school music programs to the Greater Bay Area to serve local families and bring the quality education resources from Beijing to benefit the Greater Bay Area. CR also promotes quality education resources from Beijing to benefit the Greater Bay Area. CR also promotes quality education resources "Healthy Living Town" (KangYang Town) for the Greater Bay Area. In the past 80 years, CR, as an enterprise rooted in Hong Kong, has never been recognised by the government of Hong Kong, SAR. The Liaison Office of the Central People’s Government in the Hong Kong SAR and business leaders from the mainland have been working together to promote the development of the Greater Bay Area. In the future, CR will continue to promote the development of the Greater Bay Area and by bringing the best resources from around the world to the Greater Bay Area, CR plans to reshape its company image in Hong Kong through meeting the demands of the Greater Bay Area with the resources from Hong Kong. In the future, CR plans to reshape its company image in Hong Kong through meeting the demands of the Greater Bay Area with the resources from Hong Kong. In the future, CR plans to reshape its company image in Hong Kong through meeting the demands of the Greater Bay Area with the resources from Hong Kong.

Reaping Hong Kong’s based business operations is a major goal in the White Paper on CR’s strategy for the Greater Bay Area. In fact, it has been discussed for quite some time. However, it is difficult to implement all at once. Hong Kong market is relatively mature. With the launch of the Outline Development Plan, we have more opportunities and better options as we could promote Hong Kong-based business operations in the context of the Greater Bay Area. Take employment in Hong Kong as an example. In the context of the Greater Bay Area, we could transform young people into the talent pool of the Greater Bay Area instead of trying to create more jobs in Hong Kong. Through meeting the demands of the Greater Bay Area with the resources from Hong Kong, CR hopes to make it easier for the young people around the world to go to the Greater Bay Area.

Looking ahead, CR Group is aiming at building a world-class technology-driven enterprise, actively engaging in the development of Greater Bay Area, and taking a new role in the Greater Bay Area. CR Group is committed to promoting high-quality development and transformation, and innovation. With the support of The State Council, CR Group has invested in building an economic research institution cooperation platforms in the Greater Bay Area and the Greater Bay Area Development Fund. The CR Group has established one of the largest economic research institutions in the Greater Bay Area. With the aim of transforming Hong Kong into a world-class technology-driven enterprise, CR Group is committed to creating an ecosystem that can attract resources and talents from around the world. The CR Group is building an economic research institution cooperation platforms in the Greater Bay Area and the Greater Bay Area Development Fund.

Looking ahead, CR Group is aiming at building a world-class technology-driven enterprise, actively engaging in the development of Greater Bay Area, and taking a new role in the Greater Bay Area. CR Group is committed to promoting high-quality development and transformation, and innovation. With the support of The State Council, CR Group has invested in building an economic research institution cooperation platforms in the Greater Bay Area and the Greater Bay Area Development Fund. The CR Group has established one of the largest economic research institutions in the Greater Bay Area. With the aim of transforming Hong Kong into a world-class technology-driven enterprise, CR Group is committed to creating an ecosystem that can attract resources and talents from around the world. The CR Group is building an economic research institution cooperation platforms in the Greater Bay Area and the Greater Bay Area Development Fund.
PCC Entrepreneurial Training Programme

Enabling Hong Kong Youth to Realise Their Dreams

Hong Kong has a static social and economic structure, where the cost of starting one’s own business is high. At the same time, career paths for young Hong Kong people except for financial and legal industries, is rather limited. Belonging to the same social strata, being part of the same Lingnan Cultural Circle with other cities in the Greater Bay Area, Hong Kong people have relatively little knowledge of the Greater Bay Area and therefore, have little understanding of the benefits they could get from the prospering development of the area. As a result, as a national strategy, the development of the Greater Bay Area, Hong Kong aims to change the perception of the local young people and increase their awareness of the opportunities to start their own business in the Greater Bay Area. The Programme aims to provide young people with a platform to truly understand national strategies, to be proud of the achievements of the country and make contributions to the development of the country.

The Programme provides a good platform for young people in Hong Kong to experience the prosperity and achievements of the country by themselves and have a better understanding of the Greater Bay Area. It enables young Hong Kong youths to start their own business and find their place in the Greater Bay Area. This will enable Hong Kong youths to become part of the development story of the Greater Bay Area.

Chairman Fu said that the China Resources Group’s Pacific Coffee and the PCC Entrepreneurial Training Programme, he will make every effort to help young people to start their own business. As the largest enterprise in the Greater Bay Area and a member of a well-known state-owned enterprise, CR has always attached great importance to personnel training and has always been opening up opportunities for young people to adapt to the life in the Greater Bay Area. The Programme aims to provide young people with new opportunities and new hope to start their own business in the Greater Bay Area.

It was an afternoon in April, 2019, when Jonathan Somerville, CEP for Hong Kong and Overseas Business, Pacific Coffee and Lee Wai Chi, Assistant Vice Principal of Hong Kong College of Technology (HKCT) met in a Pacific Coffee shop in West China. After exchanging greetings, they turned the subject to the detailed implemented plan for an Entrepreneurial Training Programme for young Hong Kong people jointly launched by Pacific Coffee and HKCT.

With the launch of the new Greater Bay Area initiative, many people in Hong Kong are trying to seize new opportunities. The PCC Entrepreneurial Training Programme that Jonathan and Lee were discussing is the first entrepreneurial training programme for young Hong Kong people in the Greater Bay Area. The Programme aims to help Hong Kong youths to take the first steps to start their own businesses.

To help Hong Kong youths to take the first steps to start their own businesses, the Programme aims to provide young people with new opportunities and new hope to start their own business in the Greater Bay Area.

In the autumn of 2018, CR Group proposed the idea of launching an entrepreneurial training programme in collaboration with the HKCT. Founded in 1957, the HKCT is committed to educational excellence and has helped countless Hong Kong people to find jobs and make a decent living. "Developing the Greater Bay Area is an important national policy. The people in Hong Kong don’t know how to be part of it, especially those young people with little social experience. Li said, ‘I’m glad to see that CR is willing to share its resources with us. It is indeed a good opportunity.’ I hope that Hong Kong youths could participate in the programme and benefit from it.”

China Resources Group's Pacific Coffee and the PCC Entrepreneurial Training Programme hope that young people could participate in the programme and benefit from it. CR will constantly improve its training programmes and provide assistance to trainees. CR will then invest in and support start-ups started by young people in the Greater Bay Area. This will enable young people to start their own careers. This is what we want to achieve through the Programme,” Fu said.

For Li Hanru, the Vice-Chairman of Pacific Coffee, the Programme means much more than helping young people to start their own business. As the main economic region in China, the Greater Bay Area will witness the constant emergence of new business models. Li has been analyzing the business mindset and insights of Pacific Coffee in a highly competitive market. He wants to share these insights and experience with young people. Li also hopes that Pacific Coffee could provide systematic solutions in site selection, supply chain, operations and management to guide young people to develop in an all-round way. Li said, “(Addressing the uncertainties) and nurturing the future of the Greater Bay Area together with young people is the dream of Pacific Coffee.”

The Programme provides a good platform for young people in Hong Kong to experience the prosperity and achievements of the country by themselves and have a better understanding of the Greater Bay Area. It enables young Hong Kong youths to start their own business and find their place in the Greater Bay Area. This will enable Hong Kong youths to become part of the development story of the Greater Bay Area.

The Programme provides a good platform for young people in Hong Kong to experience the prosperity and achievements of the country by themselves and have a better understanding of the Greater Bay Area. It enables young Hong Kong youths to start their own business and find their place in the Greater Bay Area. This will enable Hong Kong youths to become part of the development story of the Greater Bay Area.

China Resources Group's Pacific Coffee and the PCC Entrepreneurial Training Programme hope that young people could participate in the programme and benefit from it. CR will constantly improve its training programmes and provide assistance to trainees. CR will then invest in and support start-ups started by young people in the Greater Bay Area. This will enable young people to start their own careers. This is what we want to achieve through the Programme,” Fu said.

For Li Hanru, the Vice-Chairman of Pacific Coffee, the Programme means much more than helping young people to start their own business. As the main economic region in China, the Greater Bay Area will witness the constant emergence of new business models. Li has been analyzing the business mindset and insights of Pacific Coffee in a highly competitive market. He wants to share these insights and experience with young people. Li also hopes that Pacific Coffee could provide systematic solutions in site selection, supply chain, operations and management to guide young people to develop in an all-round way. Li said, “(Addressing the uncertainties) and nurturing the future of the Greater Bay Area together with young people is the dream of Pacific Coffee.”

The Programme provides a good platform for young people in Hong Kong to experience the prosperity and achievements of the country by themselves and have a better understanding of the Greater Bay Area. It enables young Hong Kong youths to start their own business and find their place in the Greater Bay Area. This will enable Hong Kong youths to become part of the development story of the Greater Bay Area.

China Resources Group's Pacific Coffee and the PCC Entrepreneurial Training Programme hope that young people could participate in the programme and benefit from it. CR will constantly improve its training programmes and provide assistance to trainees. CR will then invest in and support start-ups started by young people in the Greater Bay Area. This will enable young people to start their own careers. This is what we want to achieve through the Programme,” Fu said.

For Li Hanru, the Vice-Chairman of Pacific Coffee, the Programme means much more than helping young people to start their own business. As the main economic region in China, the Greater Bay Area will witness the constant emergence of new business models. Li has been analyzing the business mindset and insights of Pacific Coffee in a highly competitive market. He wants to share these insights and experience with young people. Li also hopes that Pacific Coffee could provide systematic solutions in site selection, supply chain, operations and management to guide young people to develop in an all-round way. Li said, “(Addressing the uncertainties) and nurturing the future of the Greater Bay Area together with young people is the dream of Pacific Coffee.”

The Programme provides a good platform for young people in Hong Kong to experience the prosperity and achievements of the country by themselves and have a better understanding of the Greater Bay Area. It enables young Hong Kong youths to start their own business and find their place in the Greater Bay Area. This will enable Hong Kong youths to become part of the development story of the Greater Bay Area.

China Resources Group's Pacific Coffee and the PCC Entrepreneurial Training Programme hope that young people could participate in the programme and benefit from it. CR will constantly improve its training programmes and provide assistance to trainees. CR will then invest in and support start-ups started by young people in the Greater Bay Area. This will enable young people to start their own careers. This is what we want to achieve through the Programme,” Fu said.

For Li Hanru, the Vice-Chairman of Pacific Coffee, the Programme means much more than helping young people to start their own business. As the main economic region in China, the Greater Bay Area will witness the constant emergence of new business models. Li has been analyzing the business mindset and insights of Pacific Coffee in a highly competitive market. He wants to share these insights and experience with young people. Li also hopes that Pacific Coffee could provide systematic solutions in site selection, supply chain, operations and management to guide young people to develop in an all-round way. Li said, “(Addressing the uncertainties) and nurturing the future of the Greater Bay Area together with young people is the dream of Pacific Coffee.”

The Programme provides a good platform for young people in Hong Kong to experience the prosperity and achievements of the country by themselves and have a better understanding of the Greater Bay Area. It enables young Hong Kong youths to start their own business and find their place in the Greater Bay Area. This will enable Hong Kong youths to become part of the development story of the Greater Bay Area.

China Resources Group's Pacific Coffee and the PCC Entrepreneurial Training Programme hope that young people could participate in the programme and benefit from it. CR will constantly improve its training programmes and provide assistance to trainees. CR will then invest in and support start-ups started by young people in the Greater Bay Area. This will enable young people to start their own careers. This is what we want to achieve through the Programme,” Fu said.
It was an afternoon in April, 2019, when Jonathan Sommerville, CEO for Hong Kong and Overseas Business, Pacific Coffee and Lee Wai Chi, Assistant Vice Principal of Hong Kong College of Technology (HKCT), met in a Pacific Coffee shop in Wan Chai. After exchanging greetings, they turned to the subject of the detailed implementation of a plan for the Entrepreneurial Training Programme for Hong Kong youths jointly launched by Pacific Coffee and HKCT.
This is the third time for Tang Xiaofeng to go to Huahuiyuan Community in the west suburb of Wuxi for a door-to-door safety inspection. Tang pressed the door bell, but there was no one at home. He left a note on the door with his name, contract information and date of visit. It takes him more than an hour to ride back home from Huahuiyuan Community. It was raining, and the road was slippery.
Warm the Winter with Quality Services

STORY 3

Tang Xiaofeng
Safety Inspector with the Department of Customer Services of CR Gas, Wuxi

This was the third time for Tang Xiaofeng to go to Huahuiyuan Community in the western suburb of Wuxi, for a door-to-door safety inspection. Tang pressed the doorbell, but there was no one at home. He left a note on the door with his name and the phone number and date of visit. It took him more than an hour to walk back home from Huahuiyuan Community. It was raining, and the road was slippery. As soon as he arrived home, the telephone rang. It was an old lady who introduced herself as a resident of Huahuiyuan Community. She hadn’t been back for a long time, as she had just bought a new apartment in the city centre. She saw the note on the door and immediately called Tang. Tang hung up the phone, went over to the door and went back to Huahuiyuan Community without hesitation. He spent two hours on the road in the heavy rain, just for a 15-minute safety check. Tang has always treated safety checks very seriously. It was dark when he finally arrived home after finishing all the safety checks in Huahuiyuan Community, he felt assured.

Tang is one of the 110 gas safety inspectors in Wuxi. They are like woodpeckers, knocking on doors for free safety checks. Their work is to eliminate all potential risks with the use of gas and ensure user safety.

According to CR Gas, Wuxi, in 2018, the safety check rate was 97.75%, the correction rate of level-1 potential risks reached 95.88%, the number of user-end gas safety incidents has dropped significantly by 55% in the past three years with no safety incidents in 2018.

Safety inspectors like Tang conduct door-to-door gas safety checks on 1.5 million households in Wuxi every other year. This is an important part of their work.

20% of the residents of Community No.2 of Wuxie New Village are elderly people living alone, empty-nesters and disabled people, making it especially difficult to conduct safety checks.

Shen Weijun and her husband have lived in this community for 26 years. Their neighbours are mostly elderly people who often forget to turn off the gas. In 2018 alone, Shen Weijun found five incidents of gas leaks and called the “Woodpecker” Safety Check Team immediately.

“The inspectors are all very careful and responsible. Whenever they receive a call, they will rush to the scene immediately to rule out any potential risk,” said Shen. “Calling the safety inspectors when problems arise has become a standard practice in our community. They always respond very quickly. For example, if a gas leak is detected, the inspectors will explain to Shen the basic ways to avoid potential safety risks. For example, it is important to keep the doors of the living room and the kitchen closed to avoid the gas from leaking into other rooms, which could have severe consequences.”

In early 2018, CR Gas, Wuxi organized an activity to promote gas safety knowledge in the community in collaboration with the Bureau of City Administration and Law Enforcement and the fire department. During the activity, CR Gas, Wuxi organized a gas leak drill to raise public awareness of safety and how to avoid potential risks.

“It is the first time for us to participate in a gas leak drill. It is very nervous and exciting. It is a very good activity. Gas leaks happen quite often in our community. We should all know how to avoid such incidents and what measures to take to protect ourselves,” said Shen. According to Shen and her neighbours, it never occurred to them that there could be so many details to pay attention to in the process. Totally, we participated in the activity because we thought that it was valuable. However, each of us learned something new about safety risks, prevention and emergency handling, which is very useful and crucial. Now, we are very serious about safety issues.”

To nip potential safety issues in the bud, the safety inspection team conducts a thorough check of four aspects: leakage gas water heaters, water heater pipes, gas hoses and gas pipe reconstructions. The safety inspection team also organized a “Double 100” campaign, which included circulating gas safety leaflets in 100 communities and visiting 100 poor households with gas safety promotion materials and financial aid.

CR Gas, Wuxi also has more than 5000 commercial users. The Mixc opened on 20 December, 2014. This is a large shopping and commercial complex in Wuxi. Wuxi saw the note on the door and went back to Huahuiyuan Community without hesitation. He spent two hours on the road in the heavy rain, just for a 15-minute safety check. Tang has always treated safety checks very seriously. It was dark when he finally arrived home after finishing all the safety checks in Huahuiyuan Community, he felt assured.

The Mixc is a large shopping and commercial complex in Wuxi. Shan Weijun, Director of Property Management, said proudly that the Mixc has enjoyed 1581 days in a row without a single safety incident. It was rated a “Five-Star Commercial Complex for Gas Management” by CR Gas in 2016 and 2017.

Tang Xiaofeng is one of the 110 safety inspectors in Wuxi. They are like woodpeckers, knocking on doors for free safety checks. Their work is to eliminate all potential risks with the use of gas and ensure user safety.

There is a large and bright hall on the second floor of the headquarter of CR Gas, Wuxi. This is the monitor and dispatch centre. There is a giant screen showing real-time information on the use of gas by industrial, commercial and residential users. The Cloud-based intelligent emergency repair system has real-time online monitoring. Once an emergency is spotted, the system responds immediately and dispatches the nearest personnel to the site to perform door-to-door services.

Last year, a construction site near The Mixc dug up a 600-m pipe and damaged parts of the gas pipe, causing a “gas leak.”

“At 4pm, the property manager of The Mixc called us to report the incident. By 4pm, we had finished all the repair works and resumed the gas supply. In less than an hour, we were able to get things back to normal,” Tang recalled that everyone was impressed by the high-quality work and quick service of CR Gas, Wuxi.

“Helping customers to feel warm even in the middle of a cold winter is the requirement of CR Gas for every employee,” the “Sunshine Service Team” help to shape the customers with heart and soul. The Mixc opened on 20 December, 2014. This is a large shopping and commercial complex in Wuxi. The Mixc opened on 20 December, 2014. This is a large shopping and commercial complex in Wuxi. The Mixc opened on 20 December, 2014. This is a large shopping and commercial complex in Wuxi. The Mixc opened on 20 December, 2014. This is a large shopping and commercial complex in Wuxi. The Mixc opened on 20 December, 2014. This is a large shopping and commercial complex in Wuxi.

In the new era, CR will continue to fulfill our responsibility to customers and safeguard the interests of customers with high-quality products and services. CR Group will create genuine value in improving people well-being, safeguarding the priority of supply, promoting transformation and innovation and engaging in international competition.

Behind The Story

As a state-owned enterprise, CR Group has been committed to providing products and services that are closely related to the life of the public. This covers consumer goods, pharmaceuticals and healthcare, residential property development and public utilities, to name just a few. Our employees are the grandsons and granddaughters of the former CR Gas. They take the initiative to address the pain points of customers, private quality products and services and safeguard the rights and interests of consumers, so they people would have greater trust in CR. In the future, CR will continue to fulfill our responsibility to customers and safeguard the interests of customers with high-quality products and services. CR Group will create genuine value in improving people well-being, safeguarding the priority of supply, promoting transformation and innovation and engaging in international competition.

The average complaint handling rate of CR Group reached 98.8%
in the Wrong Place

Waste is a Resource Just in the Wrong Place

Responsibility Story: Environmental Responsibility

STORY4

Green Growth - A New Start for CR

Changshu is known as the city of lucid rivers and lush mountains. For years, the government and businesses of Changshu City have been pursuing economic development but without considering the environmental impact. The situation became dire when the municipal government decided to open a green passage for this major environmental project that is relevant to people’s wellbeing. The project started construction in August 2016 with a temporary construction permit certificate. It was not until the end of 2016 when the project finally got the construction permission. Liu Yongxiang felt she could relax.

On 18 October 2017, President Xi Jinping pointed out in the Report of the 19th Communist Party of China National Congress that “we must strengthen our efforts to solve major risks, target poverty alleviation and pollution prevention, and control to ensure the building of a moderately prosperous society in all respects relies on the wholehearted support of the people and is able to withstand all tests.”

In December 2017, the CR Power sludge-coupled power generation project was successfully put into trial operation. The project officially put into operation in August 2018. Currently, it has a daily sludge treatment capacity of 100 tons, and a maximum sludge treatment capacity of 20 tons per day.

The municipal government of Changshu and CR Group are indeed pioneers in securing a decisive victory in finishing the building of a moderately prosperous society in all respects and ensuring an overall improvement in ecological and environmental quality.

“The environmental protection is not a slogan, it needs concrete action” said Liu, “as a witness to the transformation of CR Power from a major source of pollution to a leader in environmental protection in the past 6 years.”

Behind The Story

In 2018, CR Group’s investment in environmental protection totalled 3.35 billion RMB, 1.91 billion RMB was invested in energy saving and emission reduction technology transformation.

Comprehensive energy consumption totalled 39,015,186 tons of standard coal/10,000 RMB.

In the past 6 years, CR Group’s comprehensive energy consumption showed a decrease of 1.9278 billion RMB.

Comprehensive energy consumption of the business revenue of every RMB 10,000 stands at 0.0172.

Comprehensive energy consumption of the added value of every RMB 10,000 stands at 2.6921.

CR Changshu Power Plant

Liu Yongxiang
Vice Director of Changshu Municipal Development and Reform Commission

In mid-summer, Jufuyuan Community of Changshu City is filled with the sweet scent of fruit. The Community is green all year round. Shen Xiaojing, a resident of the community, grows persimmon, date and peach trees, rhododendrons, butterfly orchids and other plants, as well as crested myna, serinus canaria and garrulax canorus. “My friends all like to have plants, as well as crested myna, serinus canaria and garrulax canorus. Shen Xiaoqin, a resident of the community, grows tea in my courtyard, and listen to the birds singing. Changshu is known as the city of lucid rivers and lush mountains. For years, the government and businesses of Changshu City have been pursuing economic development but without considering the environmental impact. The situation became dire when the municipal government decided to open a green passage for this major environmental project that is relevant to people’s wellbeing. The project started construction in August 2016 with a temporary construction permission certificate. It was not until the end of 2016 when the project finally got the construction permission. Liu Yongxiang felt she could relax.

On 18 October 2017, President Xi Jinping pointed out in the Report of the 19th Communist Party of China National Congress that “we must strengthen our efforts to solve major risks, target poverty alleviation and pollution prevention, and control to ensure the building of a moderately prosperous society in all respects relies on the wholehearted support of the people and is able to withstand all tests.”

In December 2017, the CR Power sludge-coupled power generation project was successfully put into trial operation. The project officially put into operation in August 2018. Currently, it has a daily sludge treatment capacity of 100 tons, and a maximum sludge treatment capacity of 20 tons per day.

The municipal government of Changshu and CR Group are indeed pioneers in securing a decisive victory in finishing the building of a moderately prosperous society in all respects and ensuring an overall improvement in ecological and environmental quality.

“The environmental protection is not a slogan, it needs concrete action” said Liu, “as a witness to the transformation of CR Power from a major source of pollution to a leader in environmental protection in the past 6 years.”

Behind The Story

In 2018, CR Group’s investment in environmental protection totalled 3.35 billion RMB, 1.91 billion RMB was invested in energy saving and emission reduction technology transformation.

Comprehensive energy consumption totalled 39,015,186 tons of standard coal/10,000 RMB.

In the past 6 years, CR Group’s comprehensive energy consumption showed a decrease of 1.9278 billion RMB.

Comprehensive energy consumption of the business revenue of every RMB 10,000 stands at 0.0172.

Comprehensive energy consumption of the added value of every RMB 10,000 stands at 2.6921.

CR Changshu Power Plant

Liu Yongxiang
Vice Director of Changshu Municipal Development and Reform Commission

In mid-summer, Jufuyuan Community of Changshu City is filled with the sweet scent of fruit. The Community is green all year round. Shen Xiaojing, a resident of the community, grows persimmon, date and peach trees, rhododendrons, butterfly orchids and other plants, as well as crested myna, serinus canaria and garrulax canorus. “My friends all like to have plants, as well as crested myna, serinus canaria and garrulax canorus. Shen Xiaoqin, a resident of the community, grows tea in my courtyard, and listen to the birds singing. Changshu is known as the city of lucid rivers and lush mountains. For years, the government and businesses of Changshu City have been pursuing economic development but without considering the environmental impact. The situation became dire when the municipal government decided to open a green passage for this major environmental project that is relevant to people’s wellbeing. The project started construction in August 2016 with a temporary construction permission certificate. It was not until the end of 2016 when the project finally got the construction permission. Liu Yongxiang felt she could relax.

On 18 October 2017, President Xi Jinping pointed out in the Report of the 19th Communist Party of China National Congress that “we must strengthen our efforts to solve major risks, target poverty alleviation and pollution prevention, and control to ensure the building of a moderately prosperous society in all respects relies on the wholehearted support of the people and is able to withstand all tests.”

In December 2017, the CR Power sludge-coupled power generation project was successfully put into trial operation. The project officially put into operation in August 2018. Currently, it has a daily sludge treatment capacity of 100 tons, and a maximum sludge treatment capacity of 20 tons per day.

The municipal government of Changshu and CR Group are indeed pioneers in securing a decisive victory in finishing the building of a moderately prosperous society in all respects and ensuring an overall improvement in ecological and environmental quality.

“The environmental protection is not a slogan, it needs concrete action” said Liu, “as a witness to the transformation of CR Power from a major source of pollution to a leader in environmental protection in the past 6 years.”

Behind The Story

In 2018, CR Group’s investment in environmental protection totalled 3.35 billion RMB, 1.91 billion RMB was invested in energy saving and emission reduction technology transformation.

Comprehensive energy consumption totalled 39,015,186 tons of standard coal/10,000 RMB.

In the past 6 years, CR Group’s comprehensive energy consumption showed a decrease of 1.9278 billion RMB.

Comprehensive energy consumption of the business revenue of every RMB 10,000 stands at 0.0172.

Comprehensive energy consumption of the added value of every RMB 10,000 stands at 2.6921.
STORY

4

CR Changshu Power Plant

Waste is a Resource Just in the Wrong Place

Liu Yongxiang
Vice Director of Changshu Municipal Development and Reform Commission

Sludge-coupled power generation will make full use of the domestic and industrial sludge in Changshu City and surrounding areas. The sludge will be coupled with coal for combustion after a drying treatment. The sludge will go through decomposition and innocent treatment in the furnace of the power plant. The process could reduce and stabilise the sludge before turning it into a resource.
Home-based Care for the Aged, A Health Service that Benefits Ordinary People

Zhang Huawei
Project Manager of “Happy Home Care Services for the Aged” in Suzhou

“You can understand the real needs of the community in community service centres and establish mutual trust and interact with the residents through face-to-face communication. Turning the promotion campaign of a pharmacy chain into thoughtful care services for the aged not only promotes the good tradition of respecting and caring for the aged, but also meets the real needs of local communities for old-age care.”

Scan on WeChat to experience CR healthcare services through VR technology.
When Wu Qiming walks you past the traditional Suzhou teahouse, you can hardly believe she’s 70 years old. Every morning, Wu comes to the “Shan, Ju, Xiang, Zhu” Happy Home Care Services for the Aged in Suzhou. According to provincial policy, people aged 80 and over can enjoy three hours of free door-to-door services every month, including housekeeping services, accompanied medical services and care services. Stations of the “Happy Home Care Services” provide door-to-door services to people aged 80 and over at least once a month. 

Faced with the growing demand for care services, local government is establishing community-based healthcare facilities to benefit more people. CR Pharmaceutical has been actively fulfilling its social responsibility together with other stakeholders to combine medical services with care services for the aged to create better lives for them.

In 2016, CR Pharmaceutical launched the social responsibility project of “CRYa Action” that aims to focus on home-based care services for the aged with the theme of “Embracing retired life”. Setting out on a New Journey with CR, Zhang, Project Manager of CR Pharmaceutical, Jiangsu decided to focus on home-based care services for the aged and explored new models to provide healthcare services for the aged. They identified as designated pharmacies for expired medicine collection.

“Once they have formed the habit of using the scheme, they will take the initiative to try paid services. This is a gradual process. But it is feasible in Jiangsu,” said Zhang. For one thing, the governments of Jiangsu has the financial capacity to sustain the programme. For another, it encourages elderly people to pay for quality services in the future, which will help to form a consumption habit that promotes the integration of medical and care services for the aged,” Zhang explained.

“ ‘Our cooperation with CR Pharmaceutical, Jiangsu is still in the primary stage of nurturing these consumption habits,’ said Zhang. ‘Our stations organise lectures on healthcare and medicine on a regular basis and provide medical training according to the specific needs of the elderly people. This organisation of professional activities requires us to cooperate with well-known and reliable pharmaceutical companies. CR Pharmaceutical offers not only professional services, but also enjoys a good reputation with the public and has established strategic partnerships with other pharmaceutical companies and medical device providers. So, the cooperation makes it easy for the programme to reach out to communities.”

“ ”Ong Del Ee (DEE) also engages in the development of home-based care services for the aged and is exploring new models to provide healthcare services for the aged. The strategic cooperation not only brings more resources to partners, but also creates a win-win situation where companies can fulfill social responsibilities with professional services that benefit society.”

“Expired medicine collection” is a public welfare activity organized by the Municipal Office of Civilization, Urban Management Bureau of Suzhou Municipal and Suzhou Daily under the leadership of the Food and Drug Administration of the Suzhou Municipality. 25 CR stores in Suzhou and the ‘CR Pharmaceutical chain affiliated to CR Pharmaceutical’ have been identified as designated pharmacies for expired medicine collection.

“ ‘These public welfare activities held in community-based healthcare facilities and retail pharmacies to develop new markets in five fields together with lower and upper stream partners. Activities under the theme of “the integration of medical and care services” include free door-to-door services, housekeeping services, diagnosis and treatment, accompanied medical services and free trials and medical consultations. Participants can interact with professionals and experience the products by themselves. The activities also help people to make the importance of a healthy lifestyle.”

In 2018, CR Pharmaceutical’s Commercial has more than 240 retail stores in Jiangsu and a household brand in Suzhou with a good reputation. In 2018 alone, it contributed RMB 200 million to DEE, said Deel, Manager of Beijiao Office of DEE for a partner, DEE also engages in the development of home-based care services for the aged and is exploring new models to provide healthcare services for the aged. The strategic cooperation not only brings more resources to partners, but also creates a win-win situation where companies can fulfill social responsibilities with professional services that benefit society.”

Behind The Story

CR Group is a leading organisation in the design and management of pharmaceutical transactions and procurement. It is committed to the development of innovative models to provide quality healthcare services for the elderly. The company has a strong reputation for its commitment to the highest standards of quality and service.
Hotel Elan

40 Rooms Big Dreams

Chen Lanhua
Housekeeping Leader of Hotel Elan
Jinggangshan CR Hope Town

At the foot of Jinggangshan Mountain stands a country hotel with beautiful gardens and fantastic views. The original basic facilities and the high-quality services enable tourists to enjoy the best experience while feeling at home.

In late September 2018, Chen Lanhua was doing routine checks on the 40 rooms of Hotel Elan. Despite feeling a little nervous, she was still confident of meeting the challenge of the peak season. The 45-year-old Chen has been working in the hotel since its establishment. In just two years, she has transformed herself from a rural housewife to a hotel room manager. With success came confidence and self-respect.

Wearing the hotel uniform, she always presents a friendly and confident smile. She said that the hotel has taught the CR Group how to offer her the opportunity to have a clear career plan for the first time.

Hotel Elan in Jinggangshan is a demonstrative country hotel project developed by CR Group. All the 19 employees of the hotel are from nearby villages, with an average age of 43. Chen Lanhua’s child is in the final year of senior high school and her parents-in-law are in their 80s. “I used to work in a hotel on the mountain, which is far away from home. I had to use several buses to go to the hotel and even had to stay at the hotel in winter when the road was blocked. Now, Hotel Elan is within walking distance, which makes it easy for me to take care of my family while having my own career,” Chen cherishes the opportunity to work in Hotel Elan, because it nears her home and offers higher pay. In the past, she regarded her work as a mere source of income, but now, she regards it as her career. Providing the best service to every customer and earning a five-star review for the hotel is shared with all employees.

Every employee of Hotel Elan is grateful for the opportunity, created by CR Hope Town. CR Group has been building Hope Towns with corporate resources to help alleviate poverty in old revolutionary bases and poverty-stricken areas since 2008. Now, CR Group has built seven Hope Towns in Baise, Guangxi Province, Mianzhu, Sichuan Province, Shaxian, Hainan Province, Guanajuato, Mexico, Fujian Province, Jiangxi, Guizhou Province and Jinggangshan in Jiangxi Province.

In Jinggangshan CR Hope Town, Hotel Elan is a ‘public welfare hotel’ which aims to address issues concerning agriculture and farmers in rural areas and develop the rural economy. It makes CR Group’s first attempt to transform poverty alleviation with animal husbandry to poverty alleviation with tourism, and creates a new model of poverty alleviation that realises the integrated development of this primary, secondary and tertiary industries. Besides building landmark buildings, selling institutions, hospitals and residential buildings, the CR Group took advantage of its resources and industrial competitiveness to develop the demonstrative country hotel project of Hotel Elan in Jinggangshan. The hotel recruits employees from the local area and donates all profits to the local government to improve people’s wellbeing and promote industrial development in the Hope Town. As a flagship project of CR Group, Hotel Elan also drives the development of inns and tourists in surrounding areas through sharing its management and service models. CR Group is also responsible for the property management of the Hope Town. In this way, CR was able to make a new approach to building a modern new country.

Zhang Fei, who is in charge of Hotel Elan, is the only employee appointed by CR Group in his 30s, he lives and works in the Hope Town with his family. He was elected to share his experience of operating the hotel in the area, hiring and training employees like Chen. He could ensure the sustainable development of the hotel. Hotel Elan also provides employment opportunities for children of local villagers and encourages them to engage in internship programmes in Hotel Kapok Group. This is a boutique hotel chain run by the CR Group to help people acquire new skills and prepare themselves for working in the hotel industry in Jinggangshan.

By the end of 2018, Hotel Elan had a turnover of over RMB 3 million with over 15,000 persons’ time being served. The hotel also has the most five-star reviews on Ctrip among all hotels in the local area. For tourists, Hotel Elan represents a high-quality service. With the development of CR Hope Towns, other tourism resources have also been developed, including country inns, the Financial Museum, the Revolutionary Culture Park and the Revolutionary Culture Park Museum.

Hotel Elan also recommended that tourists try country inns in the village to experience local life and enjoy local food. The hotel also provides opportunities for local farmers to develop inns, rural tourism and agricultural resources, and to explore new approaches to poverty alleviation. Behind the story, CR Group has been building Hope Towns in poverty-stricken areas and old revolutionary bases to address the challenges facing the CPC Central Committee. 12 Hope Towns established in the last 10 years have directly benefited more than 10,000 farmers and helped more than 10,000 people to escape poverty. In the development of Hope Towns, CR Group adopted poverty alleviation models driven by agriculture and animal husbandry. From the 7 Hope Towns—Jinggangshan Hope Town, CR Group creatively proposed the management model of Hotel Elan, which led to local residents’ changed mindset and begun to take the initiative to make better lives for themselves.

Today, Jinggangshan CR Hope Town has been included in the list of the first batch of characteristic towns of Jiangxi Province. The City of Jinggangshan also became one of the first poverty-stricken cities in China to eradicate poverty. The experience and business models of Jinggangshan CR Hope Town also serve as models for other Hope Towns in Hubei, Henan, Hunan, Hubei Province and Yunnan, Shaanxi Province to engage in targeted poverty alleviation.
In late September 2018, Chen Lanhua was doing routine checks on the 40 rooms of Hotel Elan. Despite feeling a little nervous, she was still confident of meeting the challenge of the peak season. The 43-year-old Chen has been working in the hotel since its establishment. In just two years, she has transformed herself from a rural housewife to a hotel room manager. With success in career comes confidence and self-respect. Wearing the hotel uniform, she always presents a shy yet confident smile. She said that the hotel built by the CR Group offered her the opportunity to have a clear career plan for the first time.
Standing at a new starting point and bearing new goals in mind, we must take the opportunity of CR’ 80th anniversary to further develop our own values, and assume the mission of our country actively. Guided by the spirit of the 19th National Congress, we must firmly adhere to the 13th Five-Year development strategy featuring “Double engines, double wings”—business operations and capital are engines—globalization and Internet are wings and center on the annual theme of “Further deepen reform and innovation, promote high-quality development” and strive to make CR a world-class enterprise with global competitiveness.
## Our performance

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total asset</strong> billion RMB</td>
<td>1,439.4</td>
<td>1,215.923</td>
<td>1,100.044</td>
</tr>
<tr>
<td><strong>Operating revenue</strong> billion RMB</td>
<td>608.460</td>
<td>555.450</td>
<td>503.408</td>
</tr>
<tr>
<td><strong>Total profit</strong> billion RMB</td>
<td>66.120</td>
<td>64.854</td>
<td>48.338</td>
</tr>
<tr>
<td><strong>Net profit</strong> billion RMB</td>
<td>45.11</td>
<td>38.463</td>
<td>33.782</td>
</tr>
<tr>
<td><strong>Total pre-tax profits</strong> billion RMB</td>
<td>94.74</td>
<td>91.023</td>
<td>75.43</td>
</tr>
<tr>
<td><strong>Total tax payable</strong> billion RMB</td>
<td>74.90</td>
<td>55.551</td>
<td>54.796</td>
</tr>
</tbody>
</table>

### Rate of Return on Total Assets
- **2018**: 12.30%
- **2017**: 11.56%
- **2016**: 11.02%

### ROE
- **2018**: 5.80%
- **2017**: 6.46%
- **2016**: 5.49%

### Maintenance and Appreciation Rate of state-owned assets
- **2018**: 113.00%
- **2017**: 115.20%
- **2016**: 109.60%
Improve Corporate Governance and Facilitate Efficient Decision-making

In 2018, CR continues to implement the decision-making policy for major issues, major personnel appointments and dismissals, investments in major projects and use of large sums of money (“Three Major and One Large”), improve the function of the board, strengthen risk management, and standardize information disclosure. As a result, CR’s capacity to make decisions and prevent risks is greatly improved, thus supporting and providing momentum to the group’s high-quality development.

Strengthening the board’s core functions

In 2018, in accordance with the company law, the regulations of the SASAC and the company’s articles of association, the board of CR strengthened its core competencies in strategic leadership, major decision-making, risk management, supervision and management.

- Explore the possibility of establishing the modern system with Chinese characteristics for SOEs, Improve the corporate governance system

After conducting a survey on 24 directly-administered enterprises, CR formulated the China Resources’ Plan for Improving and Optimizing the Corporate Governance System, which clarified the overall principles of corporate governance, the division of powers and responsibilities of governance bodies, the methods of exercise, the building of mechanisms, management and control, compliance construction, the environment of governance, etc.

The Group made overall plans for the construction of corporate governance system. CR established 10 corporate governance systems including the company’s articles of association, the decision-making system for “Three Major and One Large”, rules and procedures of the board of directors, rules and procedures of the party committee meeting, rules and procedures of the special committees, etc. Besides, CR continued to optimize the existing systems, and granted the decision-making power over 19 types of specific matters with high frequency of occurrence to the Executive Committee.

- Establish the management appraisal and oversight mechanism, and strengthen performance orientation

The Group established the management appraisal and salary incentive mechanism by formulating the China Resources’ Measures for Management Performance Evaluation and the China Resources’ Management Measures for Responsible Persons’ Compensation; the board granted certain decision-making authorities to the Executive Committee and enabled it to perform daily business management duties, thus establishing a normalized supervisory mechanism; through post-investment evaluation, the quality of the management’s decision was checked. The post-investment evaluation mechanism was first carried out in three projects, namely CR’s microelectronics transformation, South China International Logistics Center, and CR Sanjiu.

- Promote the governance of enterprises according to law, and build an enterprise ruled of law

CR further improved the legal structure and governance framework through setting up the “leading group of managing enterprises according to law”, the “leading group of popularizing law during the seventh five-year period” and the Compliance Committee, and issuing the Legal Affairs Management System, the Regulations on China Resources’ Principal Heads Fulfiling the Duties of Promoting the Construction of Rule of Law as the First Person Responsible and related implementation plans. CR enhanced the legal awareness of managers at all levels through the multi-faceted and multi-angle education on rule of law, including group learning, manager meetings, training courses on the 19th National Congress for managers, etc. The Group has successively promulgated and implemented a series of documents including the Legal Risk Management System and the Guidelines for Legal Review, and established a legal risk database, so as to strengthen the active prevention and management of legal risks. Also, CR formulated the Management Measures for Managers’ Related Transactions to regulate managers’ related behaviors.
Improve risk management

CR sticks to problem-solving oriented strategies, strengthens risk awareness, sorts out various risk factors carefully and enhances risk prevention, thus ensuring the steady growth of the Group.

Implement the decisions and strategies of the Central Committee resolutely. The deleveraging practice has achieved good results, and the liquidity risks concerning exchange rate and interest rate are under effective control. The overall financing cost remains at a low level, better than the average performance of central enterprises.

Control the risks related to environment, safety and health strictly. This year, there was no production safety accidents, food/drug safety accidents or environmental pollution incidents assessed by the SASAC, and the targets of energy conservation and emission reduction targets were completed well. Dual responsibilities of each position were further clarified, and the investigation and handling of accidents was standardized.

Adopt multiple measures to improve internal governance. Major risk assessment has been conducted, and risk prevention and management plan have been put in place; system building was promoted, for example, the investment management system and procurement management system have been introduced as part of a long-term risk prevention mechanism; internal appraisal evaluation of all units were encouraged, and problems found in the procurement and sales process have been rectified; in terms of audit, spot check was conducted in key areas to improve the quality of internal appraisal evaluation.

Adhere to the bottom line of compliance operation, and strengthen legal risk prevention and control. CR's legal risk database has covered all major business, and more than 8,000 legal risk factors have been sorted out; standardized management procedures (tools, methods, mechanisms, etc.) have been in place, remarkably reducing the number of “exceptional cases”.

Ensure information safety and prevent potential risks. In accordance with the strategy of “30% technology + 70% management”, CR has strived to improve the information safety system, thus safeguarding the sustainable operation of the business.

Standardize compliance information disclosure

The listed companies of CR strictly abide by the regulatory and compliance requirements both in China and abroad, and disclose relevant information to shareholders and investors in a timely and accurate manner. Company news, media highlights, important announcements and other information are published on the official website, so that shareholders and relevant stakeholders can keep abreast of the latest situation, thus improving information transparency.

In accordance with the Measures for the Information Disclosure of Commercial Banks and the Notice on Regulating the Matters in the Annual Report of Joint-stock Commercial Banks, CR Bank in Zhuhai releases various periodic reports and interim reports on the official website and designated newspapers and media, ensuring the information disclosed is complete, accurate, and timely. Besides, in the office of the board, there are materials such as articles of association, annual reports, resolutions of shareholders’ meetings, resolutions of the board and public announcements that shareholders and relevant stakeholders can refer to. CR Bank in Zhuhai also values the management of shareholder relationship. Each letter, call and visit of the shareholders and relevant stakeholders is taken seriously, so that each of them enjoys equal access to all information.
Protect the interests of minority investors

How to diversify the communication channels and make stakeholders understand and recognize the company’s operations, this is one of the most important topics in investor relationship management. CR Group attaches great importance to protecting the interests of minority investors and encourages profit centers to, according to regulatory requirements, keep information channels open, disclose relevant information in a regulated, efficient, reliable, accurate, timely and complete manner, and communicate with investors with respect and honesty.

CR Double-Crane Pharmaceutical Co., Ltd. regularly hosts performance briefings after releasing disclosure reports, to deliver the latest news of the Group to investors. Since 2018, the performance briefings have been hosted both on-site and broadcasted on-line, so as to cover as many as investors. In terms of daily communication, through receiving investors’ research groups, participating in traders’ strategic meetings, visiting shareholders, organizing on-site visits, CR Double-Crane actively present a whole picture of the company’s competitiveness to existing and potential investors. Fortunately, the outstanding corporate social responsibility management and practices of the company has been highly praised and widely recognized by relevant stakeholders and the public. In 2018, CR Double-Crane was selected China’s Top 100 Listed Companies on the Main Board” for the fifth time.

Adhere to Integrity and Compliance, and Strengthen Anti-corruption

Enhance daily supervision

The Group is committed to being strict with every aspect of business operation. Through daily supervision, problems are detected at the early stage and rectified in time, and violations of disciplines are dealt with at once, thus avoiding grave consequences.

CR has conducted investigation on activities for personal gains involving local rare specialties, and encouraged self-examination and self-correction, so as to prevent integrity risks. Special inspections were also carried on in the CR Hope Town in Zunyi and Haiyuan, as well as in targeted poor counties, to ensure a “clean” poverty alleviation process.

Continue to take internal examination as an important method to advance the rule of law in corporate governance and tackle corruption. In 2018, CR completed the sixth round of internal examination and made a 3-year overall plan for all strategic business units/first-level profit centers. In the process, problems falling into 12 categories, such as formalism and bureaucratism, were spotted and rectified in time.

The supervisory departments at all levels of the Group perform their duties and keep abreast of the latest situation by attending meetings, participating in personnel arrangement, reading documents, referring to the OA system, taking part in grassroots researches, and having conversations with employees. The managers are selected with a high “honesty and integrity standard”.

Establish a serious accountability system

Center on key areas

Focus on key areas including M&A, bidding and procurement, commercial sales, project construction, and violations of the eight-point regulation, and thoroughly investigate disciplinary offence even illegal activities such as failure in performing relevant duties, taking advantage of the position to seize state-owned assets, and violation of “Three Major and One Large”.

Spot Minor Problems at the Early Stage

Temper justice with mercy, and correct problems in time. Keep the staff alert.

52% of the staff being reminded of or criticized for their improper behaviors received formal critical feedbacks

33% was given light punishment or was dealt with by the organization

14% was given serious punishment or experienced major personnel adjustment

1% was transferred to judiciary organs for suspected crimes

Stick to the accountability mechanism

Implement the accountability mechanism strictly. CR adopts a “dual-investigation” method, which means to investigate those who violate regulations and laws while holding relevant leaders accountable. In 2018, 139 people were held accountable for malpractice.

In 2018,

139 people were held accountable for malpractice

Advance system building

While resolutely opposing formalism, bureaucratism, hedonism and extravagance, the Group continues to promote system building and focuses on summarization of practices concerning daily management, special inspections and case handling. In 2018, CR improved the internal system related to investment management, bidding and procurement, inspections, internal audits, etc., aiming to normalize and standardize the work style with rigid regulations.

Carry out education on integrity and honesty

Sticking to a multi-pronged approach, the Group values daily education and has held a number of education conferences and grassroots-level teach-ins on clean governance. Besides, the Group also actively carried out intensive education. In 2018, a series of talks and discussion on induction training and clean governance was conducted, and Chairman Fu Yuning made a speech titled “Invigorating the Enterprise with Your Contribution” to 66 new managers under direct administration of the Group. In the whole year, over 2260 employees were covered by courses centering on integrity and honesty including “Future Star Training”, “the Road of CR”, “Training for New Direct Managers of Profit Centers”, and “Training for Excellent Young Managers”.

2018 Social Responsibility Report
Promote High-quality Development, and Create Value for Shareholders

In 2018, CR Group continued to transform and innovate, and promote high-quality development with the supply-side structural reform as the main line in a top-down approach.

Deepening supply-side structural reforms

In accordance with the requirements of the Central Government and SASAC, CR Group resolutely implemented the tasks of “capacity reduction, de-stocking, deleveraging, cost reduction and improving underdeveloped areas” and have made actual breakthroughs in aspects like dealing with the rigidity and difficulties of enterprises.

The Group coordinated the overall exit of coal resource assets in Shanxi according to the decision made. Two cotton mills were shut down, and the textile business withdrew from the brand market. The operation of CR Vanguard was significantly improved and the operating profit was not negative for the first time in recent years. Despite of various difficulties, the Group managed to greatly reduce the number of loss-making enterprises, dealing with 85 so-called “zombie companies”.

CRH (Enterprise), it strives to improve its operational capacity on the basis of organizational restructuring; CR Land, it improves the turnover efficiency by optimizing its regional strategic layout; CR Cement, it focuses on the regional market and consolidates its core place in the region; major project risks of CR Bank and CR Trust are properly resolved; CR Pharmaceutical, in spite of increasing pressure on payment and CR Land’s rising land reserve, innovates its management and adopts multiple measures to realize zero growth in receivables and stocks.

On April 13, 2019, CR Beer and Heineken held a strategic cooperation ceremony in Shanghai and conducted in-depth discussions on future cooperation. Chairman Fu Yuning said at the ceremony that he hoped to resort to the global layout and marketing resources of Heineken to accelerate the development of CR Beer in the international market, and finally achieved a win-win situation.
Accelerate business transformation and upgrading

In 2018, CR was selected into the "Top 100 Enterprises for the 40th Anniversary of Reform and Opening up" and conducted a mid-term strategic review for the "13th Five-Year Plan", making it a pilot enterprise of state-owned capital investment and thus laying the foundation for CR's next structural reform.

The Group has also allocated more resources to big data-based healthcare, consumption, technology and finance, as well as to R&D work related to pharmaceuticals, microelectronics and new materials. The scale of industrial funds continued to grow, and synergies between production and financing emerged gradually.

Implement new development concepts and make achievements in industrial transformation and upgrading

The proportion of new energy increased significantly, and an electricity-sales cloud-platform was set up to realize whole process control. The Group accelerated its transformation towards an urban complex investor/developer/operator, and new businesses like elderly-caring, long-term renting, cinemas, and industrial real estate were gradually launched. CR Cement and Siemens cooperated on setting up the first pilot intelligent production line of cement in China; "Internet+" was successfully introduced to the pharmaceutical sector, and Runyaoshangcheng's trading volume of the year reached ten billion RMB; Sanjiu entered the Chinese herbal decoction pieces market, improving CR's layout in the industrial chain of traditional Chinese medicine; the introduction of new series of beers and beverages met the trend of consumption upgrading, conducive to consolidating CR's position in the industry; Vanguard actively explored the new supermarket mode, striving to recover from difficulties and losses.

Promote capital-driven transformation and innovation

The restructuring and strategic cooperation between CR Beer and Heineken promoted the expansion of CR Beer to the high-end market; CR Cement seized the historical high position of the stock price, and raised HK$4.2 billion through share allotment financing; CR Cement and CR Capital invested in the offshore wind power project in UK, making a step further towards the international market; CR Pharmaceutical expanded its pharmaceutical business and improved its comprehensive competitiveness through the merger and acquisition of Jiangzhong Pharmaceutical, Xiangzhong Pharmaceutical, and Angde Bio; the Group put an investment of 2.06 billion in CR Land for the incubation project, further increasing the value of the company; the listing of CR Chemical Materials was planned, and preliminary preparations for the listing of CR Microelectronics in science and technology innovation board were conducted.

Accelerate the landing of funds and support the optimization of industrial layout

By the end of 2018, the Group had approved the establishment of 14 fund investment companies, and the asset under management was nearly HK$100 billion. The Group was still raising another 10 funds. More than 10 industrial funds related to consumer goods, big-data based health, medicine, energy, etc. have been established, providing strong support to the Group's transformation and innovation.
Promote Regional Strategy, Serve the Overall situation of national Development

In 2018, the Group took active part in the national strategies such as Beijing-Tianjin-Hebei cooperation, and the construction of Guangdong-Hong Kong-Macao Greater Bay Area cooperation and Hainan Free Trade Zone, reshaped the business in Hong Kong, and adjusted its pace of “going-global”, realizing a more coordinated regional layout.

Integrated into the construction of Guangdong-Hong Kong-Macao Greater Bay Area

The Group officially released the White Paper on China Resources Participating in the Construction of Guangdong-Hong Kong-Macao Greater Bay Area, formulating the development strategy featuring advancing the development of new industries centering on big-data based consumption, healthcare, urban construction and operation, energy service, and technology and finance, promoting transformation and innovation, and reshaping the business in Hong Kong. In addition, a steering team and a Greater Bay Area Development Office was set up to work together with 9+2 agglomerations in Guangdong Province, aiming to bring more forces to the Greater Bay Area.

Fully participate in the construction of Xiong’an New Area

The plan of setting up one headquarter and five bases has been carried out in an orderly manner. By now, 15 members have been stationed in Xiong’an to study the local policies, planning, market and technological development, and follow up key projects including the development and construction plan for Rongdong District, the development plan for the hub area of Xiong’an Station, PKU-CR International Medical Center, etc. The Group also hosted various activities in the New Area, for example, the Education Development Conference, the 2018 Xiong’an-Silicon Valley International Technological Innovation Summit on Medicine and Health, and the reception of leaders of the Central Military Commission and Xiong’an New Area.
Prior to the announcement of Hainan FTZ policies, CR has begun to deploy resources in Hainan, such as conducting policy researches, participating in researches on the strategy of Hainan to comprehensively deepen reform, and promoting strategic cooperation in key industries such as medical care, pension, environmental protection, finance and commercial real estate. By the end of November, 2018, CR had altogether 19 fixed asset investment projects in Hainan Province with a total investment of 27.8 billion RMB, and the completed investment reached 20.4 billion RMB.

CR makes the best of its location advantages and influence in Hong Kong, and introduces high-quality projects with the strategy of “good products + good channels”, for example, Oatly from Sweden, New Zealand King Salmon, Scales apple, Comvita honey, etc. The Group expands its business to the Belt and Road region, such as leading the commercial development project of high-speed train and airport line in EEC of Thailand, and acquiring the office building in the financial center of London. CR also participates in innovative projects overseas with industrial funds, and strives to achieve high-quality development in the process of going global. For instance, CR cooperated with Chia Tai Group and established a life science fund. At present, the Group’s investment has covered Asia, Europe and Oceania (in Thailand, Singapore, Bangladesh, Australia, New Zealand, the United Kingdom, Spain, the Netherlands, Belgium, Sweden, etc.). Since 2016, CR has increased its efforts in going global. Over the past three years, the Group’s outbound investment increased by around 37.82 billion RMB.

On March 15, 2018, CR hosted the delivery ceremony of 30% equity of the British Dudgeon offshore wind power project in London. The project not only brought considerable returns to the Group and investors, but also laid a solid foundation for CR Power to perfect its industrial layout overseas and improve its global operation.

Power the Belt and Road Initiative

Actively participate in the construction of Hainan Free Trade Zone
## Our Commitment

<table>
<thead>
<tr>
<th>Commitment made in 2017</th>
<th>Commitment performed in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>To conduct strategic review of “the 13th Five-Year Plan”, and strengthen management of strategies and investment</td>
<td>Completed the mid-term strategic review of “the 13th Five-Year Plan”</td>
</tr>
<tr>
<td>To accelerate withdrawal from traditional business, expand new business, and advance transformation</td>
<td>Exceeded the target for cutting excessive capacity and significantly reduced the number of loss-making enterprises; allocated more resources to big data based healthcare, consumption, technology and finance; increased investment in the R&amp;D of pharmaceuticals, microelectronics, new materials; the scale of industrial funds continued to grow</td>
</tr>
<tr>
<td>To continue to improve the construction of technical platforms including Huaruntong, Huarunhui and the data center, and advance IT-based development</td>
<td>Completed the building of tourist platform and purchasing platform of Huarunhui, then put them into pilot use; continuously promoted Huaruntong membership, differentiated operation, digitization</td>
</tr>
<tr>
<td>To fully participate in national strategies including the construction of Guangdong-Hong Kong-Macao Greater Bay Area, Xiongan New Area, Belt and Road Initiative, and promote the landing of major projects</td>
<td>Released the White Paper on China Resources Participating in the Construction of Guangdong-Hong Kong-Macao Greater Bay Area, determining the strategy to reshape the business in Hong Kong; participate actively in the construction of Xiongan New Area and Hainan FTZ</td>
</tr>
<tr>
<td>To give full play to CR’s location advantages, make the best of the markets and resources both in China and overseas, and accelerate its pace of “going-global”</td>
<td>Increased the efforts in going global, and introduced high-quality projects with the strategy of “good products + good channels”; expanded business in Belt and Road regions, and participated in innovative projects overseas with industrial funds. At present, CR’s investment has covered countries in Asia, Europe, Oceania, etc</td>
</tr>
</tbody>
</table>
Commitment of 2019

By combating corruption, plugging leaks of the system, and enhancing compliance cultural construction, build a team of managers with integrity and honesty, establish an improved corporate governance structure, and cultivate a clearer corporate atmosphere.

Performance growth reaches the average level of central enterprises.

Allocate resources to the high end of value chain in the five major business areas, and increase investment in emerging industries including medical care and elderly caring, new energy, environmental protection, intelligent technology, etc.

Stick to new development concepts, allocate resources efficiently, and continuously optimize the industrial structure.

Continue to promote the tourist platform and purchasing platform, and strive to realize more IT-based, digital, and intelligent management.

Improve the quality of development in Greater Bay Area and its status in local market.
Ideas and Goals

Employees are the foundation of enterprise development, and also the source of innovation. CR has always advocated and adhered to the “people-oriented” concept, attaching great importance to protecting the employees’ rights and interests. CR provides an employee-friendly working environment, respects the value of people, taps each one’s potential, purifies people’s mind, and strives to build a platform on which all employees can realize their value and share achievements with others. CR creates a diverse and harmonious working atmosphere, allowing employees to work happily and present the best of themselves.

Response to SDGs

- Avoid Exploitation, and Protect Employees’ Legitimate Rights and Interests
- Improve the training system, and Provide the staff with reasonable advancement channels
- Care about the staff in all aspects, and Make CR a happy home
- Our Commitment
## Our performance

### Labor contract signing rate

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>99.39</td>
</tr>
<tr>
<td>2017</td>
<td>99.51</td>
</tr>
<tr>
<td>2016</td>
<td>99.48</td>
</tr>
</tbody>
</table>

### Social insurance coverage

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>99</td>
</tr>
<tr>
<td>2017</td>
<td>99</td>
</tr>
<tr>
<td>2016</td>
<td>99</td>
</tr>
</tbody>
</table>

### Number of days of paid leave

<table>
<thead>
<tr>
<th>Year</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>8</td>
</tr>
<tr>
<td>2017</td>
<td>8</td>
</tr>
<tr>
<td>2016</td>
<td>8</td>
</tr>
</tbody>
</table>

### Statistic on aid to staff

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aid to employees with difficulties (Number)</td>
<td>3793</td>
<td>4266</td>
<td>7396</td>
</tr>
<tr>
<td>Unit: 10,000 RMB (households)</td>
<td>545.23</td>
<td>685.46</td>
<td>1299.45</td>
</tr>
<tr>
<td>Visit to employees with difficulties (households)</td>
<td>4916</td>
<td>5302</td>
<td>3924</td>
</tr>
<tr>
<td>Unit: 10,000 RMB (households)</td>
<td>220.32</td>
<td>396.04</td>
<td>331.39</td>
</tr>
<tr>
<td>Fund children of employees with difficulties to go to school (number)</td>
<td>477</td>
<td>630</td>
<td>679</td>
</tr>
<tr>
<td>Unit: 10,000 RMB (households)</td>
<td>57.1</td>
<td>125.66</td>
<td>101.99</td>
</tr>
<tr>
<td>Aid to employees with illness</td>
<td>2330</td>
<td>1901</td>
<td>2470</td>
</tr>
<tr>
<td>Unit: 10,000 RMB (households)</td>
<td>609.22</td>
<td>876.61</td>
<td>541.22</td>
</tr>
</tbody>
</table>

CR “Future Star” Training Camp for New Employees
Avoid exploitation, Protect the employee’s legitimate rights and interests

Structure of Employees

As of the end of 2018, CR had a total of 421,300 employees, with an average age of 36.3.

Among the group’s direct management level, female accounted for 14.29%; among direct management level of departments or directly-affiliated enterprises, female accounted for 18.54%.

Avoid exploitation, Protect the employee’s legitimate rights and interests

CR actively responded to the call of national policies. On August 30, 2018, CR’s supplementary pension system was established, and the first plan covered the headquarters and 10 SBUs and first-tire profit centers, benefiting about 250,000 employees. This practice not only improves the company’s compensation and welfare system and increasing its attractiveness to talents, but also helps to ensure the living standard of retired employees, thus stabilizing the morale.

CR actively recruits talents of various types to diversify the workforce. When recruiting and promoting employees, CR treats people of different genders, races, ethnicities, religions, with or without disabilities equally.

Just 9 days after the promulgation of the new tax law in 2018, CR launched a declaration system (PC+ mobile) for special additional deduction to facilitate employees’ tax declaration.

CR actively responds to the call of national policies. On August 30, 2018, CR’s supplementary pension system was established, and the first plan covered the headquarters and 10 SBUs and first-tire profit centers, benefiting about 250,000 employees. This practice not only improves the company’s compensation and welfare system and increasing its attractiveness to talents, but also helps to ensure the living standard of retired employees, thus stabilizing the morale.
Care for the occupational health of employees

Integrate institutional building into occupational health management

CR strictly abides by national laws and regulations, and regards institutional building as an important task of occupational health management. It integrates relevant laws, regulations, standards and requirements of higher authorities concerning the prevention and control of occupational diseases into operation manuals and daily practices of the units, so as to ensure them landed timely and effectively.

Carry out various forms of supervision and inspections to promote the work concerning occupational diseases

When arranging the key works of the year, the Group requested to carry out an occupational hazard survey to identify positions and establish a record, and then conduct prevention and control accordingly. Inspections on occupational health were organized at various levels; in CR Power, CR Land, CR Textiles, etc., units with dust and toxic chemicals and other relevant units were pushed to enhance control and adopt special prevention and management measure to prevent occupational risks; during the inspections, CR Zizhu Pharmaceutical in Qinhuangdao and CR Power in Tangshan and Caofeidian were selected for random spot check on occupational health situation. All units were required to take measures such as occupational hazard notification, daily monitoring, personal protection and occupational health examinations, so as to effectively protect the interests of employees.

Enhance publicity and education, and strengthen training on occupation health

CR initiated the “Law on Prevention and Control of Occupation Diseases Publicity Week” to encourage the staff to pay attention to occupational health, publicize relevant knowledge, urge units at various levels to assume responsibilities, enhance employees’ awareness of self-protection, and advocate a healthy workstyle, contributing to the construction of a healthy China. CR Power, CR Cement, CR Gas, CR Beer and other branches have responded actively.

Ensure a safe working environment to protect employees’ health

In strict accordance with the laws and regulations on occupational disease prevention and control, CR’s enterprises at all levels carried out evaluation and monitoring of occupational hazards in the workplace, offered necessary articles for labor protection, organized occupational health examinations, and established occupational health records for employees, thus further enhancing labor protection and management. The headquarter of CR Cement purchased two FCC-3000G explosion-proof dust samplers to conduct spot checks on the dust control effect of grassroots enterprises, strengthening internal monitoring and supervision.
Improve the Training System, and Build Reasonable Career Advancement Channels

Bearing in mind the Group’s strategies, business requirements and a clear standard for talents, CR is committed to providing employees with a stage to realize themselves and change the world. Through a well-designed training system, CR aims to improve employees’ professional competence and leadership skills and support their continuous growth.

Stick to high selection criteria of leaders and pay more attention to the selection, appointment, and training process

Improve the decision-making mechanism and procedures for recruiting and promoting people; implement high selection criteria of leaders; release CR’s manager competency model and apply it to various fields such as staff promotion, team building, education and training, and young cadre training; improve the rules and regulations, and optimize the system of recruitment and selection; build a strong leading team, and carry out comprehensive assessment, so as to encourage cadres to take on new roles; train and select outstanding young cadres for echelon building of managers.

Review the talent strategy and value the development of professionals

In 2018, CR conducted a “13th Five-Year Plan” strategic review, further clarifying the categorization of talents and formulating a plan for next steps. In terms of the development of professional talents, according to the Professional Qualifications and Professional Level Management Measures issued by the headquarter, CR has completed the accreditation of the professional staff in the headquarter for the first and second half of 2018, and developed an information system with the functions of certification of professional qualification, salary adjustment, and prediction of the execution of departmental budgets. Now the system has been officially launched, applied to certifying employees with professional qualifications and adjusting their salaries. CR also organized profit centers at different levels to carry out the evaluation of national senior professional and technical qualifications, publicize the evaluation criteria and requirements for material, submit the procedures to the system, and complete the preliminary examination of the materials submitted.

Start manager training programs

17 newly appointed managers participated in the training program in June 19-22, 2018. The program aimed to help those managers understand the strategies and management requirements of the Group, enrich their knowledge on business, diversify their working methods and improve their leadership skills, thus adapting to the new roles quickly.
Launch training programs for outstanding young managers

In order to further tap the potential and improve the overall competence of young managers and building a strong leading team, based on the high selection criteria, CR launched the one-year "Training Courses for Outstanding Young Managers". The courses, combining CR's needs for transformation, innovation and business development and based on the newly developed competency model, consisted of four parts, respectively focusing on improving the young managers' realm of thought, management skills, commercial thinking, understanding of CR's mission and vision. Through intensive training, on-line study, conversation with leaders of the Group, group sharing, on-site visits and exchanges, etc., those young managers grew and applied what they learnt in actual work at the same time.

Launch key talent training programs

The second course of the Internationalized Talent Training Program was held, participated by 41 management team members in charge of international business and other key cadres; the second course of the Dao of Internet program consisted of 6 classes, covering 249 managers.

Two innovation competitions were held internally, with a total of 75 projects, and each selected 10 outstanding projects. Two industrial camps to advance innovation were held for the outside, and 83 high-quality projects were selected, including 13 key projects closely connecting with CR's business. The camps project covered more than 600 key talents both in and out of CR.

Two projects titled the Dao of CR were held, covering 219 people; two training courses for new managers of profit centers were held, and a total of 73 people were trained.

Two projects titled the Dao of CR were held, covering 219 people; two training courses for new managers of profit centers were held, and a total of 73 people were trained.

The “Future Star” training camp for new employees was launched together with the Professional College, covering 2,238 new employees in total.
Strengthen the training of talents for mid-level management

Collaborated with the Professional College to compile the CRU Training Workbook; organized 2 workshops for people in charge of training, covering 51 people in total; organized exchange meetings for people in charge of training, participated by 187 people in total.

Completed the integration of the online learning system (PC + mobile) and the training management system; in 2018, the users of the learning platform reached 290,371, the number of courses stood at 2187; on average, each user completed 12 courses and spent 81 mins on on-line learning.

CR’s major talent development programs and statistics of participation

<table>
<thead>
<tr>
<th>CR’s major talent development programs</th>
<th>Statistics of participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 2018, Training Courses for Outstanding Young Managers</td>
<td>90</td>
</tr>
<tr>
<td>Training Course for Excellence Managers</td>
<td>2018 219</td>
</tr>
<tr>
<td></td>
<td>2017 216</td>
</tr>
<tr>
<td></td>
<td>2016 213</td>
</tr>
<tr>
<td>The ways and means of Internet</td>
<td>2018 249</td>
</tr>
<tr>
<td></td>
<td>2017 286</td>
</tr>
<tr>
<td></td>
<td>2016 285</td>
</tr>
<tr>
<td>Internationalized Talent Training Program</td>
<td>2018 41</td>
</tr>
<tr>
<td></td>
<td>2017 89</td>
</tr>
<tr>
<td>“Future Star” training camp for new employees 2018</td>
<td>2018 2,218</td>
</tr>
<tr>
<td></td>
<td>2017 1,556</td>
</tr>
<tr>
<td></td>
<td>2016 1,836</td>
</tr>
<tr>
<td>Total</td>
<td>2018 2,981</td>
</tr>
<tr>
<td></td>
<td>2017 2,243</td>
</tr>
<tr>
<td></td>
<td>2016 2,259</td>
</tr>
</tbody>
</table>
The Employee Assistance Program

In 2018, CR launched the Employee Assistance Program ("EAP") as an important measure and a systematic project to care about employees. EAP covers three aspects: personal life, work problems and organizational development, and the goal is to provide employees with solutions to their problems and bring them happiness, thus creating a harmonious corporate atmosphere.

Referring to the experience and practices of other large companies, CR first introduced EAP-related general-level professional services in the departments of the headquarter and the direct managers’ group. At present, the general-level professional services provided by EAP service providers mainly include:

- Open a 7*24 psychological hotline
- Give lectures/micro-courses on risky factors detected in examination such as depression, anxiety, obsessive-compulsive disorder, etc.
- Introduce One-on-one in-residence consulting service
- Assist with individual cases including depression, suicide/killing, etc.

Care about the Staff in All Aspects, and Make CR a Happy Home

CR not only pays attention to employees’ career success, but also cares about employees’ physical and mental health and family happiness. Through continuous improvement of the care mechanism, CR helps employees to improve the quality of both their work and life, making them feeling belonged and proud as part of CR.

Care for employees’ mental health

Living in the fast-paced and high-pressure modern society, CR pays great attention to the mental health of employees. By active detection, professional intervention and focusing on adjustment, through implementing EAP and establishing a talk-free mechanism, CR strives to maintain employees in good mental health, ensuring their enthusiasm for pursuing career success and a happy life.

In 2018, training courses of various types covered 4,673 people in total.

CR not only pays attention to employees’ career success, but also cares about employees’ physical and mental health and family happiness. Through continuous improvement of the care mechanism, CR helps employees to improve the quality of both their work and life, making them feeling belonged and proud as part of CR.

Care for employees’ mental health

Living in the fast-paced and high-pressure modern society, CR pays great attention to the mental health of employees. By active detection, professional intervention and focusing on adjustment, through implementing EAP and establishing a talk-free mechanism, CR strives to maintain employees in good mental health, ensuring their enthusiasm for pursuing career success and a happy life.

The Employee Assistance Program

In 2018, CR launched the Employee Assistance Program ("EAP") as an important measure and a systematic project to care about employees. EAP covers three aspects: personal life, work problems and organizational development, and the goal is to provide employees with solutions to their problems and bring them happiness, thus creating a harmonious corporate atmosphere.

Referring to the experience and practices of other large companies, CR first introduced EAP-related general-level professional services in the departments of the headquarter and the direct managers’ group. At present, the general-level professional services provided by EAP service providers mainly include:

- Open a 7*24 psychological hotline
- Give lectures/micro-courses on risky factors detected in examination such as depression, anxiety, obsessive-compulsive disorder, etc.
- Introduce One-on-one in-residence consulting service
- Assist with individual cases including depression, suicide/killing, etc.

In 2018, training courses of various types covered 4,673 people in total.

88 internal lecturers

220* individual cases of managers were collected
Strick a balance between life and work

CR is not only a company, but also a stage for talents to gather and realize themselves. In order to enrich the cultural life of employees and provide them with a stage to relax and show their selves, each year, CR organizes a variety of activities for employees.

CR with U – an exchange platform

CR with U is an internal exchange platform for employees that integrates cultural construction, emotional care and psychological health. It extracts the essence of the CR magazine, and adds more cultural stories and exciting online activities. It has several columns such as the Music Stage, Drama Clubs, Puzzle Games, CR Projection Room, etc., providing employees with a space to show their talents, share their minds and communicate with others freely. CR also sets up a mental health platform named Runxinfang (Comfort Your Heart) to protect employees psychological health. Meanwhile, touching stories happening in CR are also released regularly to make everyone know more about CR.

Organize a variety of staff activities

CR Cement Luoding Company set up a dancing room for female employees

CR Power East China held the 2nd "Taishan Cup" Staff Sports Meeting
Aid to employees with difficulties

CR won’t allow employees to fall into poverty due to illness, or their children to withdraw from school due to poverty. CR and its affiliated branches have set up various funds to help those who encountered disasters, aiming to get them out of the difficult situation and safeguard their happy lives.

Aid to employees’ family members by CR C’estbon

Since 2009, CR C’estbon has established the Employee Mutual Aid Fund. There was a sales representative from the South China Region in Guangxi, in 2018, his wife gave birth to a pair of twins prematurely, and one of the babies was diagnosed with neonatal pneumonia and several other complications. The large medical bill brought tremendous pressure on this family. The Fund of CR C’estbon verified the situation and approved payment quickly, which greatly eased the pressure of the employee's family. At present, the baby has recovered after treatment.

Aid to sick employees by CR Gas

Hou Yuejuan was from CR Gas Huangzhong Company. In 2015, she was diagnosed with rectal cancer; in 2018, her situation deteriorated again, and the estimated treatment cost was about 200,000 yuan, which was too much for Hou’s family to bear. The company organized an internal donation for Hou and raised more than 30,000 yuan in total, and it also sent union representatives and leaders to visit her during her hospitalization, bringing her warmth and care from the company.
Our Commitment

<table>
<thead>
<tr>
<th>Commitment made in 2017</th>
<th>Commitment performed in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>To actively implement and apply the new measures of the SASAC’s total wage management measures and new policies on employee stock ownership and equity incentives, provide more incentives and raise the income of grassroots employees</td>
<td>In 2018, CR’s operating income and profit increased steadily, the income of employees rose steadily, and the per capita salary increased from 81,400 yuan to 92,000 yuan, an increase of 12.97%. CR opened up recruitment information to all employees internally.</td>
</tr>
<tr>
<td>To open up the internal talent market, and provide grassroots employees with opportunities to move across different sectors</td>
<td>In 2018, 8,243 employees moved across sectors through internal recruitment/transfer.</td>
</tr>
<tr>
<td>To strengthen the management and monitoring of “de-capacity” and dealing with “zombie companies”, so as to protect the rights and interests of employees</td>
<td>In 2018, CR accumulatively settled 12,500 employees of “difficult enterprises”, and no large-scale group incidents or labor disputes occurred.</td>
</tr>
<tr>
<td>To make the voice of employees heard via multi-channels</td>
<td>The EAP was implemented, and activities like conversation between Chairman and outstanding employee representatives were conducted.</td>
</tr>
<tr>
<td>To actively promote health management, strengthen early prevention, and enhance occupational health protection</td>
<td>Continued to improve the occupational health of employees through system building, supervision and inspections, publicity and education, building a safe workplace, etc.</td>
</tr>
</tbody>
</table>
Commitment of 2019

Make full use of pilot opportunities such as the state-owned capital investment in companies and "Double-Hundred Projects"; implement the Plan for Reforming the State-owned Capital Authorized Operation System; and enrich incentives to attract and motivate core personnel.

Care about employees’ physical and mental health. On the one hand, employees are encouraged to make full use of the company’s fitness venues and equipment; on the other hand, the scope of EAP services will be gradually extended to all major sectors, supporting the "healthy work" concept.

Further enhance protection and management in the labor process to ensure the safety and health of employee.

Promote the establishment of a multi-level, full-coverage mutual care mechanism for employees, which can provide help to employees in need; enhance the employees’ sense of ownership, and make them feel warm and respected in the workplace.
Ideas and Goals

Employees are the foundation of enterprise development, and also the source of innovation. CR has always advocated and adhered to the “people-oriented” concept, attaching great importance to protecting the employees’ rights and interests. CR provides an employee-friendly working environment, respects the value of people, taps each one’s potential, purifies people’s mind, and strives to build a platform on which all employees can realize their value and share achievements with others. CR creates a diverse and harmonious working atmosphere, allowing employees to work happily and present the best of themselves.
In 2018, the average rate of complaint resolution CR reached **98.8%**.

In 2018, the Group’s R&D investment stood at **1.62 billion yuan**, registering a year-on-year growth of **10.2%**.

As of the end of 2018, CR held a total of **6,104** patents and patent applications. Among them, **3,313** patents were granted, with **54.28%** authorization rate.

In 2018, there were **741 new patents** and **10 major innovation awards**. Among them, **3,313 patents** were granted.

### Customer Satisfaction

<table>
<thead>
<tr>
<th>CR\Category</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR Ng Fung</td>
<td>96.5</td>
<td>97.5</td>
<td>95.3</td>
</tr>
<tr>
<td>CR C’estbon</td>
<td>83</td>
<td>86</td>
<td>89</td>
</tr>
<tr>
<td>CR Land (Residence)</td>
<td>79</td>
<td>75</td>
<td>83</td>
</tr>
<tr>
<td>CR Land (Commercial)</td>
<td>95</td>
<td>98.6</td>
<td>98.4</td>
</tr>
<tr>
<td>CR Land (office building)</td>
<td>99</td>
<td>98</td>
<td>99</td>
</tr>
<tr>
<td>CR Sanju</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>CR Double-Crane</td>
<td>98.6</td>
<td>98.1</td>
<td>98.8</td>
</tr>
<tr>
<td>CR Jiangzhong</td>
<td>90</td>
<td>95</td>
<td>97</td>
</tr>
<tr>
<td>CR Bank</td>
<td>98.3</td>
<td>99.9</td>
<td>99.8</td>
</tr>
<tr>
<td>CR Trust</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>CR Healthcare</td>
<td>94.9</td>
<td>97.1</td>
<td>98.0</td>
</tr>
<tr>
<td>CR Chemicals</td>
<td>85.6</td>
<td>99.9</td>
<td>99.8</td>
</tr>
<tr>
<td>CR Property</td>
<td>91</td>
<td>92</td>
<td>92</td>
</tr>
</tbody>
</table>
Provide quality products and services, and make consumers more satisfied

CR is a state-owned enterprise closely related to people’s livelihood, and its products and services are centering on consumables, medical health, residential development, public utilities, etc., which are mostly in fully competitive industries. By strengthening quality management, building safety mechanisms and improving the accessibility of products and services, CR strives to effectively resolve the contradictions of the times featuring “imbalance and inadequacy”, thus improving people’s livelihood.

Improve the accessibility of products and services

CR is committed to continuously improving the quality of products and services by actively exploring customers’ potential needs, solving “pain points” and creating harmonious customer relationships, thus making the best of existing resources.

CR Vanguard Suguo Supermarket – Optimize the product mix

To meet the trend of consumption upgrading, CR Vanguard Suguo Supermarket actively expands its global supply chain. Every year, it sends procurement teams overseas to do survey and purchase to meet the growing material needs of consumers. The imported products are mainly from over 50 countries and regions around the world, covering more than 7,000 categories of goods, including snacks, wine, grain and oil, toiletries, frozen products, fresh food, mother and baby products. Suguo also expands its cooperation with countries along the Belt and Road. Currently, shelves or counters for imported goods have been set in 1800 stores. In the fourth-generation Howdy CVS, the proportion of imported goods and upgraded goods reached 50%. In 2018, the overall growth rate of imported goods of Suguo exceeded 30%, among which the growth rate of high-frequency consumables like milk, toiletries and food reached 100%. The trade between Suguo and foreign companies has become normalized.

CR Gas – 7*24 Hotline

CR Gas provides users with the 7*24 hotline service, through which users can check their gas situation at any time. Besides, users can choose to pay their bills via the mobile App, CRG’s Official WeChat Account, Alipay, etc., and self-service terminals for IC card users were deployed. At present, payment made on-line has accounted for 41%, and 375 IC Card terminals have been set up in 13 cities, contributing to the construction of smart cities and bringing more convenience to citizens.
Establish a high-standard quality management system

CR is committed to providing high-quality products and services, and is constantly benchmarking on a global scale. Through benchmarking, it gives more scientific guidance to different business units and motivates them to improve management as well as the quality of products and services. In this process, CR also finds "common language" with players in the international market.

CR Cement’s quality management system

Considering the Group’s development strategies and driven by customer demands, CR Cement formulated the CR Cement Management Manual, and established a whole-process quality control system covering the raw materials, procedure control, product delivery, after-sales services, etc., which has been certified by ISO9001:2015 quality management system, ISO14001: 2015 environmental management system, and OHSAS18001: 2007 occupational health and safety management system. In addition, relying on a complete and effective quality management system, CR Cement evaluated the product quality of its subordinate regional branches and bases, and key quality indicators related to the production procedures and products were incorporated into their performance evaluation. In so doing, the company can provide products with better quality to customers.

CR Vanguard - quality management with its own characteristics

CR Vanguard focuses on the supply, distribution and in-store quality management of goods to fully ensure quality. Vanguard uses the information platform of the VSS system to manage suppliers’ qualifications/certificates of their products, ensuring each product sold is legally acquired and traceable. By strictly examining the qualifications/certificates, temperature, appearance, safety marks and other aspects of supplied goods, Vanguard further improves supply and distribution management. Through formulating its own food safety articles and a three-level monitoring and inspection mechanism (self-inspection, regional inspection, headquarter spot check), CR Vanguard guarantees the quality of goods in all stores.

Improve the active after-sales service system

Forward-looking enterprises greatly value after-sales service, the quality of which is not only related to the company’s reputation and image, but also affects the loyalty of the customer. CR is committed to providing improved and standardized after-sales services to customers, aiming to form a unique after-sales service management system.

Upgrade the customer service of Huaruntong

Each month, the Customer Service Department of Huaruntong will review the received complaints and conduct statistical analysis on frequently complained issues such as logistics, damage to outer packaging, refunding, deduction failure of small loans, etc., and then look for suitable solutions. Whenever there is a dispute between the staff and a customer, no matter who is right or wrong, it is required that the worker of CR make an apology to the customer first, so as to avoid escalation of conflict.

Chinese Arts and Crafts – Terms on cutting loss and compensation

Before providing services of processing/repairing products for sale, Chinese Arts and Crafts will explain to the customer in advance that if the product is damaged in the processing/repairing process, the shop will estimate the compensation amount according to the processing fee charged to the customer (the upper compensation limit for each item is 20,000 HKD). Customers need to sign on the Bill of Lading for Jewelry Processing/Repairing, proving that they are aware of and accept the terms.
Protect Consumers’ Rights and Interests, and Make Consumers Feel More at Ease

CR and its affiliated profit centers continuously improve the existing system to protect consumers’ rights and interests as well as relevant performance evaluation factors, and increase efforts on targeted auditing, so as to safeguard customers’ legitimate rights, information security and privacy, and ensure fair trades.

Safeguard customers’ right to know and freedom of choice

CR sticks to the principle of treating customers with honesty. All affiliated branches are required to abide by national and regional laws and regulations and relevant policies, ensure that all products and services are reasonably priced and that information publicized is true and transparent, prevent false advertisements and illicit competition, and safeguard consumers’ rights to know and freedom of choice.

CR Land - Project and price information disclosure

CR Land requires that the following information be provided in sales offices: the latest policies, documents about the company and the project, commercial housing sales contracts, project construction indicators, unfavorable factors of the project, project schedule and delivery time, façade and handover standards, energy conservation information of the project, etc. Besides, the sales departments need to provide comparison information of different room types to help customers to make reasonable decisions. CR Land also publicizes the approval of various charging standards, the details of which must be in line with that in the governmental website. Therefore, customers can get their bills transparent.

Advocate sustainable consumption

CR advocates a moderate, fair, and people-oriented sustainable consumption pattern and rejects extravagance, hoping to effectively reduce the waste of social resources. CR actively communicates sustainable consumption concepts to more consumers, aiming to create an ecologically harmonious economic society for all.

CR Beer - Advocate moderate drinking and warn against potential risks

CR Beer marks the ingredients and alcohol content on the product packaging, and helps customers to get knowledge on drinking via various innovative ways in sales and market promotion. It also kindly reminds consumers of proper and rational drinking. On the official website of CR Beer, there is an age limit to prevent minors to browse, and consumers under 18 are clearly warned not to drink alcohol.

CR Beer has also done a lot of original researches on the characteristics of Chinese consumers. It experimentally optimized the alcohol-ester ratio according to Chinese customers’ physical characteristics, and became the first enterprise in China’s beer industry to incorporate the alcohol-ester ratio into the management system as a key indicator. CR’s beers cause less after-drinking headache, catering to Chinese tastes.
Ensure fair trade

CR requires all subordinate companies to strictly abide by the Anti-Unfair Competition Law of the People’s Republic of China, and advocates a sustainable development model featuring cooperation and win-win. When dealing with relationships with customers, suppliers and competitors, CR conforms to relevant laws and regulations and internal policies as well, to ensure fair trade. Some companies even regularly organize employee training to deepen their understanding of anti-unfair competition and fair trade.

CR Ng Fung – Enforces strictly the Anti-Unfair Competition Law of the People’s Republic of China

CR Ng Fung acts in strict accordance with the Anti-Unfair Competition Law of the People’s Republic of China. It sets a unified pricing mechanism across the nation and treats all consumers fairly. Advertising campaigns carried out in traditional media (print ads, television, outdoor advertising) and new media (WeChat, Weibo) channels are strictly implemented based on national laws and regulations, without any false advertising or exaggeration.

CR Property – check for false advertising

On the occasion of “3.15 Consumer Rights Day” in 2018, CR Property checked thoroughly for false, misleading, or extravagant promotion. The marketing department of each unit checked the OTA platform for any misrepresentation of the hotel, such as room size and presentation of the hotel, ensuring the information on-line was true. No problems were found after self-examination.

Protect consumers’ information security and privacy

In the era of Internet, it is increasingly important to protect consumers’ information security and privacy. CR focuses on the monitoring of key business links involving consumers’ information security and strives to establish a sound and safe information system.

At the Group level, technical means were adopted to ensure the security and stability of the information system. In 2018, CR began to pilot a security situational awareness platform to monitor the main nodes of the data center network boundary and the network traffic of China Resources Tower, in order to detect network attack, network virus and asset vulnerabilities in time and so the company can respond promptly and reduce systematic information risks.

At the profit-center level, CR Network guarantees users’ personal data security by adopting relevant technical means and improving management measures. In terms of data transmission, the HTTPS protocol is applied in both Huaruntong App and the official website; for data storage, users’ passwords are encrypted in a way that is not reversible, and so are information related to ID cards, bank cards, cellphone number, etc.; for data display, users’ personal information are “masked” at the display page for access to data, access authorities are strictly limited, and a Safehouse system is established to control the number of personnel having access to sensitive data and ensure certain data are destroy in time, thus avoiding leakage risks. As for information security management measures, the CR Network Information Security Management Regulations and the CR Network Data Security Management Regulations were released, and data security audits were conducted regularly. At the profit-center level, CR Network guarantees users’ personal data security by adopting relevant technical means and improving management measures. In terms of data transmission, the HTTPS protocol is applied in both Huaruntong App and the official website; for data storage, users’ passwords are encrypted in a way that is not reversible, and so are information related to ID cards, bank cards, cellphone number, etc.; for data display, users’ personal information are “masked” at the display page for access to data, access authorities are strictly limited, and a Safehouse system is established to control the number of personnel having access to sensitive data and ensure certain data are destroy in time, thus avoiding leakage risks. As for information security management measures, the CR Network Information Security Management Regulations and the CR Network Data Security Management Regulations were released, and data security audits were conducted regularly.

With the principle of being responsible for customers, CR Land manages customer information through Mingyuan system and ERP/MALL system, and cross-project information sharing is forbidden. All customer information is managed by personnel assigned by the headquarter, effectively preventing the risk of leakage.
Improve Customer Satisfaction, and Make CR More Trustworthy

In the process of continuous self-improvement, innovation and exceeding customers’ expectations, CR has always valued customers’ feedbacks and suggestions, and is committed to improving every aspect of operation. Over the past years, the Group and its subordinate companies have constantly made surveys of customer satisfaction, striving to provide customers with quality products and services that exceed their expectations.

Improve the customer relationship management system and relevant policies

CR has always attached great importance to customer relationship management, and earnestly maintained good relationship with customers through measures such as strengthening customer research, improving existing management systems, and collecting customer feedbacks.

CR Double-Crane – Manage customer relationship actively

CR Double-Crane established relevant management systems and procedures such as the Pharmaceutical Procurement Management System, the Approval Management System for First Counterparties, the Pharmaceutical Sales Management System, the Sales Contract Management System, the Customer Management System, and the End-User Management Measures. According to relevant laws and regulations on drug administration, CR Double-Crane establishes drug purchase-and-sales relations with pharmaceutical trading (production) enterprises and medical institutions with legal qualifications after they pass the examination by the quality management department.

The company has also established a sound mechanism to survey customer satisfaction regularly. In accordance with the company’s User Visit Management System, the company conducts random surveys on customer satisfaction among downstream customers, including downstream pharmaceutical trading companies and medical units, to collect feedbacks on brand recognition and reputation, product quality, sales service quality, delivery service quality, etc. By analyzing questionnaires, the company tries to spot problems and improve its services. In 2018, the rate of effective customer feedbacks was as high as 89%.

Conduct customer satisfaction surveys

The subordinate units actively carry out customer satisfaction surveys, in order to fully collect customer feedbacks on multiple aspects, and the results are taken as a direction for future efforts, thus forming a closed-loop maintaining good customer relationship.

CR C’estbon – Optimize product design through customer satisfaction surveys

Since the first customer satisfaction survey launched in August, 2018, CR C’estbon has been conducting satisfaction assessment for 15 consecutive years, and has improved the scientificity and accuracy of those surveys by optimizing survey methods and enhancing data analysis capabilities.

Among the feedbacks, some customers complained about the handle of 1.555L bottle water. The company immediately investigated the situation and launched the handle optimization project. After repeated tests, the old straight handle was changed to a curved handle, enlarging the stress-bearing surface and optimizing the overall length.

In the consumer experience test, the feedback was quite positive; in the factory’s production performance test, indexes concerning size, bearing capacity, etc. all met relevant standards; besides, the optimized handles can stack more easily. The optimized design of this handle has applied for two national patents.
Establish a complaint/dispute resolving mechanism

Complaints provide a good opportunity for the company to hear customers’ voice and improve its services. CR pays close attention to establishing and improving the customer complaint handling mechanism as well as the capacity-building of the customer complaint handling team, sparing no efforts to improve the efficiency and quality of complaint handling and make customers satisfied.

CR Mixc in Chengdu – Respond actively to customer complaint

At 14:00 on October 15, 2018, the Customer Service Center of CR Mixc in Chengdu received a complaint from Mr. Song, a customer: a store promised a refund to him within 7 days, but the refund was not received, so he resorted to the service center for help.

A representative of the service center accompanied Mr. Song to the shop. The store manager explained that the refund request has been accepted, but the money was collected by the mall instead of the store, so it was the mall that delayed the refund process. The representative immediately verified the return record and found that the store had not submitted any refund request recently. Then, the representative instantly called the management office of the floor, and was informed that it was all because of the store worker’s unfamiliarity with the return process—after returning the goods, she forgot to submit application materials to the service counter, resulting in the failure of transferring related materials to the financial department and thus a delayed refund.

At 14:35, the management office said a fine would be imposed on that store, and offered a solution after consulting with the store.

Solution: the store was willing the refund to Mr. Song itself, after Mr. Song received the refund, he would then give the money back to the store. The store also gave the customer some gifts for as an apology.

CR Henan Pharmaceutical – Promote customer training vigorously

In 2018, CR Henan Pharmaceutical established a development and management team of experts with the management level and advisors as a thinktank, consisting of over 80 medical specialists and experts of related fields. Based on the newly established training promotion platform of CR Medicine School, the team organized 51 training courses for grassroots medical units and retail pharmacies, 16 internal training courses, altogether 162 class hours covering 120+ customers in the whole year. The content covered areas such as interpretation of relevant policies, guidance on innovative projects of hospitals, operation and development of hospitals, quality and safety technology improvement, discipline building, talent training, consultation on hospital rating, CEO-class for retailing, etc. CR Pharmaceutical Henan company has invested a total of around 68,000 yuan in training, and extended its services to customers voluntarily. The training was highly praised and widely recognized, thanks to the cooperation and support of the customers. This program for public welfare not only enhanced the healthy customer relationship, but also contributed to a win-win situation of both parties.
Secure Supply

CR Double-Crane – Ensure the supply of Zinc Sulfate tablets

As one of the biggest conventional infusion production enterprise with the largest production capacity and a full range of products of specifications in China, CR Double-Crane has undertaken national and local disaster-relief and emergency-response tasks and local levels for decades. In addition to ensuring medicine supply to different regions, whenever a flu epidemic occurred, CR Double-Crane would arrange production in advance and require warehousing departments to work on holidays to ensure the supply of emergency medicine to hospitals. Early in 2018, the company received pleas for help from several patients. They suffered from an autosomal recessive “copper” metabolic disorder, and they had to take zinc sulfate tablets for life to control the disease. However, due to the low demand and price, many pharmaceutical companies with approval numbers have stopped production. After learning that the market was short of zinc sulfate tablets, relevant departments of the company responded quickly and made production plans immediately, regardless of the substantial increase in production costs. Raw materials were purchased very soon, and efforts were made to allocate resources and reduce the production and test cycle. Finally, the patients received the drug before the Spring Festival.

Adhere to Innovation, and Deliver More Surprises to Customers

Centering on the annual management theme of “Realize Innovative Transformation, and Pursue Quality Development”, CR further improves the innovation management mechanism, increases investment in scientific R&D work and focuses on technological innovation, so as to facilitate the Group’s industrial transformation and upgrading.

Build a complete innovation ecosystem

The open innovation platform of CR University takes CR’s innovation and development needs at its core, builds an innovation ecosystem and connects with outstanding institutions at home and abroad, so as to facilitate the Group’s industrial transformation and upgrading.
In 2017, an innovation fund was established to serve the Greater Bay Area project and innovation and entrepreneurship projects in Hong Kong, covering medical health, artificial intelligence, Internet of Things, and energy conservation and environmental protection;

Create the industrial think-tank, and provide counseling services;

Expert Think-tank

Connect innovative education with industries

Encourage internal innovation, and organize industrial camps to advance innovation among employees; Understand the needs for innovation of units at various levels and introduce external projects, and connect innovation with industries.

Innovation Highlights

- Innovation of products and services

  Take the Chinese Pharmaceutical R&D Center as an incubation platform for innovative/new drugs; benchmark key innovative drug projects with international peers;

  32 on-going innovative drug projects; key technological innovations and industrial application of the development of Panax notoginseng by CR Sanjiu won the second prize of National Scientific and Technological Progress Award. Start electricity sales, and the customer-centered sales cloud platform collect effective data by connecting internal and external systems to improve efficiency.

- Technical innovation

  Collaborated with Siemens to research on and practice the intelligent manufacturing of cement industry, and study the application of high-performance Portland cement (designed for Hong Kong-Zhuhai-Macao Bridge), domestic polyimide fiber filter material and ultra-clean emission technology.

  Research and Practice of Efficient Operation Technology of Beer Packaging Line won the second prize of 2018 Scientific and Technological Progress Award of China Alcoholic Drinks Association.

  In 2018, the total number of patent applications reached 2,824, and the number of patents granted was 1,284, honored as the “Outstanding Patent Contribution Unit of Wuxi High-tech District.”

On January 8, 2018, the National Science Award Conference was held in the Great Hall of the People in Beijing. At the conference, the project named Key Technological Innovations and Industrial Application of the Development of Panax notoginseng completed by Kunming CR Shenghuo Pharmaceutical Co., Ltd., a subsidiary of CR Sanjiu Pharmaceutical Co., Ltd., and the Institute of Medicinal Plants of the Chinese Academy of Medical Sciences and other units won the second prize of National Scientific and Technological Progress Award.
Management Innovation

Independently developed a digital platform, and introduced RPA technology to the financial sharing center to solve the problem of inefficient and error-prone manual recording.

The Consumer-Based End-to-End Supply Chain Improvement Project in cooperation with Coca-Cola won the “2017 China ECR Outstanding Case Gold Award”, and provided consumers with high quality and safe products and services through continuous optimization and development.


Continued to optimize OOS operation and reduce coal consumption and lower supply-side cost; innovated the full-value optimization system of FOS thermal power, achieving the optimum procurement, coal yard management, fuel feeding, and mixed burning in thermal power plants.

Model Innovation

Established an intelligent energy company to explore the integral energy business, and carried out research on proportions of complementary energies in the energy mix; applied technologies such as cloud computing and big-data analysis to optimize the operation of the company, so as to achieve digital transformation and intelligent production.

Innovated the Hospital Intelligence Logistics (HLI) model and the Network Hospital Intelligence Logistics (NHLI) project to improve the management level of hospital equipment; launched the SPD project, counseling services on medicine cloud-delivery, intelligent pharmacy project, Runyaozhengcheng project, in order to provide better services to customers.

Application of standardized intelligent gas meters, customer payment system, no-man counter, Beidou positioning system for precise positioning of pipeline, integrated management of high-pressure pipelines and adaptive operation of the pipeline network provided customers with more convenient services, contributing to the construction of intelligent urban utilities.
## Our Commitment

<table>
<thead>
<tr>
<th>Commitment made in 2017</th>
<th>Commitment performed in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>To strengthen the construction of customer management system and create synergies in supervision</td>
<td>The subordinate companies continuously enhanced their capacities to manage customer from perspectives such as promotion, system building, survey of customer satisfaction, maintaining relatively high customer satisfaction.</td>
</tr>
<tr>
<td>To continue to improve the quality of products and services and value both quality and quantity</td>
<td>Through strengthening quality management and security mechanism building, CR actively explored customers’ potential needs and resolved the contradictions of the times featuring “imbalance and inadequacy” and other pain points.</td>
</tr>
<tr>
<td>To continue to build online service channels and enhance capacity building, while protecting the information security and privacy of customers</td>
<td>Through piloting the construction of a security situational awareness platform, the Group effectively reduced potential information security risks; the profit centers focused on monitoring key business aspects involving consumers’ information security.</td>
</tr>
<tr>
<td>To continue to improve the innovation mechanism and invest more in R&amp;D, thus advancing product and service innovations</td>
<td>The Group organized activities including industrial camps to advance innovation and connecting innovation with industries. Besides, the Best Innovation Award of 2018 was selected.</td>
</tr>
</tbody>
</table>

### Commitment of 2019

Give full play to “Internet+” included in the “13th Five-Year Plan” strategy of the Group, accelerate the establishment of enterprise customer cloud, and open up online and offline channels for customer service, providing customers with high-quality services

Bear customers’ needs and pain points in mind, and make the best of global resources to provide consumers with more and better products and services, creating a better life to all

Promote the building of a Customer Service Center and handle complaints via multiple channels including online and offline platforms and hotlines, achieving “unified acceptance and publicizing response procedures”, thus improving handling efficiency and transparency and satisfying customers

Improve mechanism building and invest more in scientific and technological innovations; accelerate the application of scientific and technological outcomes in industries
Ideas and Goals

CR is always committed to the mission of “pursuing green development and building a sustainable enterprise”. Through continuous improvement of the energy conservation and emission reduction management system, CR keeps adjusting its industrial structure and eliminating backward production capacity. Through implementing technical renovations on energy conservation and emission reduction, the group strives to reduce waste of resources and impact on the environment. Our goal is to build green competitiveness with a low-carbon operating model while maintaining first-class business performance.

Response to SDGs

62 Achieve Green Management, and Build a Long-term Mechanism
63 Advance green operation, and build an environment-friendly enterprise
69 Advocate green working style, and create a low-carbon working environment
71 Our Commitment
## Our performance

In 2018, CR's total investment in environmental protection stood at 2.35 billion yuan. Investment in technical renovations on energy conservation and emission reduction reached 1.91 billion yuan.

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive energy consumption amounted to</td>
<td>39.015186 million tons</td>
</tr>
<tr>
<td>Carbon dioxide emissions amounted to</td>
<td>224.927649 million tons</td>
</tr>
<tr>
<td>Sulfur dioxide emissions amounted to</td>
<td>32,553.2628 tons</td>
</tr>
<tr>
<td>Nitrogen oxide emissions amounted to</td>
<td>87,526.8124 tons</td>
</tr>
<tr>
<td>COD emissions reached</td>
<td>1,658.0452 tons</td>
</tr>
</tbody>
</table>

Comprehensive energy consumption per 10,000 RMB value added (calculated at comparable prices): 1.9278 tons of standard coal / 10,000 RMB.

Comprehensive energy consumption per 10,000 RMB turnover (calculated at comparable prices): 2.6921 tons of standard coal / 10,000 RMB.

Comprehensive energy consumption per 10,000 RMB operation income (calculated at comparable prices): 0.0172 tons of standard coal / 10,000 RMB.

In 2018, CR's total investment in environmental protection stood at 2.35 billion yuan.
Achieve green management, and build a long-term mechanism

CR implements a green management strategy. It adheres to green production and operation, promotes transformation towards green development, continuously improves the environmental management system and the accountability mechanism, standardizes corporate behaviors, and works on establishing a long-term mechanism for green development, aiming to contributing to the construction of a beautiful China.

Organizing a special meeting on ecological and environmental protection

The Group held a special meeting on ecological and environmental protection to study the speech made by General Secretary Xi Jinping at the National Conference on Environmental Protection and the spirit of a series of relevant documents issued by SASAC of the State Council, analyzed the current ecological and environmental protection situation, and conducted research on future work plans under the new situation, strengthening the awareness of environmental protection and fulfilling environmental protection obligations.

Improve the environment protection system

Through exploration in practice and concept innovation, the Group continuously improves the ecological and environmental protection management system, assumes responsibilities of energy conservation and ecological and environmental protection, strengthens environmental protection publicity, carries out inspections, and clarifies responsibilities in accidents, in order to lay a solid foundation for the orderly development of energy conservation and ecological and environmental protection.

The Group and its main business units have formulated and improved the EHS liability system, the accountability system on EHS accidents, the ecological and environmental protection system, etc., implemented environmental protection responsibilities at all levels, increased efforts to investigate accidents, and incorporated small and micro events into routine management by setting environmental incident management standards and public opinion monitoring. Investigations and rectification measures are carried out in a timely manner, thus avoiding further escalation.

Increase investment in energy conservation and environmental protection

Companies at all levels of the Group increased investment in energy conservation and environmental protection, and promoted actively the application of relevant advanced technologies. By applying new technologies, innovative technics and new materials and upgrading the existing equipment, CR has achieved tangible results in promoting energy conservation and environmental protection. In 2018, the Group invested 2.35 billion yuan in energy conservation and ecological environmental protection and implemented 168 relevant projects, achieving the expected goals.
The 6MW Photovoltaic project in the Circular Economy Industries Demonstration Zone in Hezhou was the first of this type invested by CR Power in Guangxi, and the total investment was around 44 million yuan. When completed, it would supply 6000MWh clean power to the region, working as an import part of the complementary energy mix consisting of wind, solar, and thermal power in the Demonstration Zone.

Tackle climate change

Against the backdrop that the nation vigorously promotes ecological civilization construction, the Group has adjusted its industrial structure, expanded its environmental protection business, accelerated the exploration of new energy business, strictly controlled investment in coal-fired power, shut down low-efficiency small coal-fired power plants, and suspended construction of new power projects. The goal is to increase the proportion of clean energy, tackle climate change, and realize low-carbon development.

In 2018, the Group’s total attributable operating installed capacity was 37.438 million kilowatts, of which the wind power, hydropower, photovoltaic and gas attributable operating installed capacity accounted for 20.4%, an increase of 3 percentage points from the end of 2017. No new coal-fired power projects were put into operation in 2018.

In 2018, CR Power Plant had an installed capacity of 37.438 million kilowatts. The installed capacity of wind power, hydropower, PV power and gas accounted for 20.4% of the total, an increase of 3 percentage points over that in 2017.
Explore cutting-edge technology for carbon reduction

CR Power invested about 100 million in Haifeng Power Plant to build the first multi-threaded CO₂ capture test platform based on Ultra-supercritical coal-fired generator units in Asia. It is one of the world’s 3 major medium-scale test bases for Carbon capture technology, the other two being the National Carbon Capture Technology Testing Center of the U.S. and the Mongstad Technology Center in Norway. Its annual CO₂ capture capacity was about 20,000 tons, which can be used in food processing or other industries after compressed and purified. Also, the CO₂ captured will be used in China’s first safety and monitoring project for CO₂ offshore storage. Flexible replacements of various amine solutions were realized, and suppliers of various carbon capture technologies were offered services to test the performance of their products fairly. Besides, it also contributed to the application and industrialization of technologies concerning carbon capture, utilization and storage.
Advance Green Operation, and Build an Environment-friendly Enterprise

The Group is committed to green business philosophy, and incorporates it into CR’s development strategy and implements it in the production and management of companies at all levels. By implementing energy-saving and environmental protection projects, CR continuously improves resource efficiency and reduces pollutant emissions. Through green procurement, it popularizes the concept of environmental protection to relevant parties and encourages partners to join hands with CR to protect the environment. In 2018, there was no relatively large or more serious environmental pollution incidents in CR.

Improve energy efficiency

The Group strives to improve energy efficiency and reduce resource consumption by adjusting industrial structure and implementing technical renovations. In 2018, the Group’s comprehensive energy consumption of 10,000 RMB of industrial output, operating income and added value decreased by 4.75%, 1.15% and 3.76% respectively compared with 2017. The energy efficiency continues to improve. During the 13th Five-Year Plan Period, the accumulated energy saved was equivalent to 3.7741 million tons of standard coal.

CR Power invested 1.518 billion to implement energy-saving and efficiency-improving renovations of steam turbines, waste heat recovery and air preheater sealing, expanded the heating scope and adopted various measures to optimize operation. More than 30 thermal power plants launched optimization system to match the optimal plan automatically, thus reducing the average net coal consumption rate by 2.06% and saving the fuel cost by about 300 million. In so doing, the management of coal-fired generator units were more intelligent and economic efficiency was further improved.

CR Cement equipped each of its production lines with waste heat recovery generator units to improve energy efficiency. In 2018, the grid-connected electricity of CR Cement was 2.102 billion kWh, equivalent to saving 258,300 tons of standard coal, and reduced CO₂ emissions by 710,300 tons.

14 factories of CR Beer have introduced a wastewater biogas utilization system, which uses beer wastewater to produce biogas, and biogas combustion to produce steam for heating. In 2018, a total of 3.875 million m³ of biogas was recycled and 47,000 tons of steam was generated, equivalent to saving 3,100 tons of standard coal, and reduced CO₂ emissions by more than 8,000 tons.

Reduce pollutant emissions

The Group encourages companies at all levels to carry out energy-saving and environment protection projects, apply advanced technologies, upgrade pollution control facilities and strengthen management, so as to reduce pollutant emissions continuously. In 2018, the overall emissions of SO₂, NOₓ, chemical oxygen demand and nitrogen-ammonia decreased by 10.25%, 5.98%, 10.52% and 7.75% respectively, marking significant progress in pollution control.
CR Power actively introduced new technologies and invested in special funds to implement “ultra-low emission” renovations (under the condition of 6% standard oxygen content, the emission concentrations of soot, SO$_2$ and NO$_X$ are no higher than 10, 35, and 50 mg/m$^3$ respectively) of 6 coal-fired generator units in power plants including the Liuyijiang Power Plant in Hunan, Lianyuan Power Plant and Dengkou Power Plant in Inner Mongolia. By the end of 2018, a total of 24,643 million kilowatts of coal-fired generator units achieved ultra-low emissions, accounting for about 98% of the attributable operating installed capacity of the affiliated coal-fired power plants, significantly reducing emissions of soot, SO$_2$ and NO$_X$.

CR Cement researched on the application of industrial residue in cement production and realized efficient and comprehensive utilization of resources, “turning waste into treasure”. In 2018, a total of 21.84 million tons of industrial residue were handled, including desulfurization gypsum, phosphor-gypsum, fly ash, wet cinder, bottom ash and slag.

CR Sanjiu (Ya’an) adopted the production model of green circular economy, and used drug residues as organic fertilizers in traditional Chinese medicine production after fermentation. As of the end of 2018, a total of 3,500 tons of drug residues were processed into about 1,400 tons of organic fertilizers, saving both the costs of drug residue treatment and organic fertilizer purchase and creating remarkable social and economic benefits.

Conduct co-disposal of wastes

CR Power and CR Cement actively participated in the disposal of wastes and explored using boilers and cement kilns in waste co-disposal, so as to make the process safer and more environmentally friendly. By building a symbiotic relationship between the factories and the city, those practices have given a big push to the environmental transformation of enterprises.

CR Power has carried out innovative practices such as waste-sludge mixed burning and biomass-coupled power generation. Twenty power plants in Jiangsu, Guangdong, Guangxi, Henan, Inner Mongolia and other regions have conducted projects concerning disposed of municipal sludge, Chinese medicine residues, shoe waste, recycled water, etc. In 2018, a total of 349,800 tons of municipal sludge, 36,500 tons of medicine residues, 91,000 tons of marble slurry, and 26.22 million tons of recycled water were properly handled, reducing coal consumption and protecting the environment at the same time.

CR Cement promoted treatment and disposal technologies for household waste, municipal sludge and industrial hazardous waste. By the end of 2018, 8 relevant co-disposal projects were built, among which Tianyang and Midu co-disposal projects were newly put into use. The total disposal capacity of CR Cement reached 1.13 million tons/year, including 510,000 tons of household waste, 590,000 tons of municipal sludge, and 30,000 tons of hazardous waste; the total volume of disposed household waste was 356,000 tons, that of municipal sludge 1,455 million tons, and that of hazardous waste 8,700 tons, effectively solving the problem of land occupation and secondary pollution caused by solid waste disposal.

In 2018, CR Power handled a total of

- **349,800** tons of municipal sludge
- **36,500** tons of drug residues
- **91,000** tons of marble slurry
- **26.22** million tons of recycled water
Reduce the environmental impact of new projects

In construction, the Group attached importance to the protection of local ecology, environment as well as animal’s and plant’s habitants. The Group implemented the system of environmental protection called “Three Simultaneity”, that is, simultaneous design, construction and investment in terms of pollution control facilities and main projects. The Group also adopted measures to restore ecological environment, minimize the impact of new projects on local ecological environment, preserve biodiversity and achieve harmony between corporate development and ecological environment.

CR Power applied slope revegetation in the wind farm in Mount Xihua in Haiyuan County. CR formulated a scientific revegetation program to control slope erosion and restore river system, and selected native tree species along with a variety of plants according to local conditions. After revegetation, the slope demonstrated the variety of landscape plants and forest.

CR Cement incorporated ecological restoration of mined areas into corporate production, operation and long-term plan. Zero waste or less waste technology was applied in mined areas, so CR has basically achieved zero wastewater discharge, the vegetation coverage rate has reached or almost reached the pre-development level, and ecological balance has gradually been restored. In 2018, cement plants in Heqing and Pingnan were awarded “Green Factories” at national level; Ten cement factories (Nanning, Shangsi, Luoding, etc.) were also rated as “Green Mines” at autonomous/provincial level.
Advocate a green supply chain

The Group’s enterprises at all levels promoted the concept of green procurement, green packaging and green transportation, shared the values of environmental protection and sustainable development, and drove partners to fulfill their social responsibilities to protect environment. For new suppliers that may cause an environmental impact, CR C’estbon required them to provide environment assessment reports and pollutant emission permits issued by local departments for environment protection; for suppliers that cannot provide compliance documents for environmental protection, CR C’estbon didn’t pass their qualification review. CR Trust fully exerted financial leverage and provides loan for green industries. By the end of 2018, CR Trust’s green finance balance had reached 1.3 billion yuan; CR Trust has one existing trust project. All capital was invested in green industries such as wind power, water treatment, etc.

Promote industrial transformation and upgrading

The Group promoted the business transformation from textile to environmentally friendly water affairs, thus establishing China Resources Environmentally Friendly Water Affairs Company to provide services such as sewage treatment and water recycling. The Group relied on its technical and personnel advantages to provide services for other enterprises to deal with their pollutants and strengthened the synergy with the Group’s power and beer industries. The Group has cooperated with Heze power plant (CR Power) to set up a sludge coupling power generation project. According to the national sludge disposal requirements (turning sludge into resources, maximum reduction and harmless treatment), the sludge generated by the sewage plant and enterprises in Heze has been incinerated. 200 tons of sludge were incinerated every day.

CR Trust has
1 existing trust project

By the end of 2018, CR Trust’s green finance balance had reached
1.3 billion yuan

CR Water has a sludge incineration project in the wastewater treatment plant in Heze, Shandong. It utilized the synergy of CR Textile and CR Power to integrate sludge reception, storage and supporting transport facilities into the sludge disposal project. CR used a special vehicle to transport sludge from wastewater treatment plant to power plant; used a loading hopper and conveyor belt to transport sludge to the sludge storehouse above the ground; used the belt, bucket elevator and other equipment to transport sludge in the storehouse onto the belt in coal power plant.
Advance Green Operation, and Build an Environment-friendly Enterprise

Promote Green Office, and Create a Low-carbon Work Environment
The enterprises at all levels of CR Group advocated the concept of “energy saving, green sharing”, and encouraged employees to enhance the sense of responsibility and environmental awareness. The Group encouraged employees to start from details, save electricity and water, promote paperless office, strengthen publicity of energy saving and environmental protection, design green buildings and create an enabling atmosphere for green office.

Focus on green building design

CR Land implemented the plan of “100% green building design, 60% green building operation”. In 2018, CR Land had 21 projects with green building certification and a total certified area of 4.0659 million square meters, an increase of 120% compared with 2017. From 2013 to 2018, CR Land had a total area with green building certification of 22.0878 million square meters.

China Resources Building, the CR Headquarters was newly put into use in 2018. The Group adopted low-carbon and environmentally friendly strategy in design and construction, applied many advanced green technologies and materials, and obtained a number of authoritative certifications including the US LEED Green Building Certification.
Promote paperless office

The Group continued to develop IT systems, improve online business processing and implement paperless management in all business sectors. Enterprises at all levels established and began to use office automation system, and realized the online approval of office affairs, such as official documents management, decision-making on major issues, appointment and dismissal of major cadres, investment decisions on major projects, distribution of large sums of money, financial reimbursement, personnel and administration. By the end of 2018, more than 80 million approval documents had been online in the system. More than 1.2 million documents were sent and received through the system, which saved more than 180 million papers compared with offline approval. The system improved corporate management and employees’ work efficiency, reduced communication costs within the enterprise, and achieved energy conservation and ecological protection.

The Group promoted and improved the mobile office platform – APP “CR Office”, thus realizing the mobility and integration of administration, employee service, communication as well as collaboration. Compared with 2017, the efficiency of mobile approval increased by over 20%. By the end of 2018, the “CR Office” had gained access to 129 individualized applications in the comprehensive office, functional departments and profit centers, covering 220,000 employees in the Group, with an average monthly active rate of over 73%.

Promote the publicity of energy conservation and environmental protection

The Group’s enterprises at all levels used company’s billboards, WeChat accounts, brochures, H5 Page and other visualization tools to promote water-saving and energy-saving equipment and lifestyles. The Group promoted the system of energy-saving management and waste sorting. For instance, the Group posted water-saving and energy-saving slogans near water machines and light switches, and hung energy-saving banners in prominent locations in the plant. Besides, the Group also carried out activities such as Energy Conservation Publicity Week, World Environment Day and beach cleaning. The Group advocated public transportation and green mobility, dedicated to improve employees’ awareness of saving resources and caring for nature. The Group promoted all employees to participate in environmental protection activities starting from their daily work and life. The Group is willing to become a practitioner and promoter of environmental protection.
The Group will optimize industrial structure, focus on low-energy and low-pollution projects, improve the proportion of clean energy, promote the mode of circular industrial park and achieve sustainable development.

In 2018, the attributable operating installed capacity of renewable energies kept increasing; textile business was incorporated into the environmental strategy; and Hezhou CR Circular Economy Park achieved internal and external coordination.

The Group will further promote the application of new technologies, processes, equipment and materials for energy conservation and emission reduction, increase investment, transform equipment with high energy consumption and high pollution and further improve energy efficiency and reduce the intensity of pollutant emissions.

In 2018, the Group invested 2.35 billion in energy-saving and emission-reducing projects, applied new technologies, processes, equipment and materials, and also invested over 100 million in building a carbon capture test platform to explore greenhouse gas emission reduction technologies.

The Group will strengthen supervision and management of energy conservation and emission reduction, implement pollutant emission control measures and ensure that pollutant discharge types, concentrations and emissions meet licensing requirements.

The Group carried out supervision and inspections, refined the management of small and micro events, broke down targets of energy conservation and emission reduction, and strengthened relevant assessment and evaluation, meeting national and local requirements for corporate pollutant discharge.

The Group will improve emergency management system for environmental incidents to ensure that no major environmental events occur.

In 2018, the Group comprehensively investigated and tackled environmental problems and prevented potential risks. No major environmental incidents occurred.

Our Commitment

<table>
<thead>
<tr>
<th>Commitment made in 2017</th>
<th>Commitment performed in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Group will optimize industrial structure, focus on low-energy and low-pollution projects, improve the proportion of clean energy, promote the mode of circular industrial park and achieve sustainable development.</td>
<td>In 2018, the attributable operating installed capacity of renewable energies kept increasing; textile business was incorporated into the environmental strategy; and Hezhou CR Circular Economy Park achieved internal and external coordination.</td>
</tr>
<tr>
<td>The Group will further promote the application of new technologies, processes, equipment and materials for energy conservation and emission reduction, increase investment, transform equipment with high energy consumption and high pollution and further improve energy efficiency and reduce the intensity of pollutant emissions.</td>
<td>In 2018, the Group invested 2.35 billion in energy-saving and emission-reducing projects, applied new technologies, processes, equipment and materials, and also invested over 100 million in building a carbon capture test platform to explore greenhouse gas emission reduction technologies.</td>
</tr>
<tr>
<td>The Group will strengthen supervision and management of energy conservation and emission reduction, implement pollutant emission control measures and ensure that pollutant discharge types, concentrations and emissions meet licensing requirements.</td>
<td>The Group carried out supervision and inspections, refined the management of small and micro events, broke down targets of energy conservation and emission reduction, and strengthened relevant assessment and evaluation, meeting national and local requirements for corporate pollutant discharge.</td>
</tr>
<tr>
<td>The Group will improve emergency management system for environmental incidents to ensure that no major environmental events occur.</td>
<td>In 2018, the Group comprehensively investigated and tackled environmental problems and prevented potential risks. No major environmental incidents occurred.</td>
</tr>
</tbody>
</table>

Commitment of 2019

<table>
<thead>
<tr>
<th>Commitment performed in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve the proportion of clean energy, create synergies among different business units, and achieve sustainable development.</td>
</tr>
<tr>
<td>Increase the investment in energy conservation and environmental protection, and implement energy-saving and environmental protection projects to continuously improve energy efficiency and reduce impact on the environment.</td>
</tr>
</tbody>
</table>

Executive Editor: Lv Zhonghua    Contributor: Lv Zhonghua, Wang Wenjian
Ideas and Goals

Adhered to open cooperation, CR actively explored win-win cooperation models with government, suppliers, media, customers, academic institutions and other business partners. By effectively grasping the common needs of both parties, we explore opportunities and exert influence to create sustainable industrial chain, maintain a good business ecosystem and work towards a win-win situation.

A New Start for CR

Win-win Cooperation

74 Carrying out strategic operations for a healthy business ecosystem
76 Promote fair competition and fair trade
77 Promote delivering supply chain responsibility and promote industry development
80 Enhance media relations and strengthen information disclosure
84 Our Commitment
## Our performance

<table>
<thead>
<tr>
<th>2018</th>
<th>The Group has regional chief representatives in provinces</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Group leaders received 63 visiting delegations</td>
<td>22</td>
</tr>
<tr>
<td>2018</td>
<td>provincial-level strategic cooperation agreements</td>
</tr>
<tr>
<td>More than 100 companies in the Group held public open day activities</td>
<td>77 bidding training seminars or publicity meetings</td>
</tr>
<tr>
<td>More than 212,000 followers on the Group official weibo account</td>
<td>4,000 participants</td>
</tr>
<tr>
<td>The Group revised and released a new version of the Purchasing Management System, and 18 profit centers organized</td>
<td>More than 4 million times of reading</td>
</tr>
</tbody>
</table>
Carrying out strategic operations for a healthy business ecosystem

China Resources’ products span all over the Chinese market and become an indispensable component of the local economy and society. The Group has always been committed to establishing long-term and close strategic partnerships with local governments, enterprises and academic institutions; and actively conducting international exchanges and cooperation to seek integration of following national strategy, serving local planning and boosting China Resources business, and to plan and promote new cooperation in various fields.

Strategic sharing mechanism and platform

Through exchanges with local governments, the Group seek to meet the demands of both parties, reach a broad consensus on strategic cooperation and development, form fruitful cooperation agreements in key areas, resolve existed issues, implement major projects, deepen friendly relations, promote all-round cooperation, and achieve development and win-win operation; with strong alliances, we continuously strengthen strategic cooperation with outstanding enterprises and scientific research institutions, build a cooperation platform that can give full play to the advantages of all parties, achieve value creation in both ways; we continue to improve the regional chief representative mechanism and promote internal communication and resource sharing mechanism of key investment provinces’ business segments.

Cooperation with government

The Group actively improve CR-government relations and strive to change the resources of government relations into productivity, promote the development of the Group’s business, and demonstrate a good image of China Resources.
In 2018, the Group received 63 major visiting delegations, among which 21 were from national/ministry governments, and 14 provincial governments, 31 local/district offices, and 11 corporations. The Group organized 34 investigations in 20 provinces; signed two provincial-level strategic cooperation agreements (with Chongqing, Shandong), four municipal-level strategic cooperation agreements (with Ningbo, Dongguan, Guangzhou, Harbin), and signed strategic cooperation agreements with Jiangzhong Pharmaceutical, Jiangneng Group Hospital, etc.

On the afternoon of December 17, 2018, Chairman Fu Yuning met with the Standing Committee Member of Guangdong Provincial Party Committee, Executive Vice Governor Lin Shaochun and his entourage in Shenzhen, reached extensive consensus on the construction of Guangdong-Hong Kong-Macao Greater Bay Area.
Business cooperation

While giving full play to the internal business expertise and integrating internal resources, the Group conducts exchanges and cooperation with other well-known companies in various areas such as exploration, procurement and sales of new business models. The Group signed a strategic cooperation agreement with China Everbright Group. The two parties will cooperate in the fields of comprehensive finance, environmental protection, health, tourism and other featured services. After signing a strategic cooperation memorandum with Mitsui & Co., Ltd., and the two parties will expand their cooperation to other fields such as medical and consumer goods after years of successful and friendly cooperation. A strategic cooperation agreement is also signed with New Hope Group to explore a new pathway for mixed ownership economic development.

International exchange and cooperation

In 2018, the Group organized visits to the United States, Britain, Germany, the Czech Republic, Russia, Japan, Thailand and other countries and regions, and conducted extensive international cooperation on consumer goods, urban construction and operation, comprehensive health, energy services, and technological innovation. Participating in relevant international political and business activities, the Group made positive progress in enhancing CR's international operation capacity and comprehensive competence.

Industry-University-Research Institution Cooperation Platform

The Group continues to strengthen its cooperation with external think tanks, and through the open innovation platform of China Resources University and other cooperation methods, it attracts innovative resources from outstanding consulting institutions, famous universities, incubators and research institutes at home and abroad, and delivered in-depth cooperation in innovative education, technology research and development, innovative projects and industrial cooperation.

The Group and Tsinghua University conducts long-term and in-depth cooperation in smart cities, the Internet of Things, comprehensive health, microelectronics, and financial technology. China Resources Microelectronics and China Resources Life Science have reached an agreement with the Hong Kong Polytechnic University to discuss the establishment of two joint research centers. The Group's Israel Innovation Center unveiled, cross-border technology transfer cooperation-Tsinghua Coway International corporation was established, China Association for Science and Technology established China Overseas Talents Offshore Innovation and Entrepreneurship Base within the Group, China Resources Innovation Fund - PI Technology and China Resources Land Run Acceleration - Polar View signed.
The China Resources University Action, Learning and Innovation Center officially opened on June 8, 2018, covering an area of approximately 600 square meters. Via creating a workshop of experience-based participation through unique physical space, it truly solves the team’s business problems, and accelerates the innovation work of China Resources’ various industries. At the same time, it introduced the contents of “financial transformation” and “digital strategic transformation” from Deloitte to build and share the resources of the expert database; it jointly operate with Deloitte Shanghai Qinchuang Space to create an innovative ecosystem.

Promote Fair Competition, and Conduct Fair Trade

Respect and protect intellectual property rights

In order to improve the core competitiveness of China Resources and standardize the management of intellectual property rights of the Group, the China Resources Intellectual Property System was formulated in accordance with relevant national laws and regulations and the China Resources Group Intellectual Property Strategic Plan. On the one hand, CR protects its intellectual property rights through the trademark registration, patent applications, etc. On the other hand, it fully respects the intellectual property rights of the partners and strictly abide by the scope of the license.

Promote software Licensing

In 2018, the Group continued to promote the software licensing of in corporations, including: organizing, coordinating various software compliance solutions communication; and carrying out targeted investigations on electronical procurement in individual corporations. The Group continued to strengthen the protection of its own intellectual property rights, and carried out timely computer software copyright registration and protection work on the digital platform based on advanced Internet technology and architecture independently planned and developed, and achieved all rights of the nine software copyrights including Runlian Mobile Digital Cloud Software V1.0.
Antitrust and unfair competition

Based on the State-owned Assets Supervision and Administration Commission’s Opinions on Comprehensively Advancing the Construction of State-Owned Enterprises under the Rule of Law, China Resources issued the Notice on Strengthening Anti-monopoly and Anti-Unfair Competition Legal Risk Prevention in Specific Business Activities, requiring all units to be more cautious of the “double-anti” legal risk prevention, and strengthen the construction of “double-anti” risk prevention mechanism and specific legal review work.

The profit centers of China Resources gradually sort out the key risks of the company’s “double-anti” regulations, and gradually strengthened the anti-monopoly and anti-unfair competition management in the specific business operations of the company by improving the system, refining the work processes, carrying out training, and decomposing responsibilities.

China Resources Pharmaceutical firmly opposes commercial fraud

China Resources Medical Group regards “honest and trustworthy” as its core values and resolutely opposes commercial fraud. Under the Interim Provisions on the Prohibition of Commercial Bribery formulated by the State Administration for Industry and Commerce, CR organizes the signing of the Sales Personnel Compliance Responsibility Letter for the sale of medicines. CR conducts strict management and supervision, and continues to create a fair, just and open upstream and downstream industrial chain environment.

Promote Supply Chain Responsibility Fulfillment, and Promote Industrial Development

In cooperating with suppliers, China Resources incorporates the concept of social responsibility into corporate bidding procurement policies, initiatives and contract terms, and through continuous improvement of the supply chain-related management system, CR unremittingly implements strict safeguarding measures to build a more responsible and fairer industry ecology.

Advocate integrity management and carry out responsible procurement

The Group has consistently required subordinate enterprises to abide by competition regulations, operate in good faith, conduct fair competition, and not use unfair means to obtain competitive advantage status; CR encourages subordinate enterprises to actively carry out responsible procurement and create a green supply chain. At the same time, CR actively promote subordinate enterprises to participate in industry organizations, participate in the formulation of industry standards, build industry cooperation platforms, and make positive contributions to the overall development and progress of the industry.

CR Vanguard requires bidders to accept the China Resources Vanguard Business Partner Code of Conduct in all bidding sections for non-commodity procurement, in compliance with laws and regulations, employment guidelines, work environment, corporate citizenship, commodity security, intellectual property protection, integrity and integrity, etc. Only when the party can meet all the code of conduct requirements can one participate in the bidding. This Code is part of the contract that the supplier must sign and seal to confirm the actions of both parties.

In the selection of suppliers, China Resources Zizhu pays attention to the supplier’s quality, environmental and occupation health qualifications, and conducts on-site audits of key suppliers. In 2018, China Resources Zizhu has a ratio of 31.5% suppliers that has achieved quality, environmental and occupation health and safety system certification.

In 2018, China Resources Zizhu has a ratio of $31.5\%$ suppliers that has achieved quality, environmental and occupation health and safety system certification.
Daily management mechanism of supplier social responsibility

Mutual benefit and win-win is the basis of supplier management. The Group encourages subordinate enterprises and suppliers to establish an effective social responsibility performance appraisal and communication mechanism, and guide suppliers to pay attention to resource protection and safe production, green procurement, etc. through interviews with suppliers, training, and improvement tracking, in order to drive suppliers to jointly delivering responsibility; promote the establishment of supplier evaluation system, promote the improvement of supplier capacity, management and production quality, and achieve common development.

China Resources Land Level-based Supplier Management

China Resources Land has established a normalization introduction mechanism for suppliers, and the cooperation with suppliers follows the principle of “first introduce in the database and then select to be partners”. The company implements hierarchical management, dynamic monitoring of supplier performance from the three dimensions of performance, quality and EHS. Each year, the supplier is assessed as four levels of ABCD according to the dynamic performance score, and the D-level supplier is monitored by re-evaluation and clean-up mechanism.

<table>
<thead>
<tr>
<th>2018</th>
<th>China Resources Land's economic contract performance rate is</th>
<th>China Resources Land Suppliers amount to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>99.97 %</strong></td>
<td><strong>7,521</strong></td>
</tr>
</tbody>
</table>

China Resources Land rate of suppliers that has passed the quality, environmental and occupational health and safety management system certification attains **100 %**

The number of suppliers listed in the D class is **86**

<table>
<thead>
<tr>
<th>2018</th>
<th>Northern China</th>
<th>Eastern China</th>
<th>Southern China</th>
<th>Western China</th>
<th>Northeastern China</th>
<th>Central China</th>
<th>Headquarter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,783</td>
<td>1,705</td>
<td>1,061</td>
<td>1,277</td>
<td>857</td>
<td>857</td>
<td>-</td>
<td>7,521</td>
</tr>
</tbody>
</table>

|      | Number of D-Class Suppliers | 17 | 14 | 16 | 14 | 5 | 5 | 15 | 86 |

CR Cestbon implements monthly and annual assessment of suppliers, and carries out monthly and annual rewards and punishments for suppliers based on supplier shares accordingly. CR Cestbon conducts 100% quality control of raw materials from the material supply, storage, warehouse storage and production process, which is the monthly assessment of the whole process quality monitoring, and recorded in the routine supply assessment. Cestbon conducts monthly one-to-one notification of the supplier's monthly assessment results, urges suppliers to actively improve in terms of supply, quality, and safety; and applys the monthly and annual assessment results of suppliers to procurement process to achieve closed-loop management of suppliers. In the 2018 supplier conference, the outstanding cooperation suppliers were publicly commended for playing a leading role. In 2018, the supplier rectification completion rate reached **93.1%**, and the company's material qualification rate reached **99.56%**.
Punish commercial corruption

The Group always regards commercial corruption and misconduct as a focus of internal risk management and control, strengthens the correct business ethics, continuously improves the recruitment system and process system, and fully promotes the company's clean development.

With the six series of activities of "reading, speaking, talking, promoting, inquiring and writing" as the core, China Resources Gas WISCO Regional Corporation carried out the seventh activity "delivering" - the "honesty initiative letter" activity, requiring each branch to delivering key employees and the family members of staff on sensitive positions a letter that promotes integrity to build a wall against corrosion by "family advice and assistance".

Establish a supply chain anti-corrosion mechanism

The Group maintained a "zero tolerance" attitude on various supply chain fraud issues. In 2018, the revised version of the Purchasing Management System was issued to further clarify the applicable conditions and procedural requirements for various procurement types. The Group's Intelligence and Information Department and each profit centers have generally established the bidding management institutions to strengthen the overall control of procurement work; The Group have promoted the construction of the China Resources Hui business travel procurement platform, and the online “Run Chuxing (travelling)!” APP. 18 profit centers organized 77 bidding training seminars or conferences, with 4,000 attendance, including management system construction, system and case publicity, legal interpretation, business communication, etc. CR Enterprise, CR Power, CR Land, CR Gas, CR Pharma, Dong-E E-Jiao, and CR Bank delivered bidding system-wide training, expanding the coverage of training and enhancing the professional competence of procurement personnel.

Increase the punishment for commercial corruption

Taking rectification and reform tour as an opportunity, CR conducts strict accountability for violations discovered in audits and inspections, and imposed penalties on relevant responsible persons in accordance with the law, which played an effective and deterrent role in the Group.

Conducting compliance training in 2018

In 2018, through the establishment of anti-corruption seminars and case-based publicity education, the Group promoted the concept of integrity and compliance among managers and employees at all levels in mind and in action, and to build a strong defense line against corruption. The auditing departments at all levels of the Group, in conjunction with the audit site work, conducted training on integrity compliance, risk prevention and control for profit centers such as CR NG Fung, CR Power, CR Pharma, and CR Capital. The Group continues compilation of audit and risk management case studies, and conducts in-depth disclosure of the use of internal control loopholes, management of blind areas to take advantage of private and illegal violations, widely publicize the coping strategies of common risk areas such as procurement, sales, capital, etc., and sort out relevant laws and regulations to promote the risk prevention awareness of managers and employees.
Public opinion management

In 2018, the overall public opinion of China Resources was relatively stable. The annual public opinion information accounted for about 533,000 messages, and the overall public opinion awareness and coping ability were improved.

Active positive communication to enhance brand

On the occasion of the 80th anniversary of China Resources, the Group and its profit centers actively increased their efforts and increased positive information. China Resources’ 80-year anniversary series of activities, leaders’ actions during the Two Sessions, CR Land management adjustment, and CR Beer’s acquisition of Heineken China’s business have become the focus of domestic and foreign media.

In combination with the “40th Anniversary of Reform and Opening Up,” “Guangdong-Hong Kong-Macao Greater Bay Area” and other most focused social topics, the Group invites media to participate and interview through a series of activities; on the other hand, it makes full use of new media, actively plans themes, and make itself heard to enhance the public’s familiarity with the China Resources brand and goodwill.

Public Open Day

On September 8, 2018, China Resources Group held a public open day event entitled “Dear China Resources in 80 Years” at the Xiaojingwan Campus of Huizhou China Resources University. Nearly 200 people including group leaders, employee representatives and their families, media representatives, and government officials from Shenzhen and Huizhou attended the event. By visiting China Resources University’s Xiaojingwan Campus and China Resources Archives, the participants have been closely aware of China Resources’ growing path in the past 80 years, and have in-depth understanding of China Resources’ industry status and development achievements, and truly understand China Resources’ motto and social responsibility. On the same day, more than 100 community-level companies under China Resources held open day events as well.
Public opinion management  response to social demands

In 2018, due to the increase in negative information in the real estate and consumer goods sectors, the Group's negative information accounted for a 3.7% increase in 2017. Negative public sentiment has a certain negative impact on the Group's reputation, and it also reflects the problem that some enterprises do not have a good understanding of their social responsibility, and the issue of absence of the delivering it, and insufficient attention.

The Group attached great importance to negative public opinion and responded to media demands at the earliest. At the same time, it actively improved management capacity and reduced negative public sentiment from the source.

Criminals used the name of China Resources fraudulently to sell wealth management products

At the end of December 2018, the Group, through the public opinion monitoring and feedback from its financial sector profit center, found that criminals fraudulently used “CR Wealth Management” and illegal websites to swindle. The so-called “CR Finance” APP and wealth management products were promoted on the network platform, and the wealth management products claimed to be issued by China Resources Capital were sold through online and offline channels.

After learning the news, the Group conducted information verification and evidence collection together with the profit centers involved in the case, prepared a timely statement with legal department, and report to the police with related profit centers. On January 7th, the Group posted an official public statement through the official WeChat account to clarify, and alert investors to discreetly distinguish and be careful of fraud. The profit center involved also reposted the statement and reminded the customers.

After this incident, the relevant APP and website platforms have been unable to log in. Also, under the guidance of the Group, the relevant victims also reported cases to the police.

Reflection and rectification: After the incident, an internal investigation found that the financial sector did not do a qualified job in consumer business promotion and general education. To solve targeted problems, CR Finance and CR Capital formulated rectification measures, improved the enterprise risk management system, strengthened the public promotion of consumers' rights and interests, and actively help consumers to raise awareness to protect rights and interests, and thus maintain corporate reputation.

Strengthen media cooperation and establish benign interaction

China Resources's Overseas Media Distribution in 2018

- Hong Kong: 48.9%
- Thailand: 1.1%
- Vietnam: 1.2%
- Australia: 1.3%
- India: 1.4%
- Singapore: 1.5%
- Netherlands: 1.6%
- Germany: 1.9%
- Canada: 1.9%
- Japan: 2.8%
- Taiwan region: 4.9%
- the UK: 7.4%
- the US: 14.7%
- Other: 9.5%
China Resources has always interacted with the media to express its position under the principle of “integrity, openness, and respect”. In 2018, the Group strengthened its active communication and established multi-level positive interactions with traditional media, new media, self-media and overseas media, and continued to expand China Resources’ media friends circle through various forms.

The Group cooperated with the People’s Daily, sponsored and participated in the production of short videos of Xi Jinping’s Storytelling, re-created videos through new media and new technologies, and presented selected stories in vivid and visual form. On October 18, 2018, the online unveiling ceremony was held at the People’s Daily. The 10 episodes of first season were simultaneously posted on People’s Daily, People’s Video, and the National Party Media Information Public Platform.
By guiding public opinion and genuine communication, the mainstream media represented by People's Daily and Xinhua News Agency has significantly increased the positive coverage of China Resources, focusing on hot topics such as “China Resources 80th Anniversary”, “40th Anniversary of Reform and Opening up”, “Guangdong-Hong Kong-Macao Greater Bay Area”.

### Strengthen external publicity and fulfill the storytelling of 80 years’ development

At the 80th anniversary of China Resources, the Group organized a series of commemorative events, including Hong Kong celebration reception and Shenzhen commemorative conference, and jointly marketing with outdoor advertising and profit centers, the theme of the 80th anniversary of “Enriching Lives and Nurturing Dreams” and the brand theory “What a Wonderful Life” of China Resources are widely promoted in China mainland and Hong Kong SAR, enhancing brand familiarity and reputation.

---

**People's Daily**

- **Always Define Itself with Struggle**

**Xinhua News Agency**

- **Building a Century-Old Enterprise with High-Quality Development, and Achieving Constant Industrial Development**
  - Interview with Fu Yuhong, Chairman of China Resources

**RMZXB**

- **Taking Poverty Alleviation through Industry as the Core and Comprehensively Implementing the Strategy of Targeted Poverty Alleviation**

---

📈 With outdoor advertising, the theme of the 80th anniversary of ‘Enriching Lives Nurturing Dreams’ and the brand theory ‘What A Wonderful Life’ of China Resources were widely promoted in China mainland and Hong Kong SAR

📅 On December 17, 2018, China Resources held its 80th anniversary conference at Shenzhen Bay Sports Center, and invited more than 3,000 stakeholders including government officials, shareholder representatives, China Resources employees, customers, partners and the media to attend the conference. At the conference, the documentary of ‘Enriching Lives Nurturing Dreams’ and ‘Song of China Resources’ were released, inviting more stakeholders to know more about China Resources.
### Our Commitment

#### Commitment made in 2017

Continue to improve the strategic cooperation mechanism with local governments and enterprises, promote the substantive progress of the industry-university-research cooperation platform, and innovate the industry cooperation platform.

Further promote the spread and implementation of China Resources Social Responsibility in the supply chain, implement social responsibility initiatives around the value chain, and promote the supplier performance evaluation system within the entire Group.

Guided by negative public opinion monitoring, analyze social appeals, constantly find the lack of responsibility performance, and strengthen social responsibility risk management.

Maintain active and frank cooperation with the media, effectively carry out external communication, and promote China Resources’ responsible corporate image.

#### Commitment performed in 2018

Continue with visits with local government officials to reach consensuses on broad strategic cooperation and development, and receive 63 visiting delegations; continue to strengthen exchanges and cooperation with well-known enterprises in new business model exploration, procurement, sales and other fields; continue to strengthen cooperation with external think tanks such as Deloitte through China Resources University open innovation platform and other cooperation methods.

Most SBU first-tier profit centers have formulated such systems and initiatives as "Sunshine Declaration" and "Tendering and Purchasing Management System". More and more enterprises have included standards for resource protection, safe production, and green procurement into contract terms and strictly carry out the supplier review.

In 2018, the overall public opinion of the Group was relatively stable, and the Group's overall awareness and coping ability improved. However, due to the increase in negative information in the real estate and consumer goods sectors, negative information ratio increased than that of 2017.

The Group has established good cooperative relations with mainstream media such as the Central Media, People’s Daily and Xinhua News Agency. CR jointly produced short videos of Xi Jinping’s Storytelling, published thematic articles, held the 80th anniversary celebration reception and commemorative conference, and released the documentary of Enriching Lives and Nurturing Dreams. Documentary and the “Song of China Resources”.

---

<table>
<thead>
<tr>
<th>Commitment made in 2017</th>
<th>Commitment performed in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue to improve the strategic cooperation mechanism with local governments and enterprises, promote the substantive progress of the industry-university-research cooperation platform, and innovate the industry cooperation platform.</td>
<td>Continue with visits with local government officials to reach consensuses on broad strategic cooperation and development, and receive 63 visiting delegations; continue to strengthen exchanges and cooperation with well-known enterprises in new business model exploration, procurement, sales and other fields; continue to strengthen cooperation with external think tanks such as Deloitte through China Resources University open innovation platform and other cooperation methods.</td>
</tr>
<tr>
<td>Further promote the spread and implementation of China Resources Social Responsibility in the supply chain, implement social responsibility initiatives around the value chain, and promote the supplier performance evaluation system within the entire Group.</td>
<td>Most SBU first-tier profit centers have formulated such systems and initiatives as &quot;Sunshine Declaration&quot; and &quot;Tendering and Purchasing Management System&quot;. More and more enterprises have included standards for resource protection, safe production, and green procurement into contract terms and strictly carry out the supplier review.</td>
</tr>
<tr>
<td>Guided by negative public opinion monitoring, analyze social appeals, constantly find the lack of responsibility performance, and strengthen social responsibility risk management.</td>
<td>In 2018, the overall public opinion of the Group was relatively stable, and the Group's overall awareness and coping ability improved. However, due to the increase in negative information in the real estate and consumer goods sectors, negative information ratio increased than that of 2017.</td>
</tr>
<tr>
<td>Maintain active and frank cooperation with the media, effectively carry out external communication, and promote China Resources’ responsible corporate image.</td>
<td>The Group has established good cooperative relations with mainstream media such as the Central Media, People’s Daily and Xinhua News Agency. CR jointly produced short videos of Xi Jinping’s Storytelling, published thematic articles, held the 80th anniversary celebration reception and commemorative conference, and released the documentary of Enriching Lives and Nurturing Dreams. Documentary and the “Song of China Resources”.</td>
</tr>
</tbody>
</table>
Further strengthen the strategic sharing mechanism and platform construction, deepen strategic cooperation with government, enterprises, scientific research units, etc., and promote project implementation.

We will continue to deepen our cooperation with external advanced technologies representatives and strive to establish Chinese standards and Chinese technologies in the Chinese market.

Further clarify the responsibilities and duties of partners, strengthen the anti-corruption capacity in the supply chain, effectively launch the partner initiative, and continue to promote the social responsibility of suppliers.

Further strengthen the ability to respond to public opinions, listen carefully to the demands of all walks of life, and take the public opinion monitoring as the guide to find the lack of responsibility delivery.
Ideas and Goals

In the process of achieving sustainable development, the development of enterprises is inseparable from the participation and support of communities and the evolution of communities also requires the creation and contribution of enterprises. CR actively responds to national policies, pays taxes according to law, and gives back to communities; it continuously improves safety management and spares no efforts to ensure safe production; and by actively utilizing our own resources to carry out poverty alleviation operations, the CR Hope Towns project and the targeted poverty alleviation have delivered remarkable results. Bearing gratitude in mind, we are positively returning to communities and committed to strengthening our connections, to create a safe, caring and harmonious CR Group.
## Our performance

### In 2018

The total pre-tax profits of the Group were **94.74 billion**.

Providing jobs to **139,300** people during the CSR Reporting period.

### Outward donations data

#### Donations income

<table>
<thead>
<tr>
<th>Year</th>
<th>Income (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>172,714,119.2</td>
</tr>
<tr>
<td>2017</td>
<td>167,595,000</td>
</tr>
<tr>
<td>2016</td>
<td>73,664,616.6</td>
</tr>
</tbody>
</table>

#### Donations spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Spending (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>112,285,458.78</td>
</tr>
<tr>
<td>2017</td>
<td>195,468,192.2</td>
</tr>
<tr>
<td>2016</td>
<td>67,299,678.69</td>
</tr>
</tbody>
</table>

### In 2018, the specialized funding for poverty alleviation of the Group was **112,285,458.78 RMB**.

Helping more than **1,500** people escape poverty.

Since 2016, the Group has selected and assigned a total of **23** cadres to work in a temporary transfer.

### Safe production data archiving

<table>
<thead>
<tr>
<th>Year</th>
<th>Death rate (person/thousand)</th>
<th>Safe production investment (billion RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0.0024</td>
<td>1.51</td>
</tr>
<tr>
<td>2017</td>
<td>0.014</td>
<td>1.33</td>
</tr>
<tr>
<td>2016</td>
<td>0.012</td>
<td>1.04</td>
</tr>
</tbody>
</table>

### Safe production training

**Number of emergency drills**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>31,358</td>
</tr>
<tr>
<td>2017</td>
<td>29,113</td>
</tr>
<tr>
<td>2016</td>
<td>17,658</td>
</tr>
</tbody>
</table>

**Employee training**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,610</td>
</tr>
<tr>
<td>2017</td>
<td>1,464</td>
</tr>
<tr>
<td>2016</td>
<td>1,340</td>
</tr>
</tbody>
</table>

**Number of Certified Safety Engineers during the Reporting Period**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,500</td>
</tr>
</tbody>
</table>

**Related trainings**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2.823</td>
</tr>
<tr>
<td>2017</td>
<td>2.174</td>
</tr>
<tr>
<td>2016</td>
<td>1.234</td>
</tr>
</tbody>
</table>
Support the government’s policies, Safeguard the state’s development

For a long time, CR has been influential and propelling in ensuring Hong Kong’s livelihood supply, participating in Hong Kong’s economic construction and promoting Chinese-funded window enterprises. In recent years, CR has defined a regional development strategy of “based in Hong Kong, dependent on mainland China and serving the world”. From the implementation of the national regional development strategy and the expansion of our impacts in Hong Kong, we actively participated in the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and reshaped Hong Kong businesses. We continued to function as the link between mainland China, Hong Kong and the global market, supporting the government’s policies and safeguard the overall situation of the country.

Based in Hong Kong, integrating in the reform and opening-up

“Based in Hong Kong” is an important regional strategy for CR. CR’s real estate, consumer products, gas, cement, pharmaceuticals, healthcare, power and other business sectors have rooted in the Greater Bay Area, delivering a strong market performance. Currently, as planned in the White Paper of China Resources Participation in the Construction of Guangdong-Hong Kong-Macao Greater Bay Area, CR is steadily promoting relevant work, looking for rich industries in the Bay Area for Hong Kong’s fintech resources, providing quality education and medical services for residents to work and live in the Area and offering necessary conditions and channels for Hong Kong compatriots to join in the social construction of the motherland, such as poverty alleviation and environment protection; the Group also acts as a model case for Chinese enterprises to adapt to the new international circumstances and explore new paths of “going out” in the new era. The Group, through creating a growth pole for the high-quality development of China’s economy in the new era and a global innovation hub, promotes Hong Kong and Macao to integrate into the overall development of the country, maintaining the prosperity and stability of them and truly benefiting their people.

Establish a voice platform in Hong Kong

Based in Hong Kong and associating enterprises’ characteristics and advantages, CR has established an outward voice platform, delivering the voice of the central government timely and accurately, in a way that Hong Kong people are able to accept and understand, and promoting the country’s major strategies and issues to “go ashore and landing” in Hong Kong.

“Greater Bay Area-Greater Opportunity-Greater Development” The 2nd China Resources Forum

In 2017, the Group held the first “China Resources Forum”. Chairman Fu Yuning, with the theme of “New Era, New Opportunities”, addressed the spirits of the 19th CPC National Congress to over 60 Hong Kong celebrities from all fields. In 2018, the Group held the 2nd China Resources Forum themed by “Greater Bay Area-Greater Opportunity-Greater Development”, releasing the Planning Outline of China Resources’ Participation in the Construction of Greater Bay Area to more than 300 political and business people in Hong Kong. Taking the enterprise forum as the stage, CR joined the political and business circles to participate in the national major strategy, strengthening cohesion and boosting development.
Conduct Theme Events for the Youth

CR actively promotes youth exchanges between the mainland and Hong Kong, conducting national education through hands-on experience, to deepen Hong Kong youth's awareness of the development of the motherland and Chinese-funded enterprises in the Mainland and help build a correct value system.

MY COUNTRY, CR Hong Kong Youth Tour

Since 2016, in the idea of "Into the nature, Understanding the motherland", the Group has created a three-year-long youth volunteer activity combined with facts of the employees, mapping out a series of experiencing activities. In 2018, the Group organized 31 Hong Kong employees to visit Hulunbuir and Erguna, Inner Mongolia, and held an activity, "My Country, CR Hong Kong Youth Tour - Into the Forest." In appreciating the beauty of our motherland and raising the awareness of environmental protection, the event further strengthened exchanges and integration between employees from respective business sectors and two places, helping them to understand the development of all aspects of China.

"I See I Know", CR Hong Kong Youth Understanding the Mainland (Jinggangshan)

In August, 2018, the Group organized a total of 45 young Hong Kong employees from 24 Chinese-funded and Hong Kong-based enterprises to visit the CR Hope Town in Jinggangshan and conduct social practices. Various forms, such as visits, public welfare and patriotic education, vividly showed the employees the rural revitalization model of Chinese-funded enterprises to promote local development through industrial poverty alleviation, enabling these Hong Kong youth to closely experience the vitality of the old Jinggangshan revolutionary base area.
Support Hong Kong’s Public Welfare

CR positively participated in and supported Hong Kong’s public welfare cause, contributing to its economic development and social prosperity.

2018 Walk for Millions

Since 1995, the Group has participated in the Walk for Millions charity event, continuously giving back to Hong Kong community and passing on love in the manner of donations and helping Hong Kong families in need. 2018 marks the 80th anniversary of CR, at this juncture, the Group organized 2,100 employees and their families to participate in the event, donating 300,000 HK dollars to the event.

Support the Hok Yau Club to Conduct Activities

CR positively participated in and supported Hong Kong’s public welfare cause, contributing to its economic development and social prosperity.

Establish a Charity Platform, and Assist with Poverty Alleviation

Public Welfare

CR Group is mainly engaged in public welfare activities in the areas of poverty alleviation and the construction of new socialist countryside, disaster relief, support in adverse times, education promotion and environmental protection. In 2018, the Group continued to focus on poverty alleviation in two aspects: first, to build a CR Hope Town in the old revolutionary areas and poor villages; second, to complete the designated poverty alleviation task issued by the State Council, carrying out poverty alleviation work in Guangchang, Jiangxi and Haiyuan, Ningxia, two targeted poor counties.
Public Welfare Projects of CR Brand

Through one-decade-long construction, CR Hope Town now has become a brand project for public welfare, providing new mode and path for central enterprises to participate in rural revitalization.

Profit centers under CR Group, combining respective businesses, also launched a variety of practices, such as the “CR·YAO Action” of CR Pharmaceutical, the “Nanshan Half Marathon” of CR Land, the “100 Library Plan” of CR C’estbon, “Sunshine Services” of CR Gas, etc.

The “100 Library Plan” aims at donating libraries for primary and middle schools in areas deficient of educational resources and improving children’s reading status in villages. The picture shows a book collection activity in the Taoyuan Road Primary School, Hunan.
Poverty Alleviation

Targeted Poverty Alleviation

As required by the 19th National Congress, the Group positively participated in targeted poverty alleviation responding to the Central Committee’s calling for combating “Three Critical Battles” (preventing and resolving the major risks, conducting targeted poverty reduction, and controlling pollution). Since 2016, CR selected and assigned 23 cadres for temporary transfer in constructing CR Hope Towns and targeted poverty alleviation. In 2018, the Group donated 45.01 million yuan of targeted poverty alleviation fund to Guangchang and Haiyuan, consolidating Guangchang’s poverty reduction fruits and lifting Haiyuan out of poverty.

Haiyuan County, Ningxia: The Group donated 38.6 million yuan of capital and adopted poverty alleviation measures like industry, investment, talent and public welfare to help lift the County out of poverty in a multi-field, all-round and multi-tier manner.

In 2018, the Group donated 45.01 million yuan of targeted poverty alleviation fund to Guangchang and Haiyuan.

38.60 million yuan was donated to Haiyuan, Ningxia.

Industry Support

As mapped out in the five-year plan goals, the Haiyuan Forage-livestock Integrated Beef Cattle Breeding Project was steadily advanced. In 2018, a total of 10,347 Simmental base cows were introduced, 10,065 base cows sold on credit, and 232 cattle recovered. Recycling of the cattle promoted a “closed loop” for the poverty alleviation model of the “Cow Foundation Bank.” Since the implementation of the “Cow Foundation Bank” support model from 2014 to the end of 2018, CR has supported Haiyuan County to introduce a total of 25,620 base cows, accumulatively 23,068 sold on credit, reaching 16 towns, 175 villages and 7,378 poor households in Haiyuan County and benefiting more than 15,000 people living in poverty.

Investment Support

CR Power New Energy invested 10 billion HK dollars in Haiyuan County to develop and construct a wind power project with a capacity of 1 million kilowatts. By the end of 2018, CR New Energy has completed a 2.1 billion HK dollars of investment and completed the first phase of the 300,000-kilowatt wind power project in Xihua Mountain, which solved the issue of employment for 21 Haiyuan residents.

Talent Support

In 2018, the Group organized all profit centers to conduct a one-on-one supporting project for 300 college students from registered poor households, to provide grants, internships and employment guidance for aided students in semester.

Public Welfare Support

In 2018, the 6th CR Bank “Happy Learning” public-welfare event was held in Haiyuan CR Hope Town. CR Bank donated 80,000 yuan of grants and materials to the Haiyuan CR Hope Primary School, and introduced quality resources from the Gongbei Primary School, Zhuhai City, to Haiyuan, facilitating the two schools to establish a relationship of mutual assistance.

CR innovatively utilized the “Cow Foundation Bank” Model to support Haiyuan, breaking the capital bottleneck through selling cows on credit and recovering cattle to address the sales issue.
In 2018, the Group issued the White Paper of China Resources Group in Rural Revitalization, reflecting the Group’s exploration and practices in rural revitalization for the past decade. Visions of CR constructing Hope Towns (environmental improvement, industrial support, organizational restructuring and spirit re-building) comprehensively responded to the five general requirements of the national strategy of rural revitalization. Ten years in twelve towns, CR has accumulatively donated over 640 million yuan of capital, directly benefiting 2,679 rural households and 10,307 people, lifting over 100,000 people out of poverty and to strive for well-off. In 2018, Yan’an, Shannxi and Hong’an, Hubei CR Hope Towns started to construct in succession.

Industry Support has always been the core content of CR Hope Town construction. In the years-long process of building and exploring the Hope Town, in addition to adjust measures according to local conditions, developing the cultivation and breeding industry, CR also fully explores the natural resources and patriotic cultural endowment, combining modern agriculture with characteristic rural tourism and promoting an integrated development of primary, secondary, and tertiary industries of the Town. Jinggangshan Hope Town, completed in 2017, built the first rural demonstration hotel of CR, and used it as the leading project to support villagers to develop the B&B industry and promote the integration of primary, secondary, and tertiary industries of the Town. The Group, later on, will continue to promote such model, combining external resources and introducing industrial funds, to advance the Town’s industry upgrading and sustainable development.

Guangchang County, Jiangxi: The Group has carried out a number of poverty alleviation tasks in areas of new rural construction, industrial development, rural medical care, education aids, especially the renovation of dilapidated houses and the support of the white lotus industry. In 2018, the Group donated 6.31 million yuan to Guangchang to carry out the renovation of dilapidated houses, and another 100,000 yuan for ‘responding to emergencies and difficulties’, helping 50 poor households to tide over the difficulties. In addition, CR also helped Guangchang County to promote and sell local special products like the white lotus, with an accumulative sales amount of over 12 million yuan. After more than ten years of assistance, CR donated over RMB 40 million yuan to Guangchang County, officially lifting Guangchang out of poverty in 2018.
Strengthen Safety Production Management, and Defend Employees’ Health and Safety

The Group firmly holds the concept of “never sacrifice life for profit, never cover up safety risks with economic benefits”. Through implementing factor management, continuous strengthening of organization and system construction, improving safety production responsibility system and carrying out safety production supervision and VV inspection measures, CR consolidates the foundation of safety management, promotes the implementation of safety production responsibilities, achieves controllable safety production risks, propels sustainable development of businesses, and ensures the life health and safety of employees and consumers.

Strengthen Safety Production Management System

☐ Promote the Implementation of Factor Management of Safety Production

The Group has released the general elements of the EHS management, covering 4 aspects: ecological environment protection, comprehensive health management, safety production management, quality and food and drug safety management, as the basic units, key points and links of the EHS management for CR companies at all levels. Each element has relevant descriptions, clarifying the objectives to be achieved and basic steps, methods and requirements for the work required to achieve the goals. Such descriptions ensure the implementation of the elements, improving the Group’s EHS management to a more standardized, more scientific and more systematic level.

☐ Underpinned by Responsibility System, to Identify Safety Production Responsibilities

The Group holds the philosophy of “responsibility system, responsibility commitment and bi-directional incentive”, taking multiple measures to constantly promote the responsibility fulfillment of safety production. CR organizes to conduct the specialized auditing of safety production responsibility and the implementation of the post responsibility list, promoting all levels of enterprises to execute the responsibility to the exact post and to each individual; it implements a responsibility commitment mechanism: originally, the superior and the subordinate signed the Safety Production Responsibility Agreement; now it was transferred into the subordinate making commitments to the superior, implementing the two-way incentives, appraising and selecting an outstanding EHS awards; it establishes an interview mechanism, interviewing the first EHS responsible persons of enterprises with serious or significant consequences of accidents, and promoting the implementation of safety responsibilities.
**Improve Emergency Control Mechanism**

CR upholds the principle of “prevention first, combining prevention with emergency control”, specifically conduct emergency drills while maintaining regular risk control, to inspect and improve the capability of handling emergencies. In 2018, companies of all levels organized more than 30,000 emergency drills, with a participation of over 1.46 million person/time.

<table>
<thead>
<tr>
<th>Company</th>
<th>Emergency Drills</th>
<th>Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR Land</td>
<td>Over 4,000 emergency drills of falling accident, trapped in the elevator, fire evacuation, etc.</td>
<td>Over 120,000 person/time</td>
</tr>
<tr>
<td>CR Gas</td>
<td>Over 3,000 emergency drills of gas transmission and distribution emergencies, LNG storage tank leakage, etc.</td>
<td>Over 40,000 people</td>
</tr>
<tr>
<td>CR Power</td>
<td>Over 1,400 emergency drills of fire hazard, ammonia leak, etc.</td>
<td>Over 30,000 people</td>
</tr>
<tr>
<td>CR Cement</td>
<td>Over 1,000 emergency drills of anti-typhoon or flood, ammonia leak and mine vehicle accidents, etc.</td>
<td>Over 15,000 people</td>
</tr>
<tr>
<td>CR Cement Pingnan Mine</td>
<td>Emergency drill of cave accident</td>
<td></td>
</tr>
</tbody>
</table>

In 2018, CR companies of all levels had conducted over 30,000 emergency drills.

A participation of more than 1.46 million people.
Carry out Various Forms of Safety Education and Training

The Group’s education and training on safety production is grassroots-focused, problem-oriented and individualized. It enhances the effect of education and training through case teaching, enhancing the awareness of employees on production safety.

In 2018, the Group also organized an activity, “Celebrate China Resources’ 80th Anniversary & Show EHS Cultural Concept”. The event, by way of cultural journals, photo exhibitions, knowledge contests and cultural lectures, fully displayed the safety culture concept and created a strong atmosphere for safe production. CR Gas (Anyang), CR Cement (Tianyang) and CR Power (Shouyangshan) won the title of the “National Model Enterprise for Safety Culture Construction”.

Organize Volunteer Activities, and Enable Public Participation in Charity

The Group encourages affiliate enterprises to actively give play to their strengths and participate in public welfare activities. Through platforms such as staff association and China Resources Charitable Fund, the Group founded volunteer groups and volunteer service teams to contribute CR’s power to the society.
Enable Community Participation, and Establish Harmonious Relations with Local Communities

CR encourages affiliate enterprises to actively promote joint construction with the local people. Through cooperation with communities and neighborhood committees, it organizes community activities such as venerating the elderly, helping the poor and the weak, and free clinic to promote community construction and create a good atmosphere.

CR Breweries Deyang Factory actively cooperates with the reconstruction of underdrains

In Yuanshi Town, Sichuan, where the Deyang factory of CR Breweries is located, there was an underdrain crossing the bottle yard in Area D outside the factory, which was often blocked due to inconvenience in cleaning. Deyang Factory actively cooperated with the township government to reconstruct the underdrain and took the initiative to undertake safety inspections on the construction site, transforming the underdrain into an open channel and improving the water environment of the local villagers.

CR Land Property Service Head Office carried out Dragon Boat Festival themed activities, continuously strengthening communication with owners, and creating a humanistic community.
We will further respond to the government’s calling and actively cooperate with the government’s policies.

Efforts will be made to promote the development of edge industries in Hong Kong and seek for new business breakthroughs.

We will find out the current social “pain points” and the intensification of social contradictions in Hong Kong, and push forward the group’s social responsibility work in Hong Kong in a targeted manner.

We will improve volunteer organizations at all levels of the group to form joint efforts.

Through strengthening communication with and hearing suggestions from all circles in the investment destination, we will comprehensively enhance the awareness and ability of execution to create a harmonious community.

We will define the regional development strategy of “based in Hong Kong, dependent on mainland China and serving the world”, reshaping Hong Kong’s businesses from the overall development of the country and the Greater Bay Area, supporting the government’s policies and safeguarding the overall situation of the country.

CR’s real estate, consumer products, gas, cement, pharmaceuticals, healthcare, power and other business sectors have rooted in the Greater Bay Area, delivering a strong market performance.

Through activities such as the PCC entrepreneurship training program, the summer internship for Hong Kong college students and “My Country” CR Hong Kong Youth Tour, we will effectively promote the communication between the young people of two places and help solve the graduation, employment and entrepreneurship problems of the youth in Hong Kong.

More and more affiliate enterprises have formed volunteer groups and volunteer service teams to carry out public welfare activities.

CR Headquarter and more than 100 subsidiary companies organized Public Open Day activities. A growing number of subsidiary companies hold old age care activities, community-based free diagnosis and other volunteer services regularly, and organize theme events for holidays and festivals and other activities to create a good environment in local communities.
We continued to function as the link between mainland China, Hong Kong and the global market, reshaping Hong Kong businesses and supporting the government's policies.

Based in Hong Kong and facing the mainland, CR will actively promote the implementation of the Greater Bay Area construction plan, strongly support Hong Kong's social activities and patriotic public-welfare organizations, organize various activities for Hong Kong youth to get closer to the mainland and integrate into the motherland, helping Hong Kong society integrate into the overall development of the country and promoting the simultaneous growth of Hong Kong youth and the country.

We will make better use of the platforms of CR Charitable Foundation and Staff Association to form a synergy and promote affiliate enterprises to carry out volunteer activities.

We will continue to make efforts in the targeted poverty alleviation work of Guangchang, Jiangxi and Haixian, Ningxia; we will complete the construction of CR Hope Town. In 2019, Hayuan Town will be completed and Hong'an Town will be basically completed. The construction of Jianhe and Yan'an CR Hope Towns will be fully started.
While undertaking the mission given by history and fulfilling social responsibilities, CR has consciously integrated social responsibilities into its corporate culture and strategies, promoted responsibility fulfillment and management, and achieved the organic unity of undertaking historic missions, fulfilling social responsibilities and promoting sustainable development of the Group.

**Concept and Vision**

**Fulfill economic responsibility**
A new start to create value for CR, and grow into a world-class enterprise

**Fulfill employee responsibility**
A new start to build a people-oriented CR, and achieve continued growth

**Fulfill customer responsibility**
A new start to build up customer satisfaction, and win customers’ trust with sincere services

**Fulfill environmental responsibility**
A new start to build a green CR, and contribute to ecological civilization construction

**Fulfill partner responsibility**
A new start to achieve win-win cooperation, and realize common development

**Fulfill public responsibility**
A new start to build a harmonious CR, and promote social harmony

**Social responsibility model**

- **Motivation**
  - Corporate Philosophy
    - Leading business progress and creating a better life
    - Construction of responsibility culture
    - Introduction of responsibility philosophy
    - Coverage of the report

- **Implementation Approach**
  - Take the report compiling as an entry point
  - Advance management by compiling
  - Promote practices by management

- **Group Headquarter**
  - Social responsibility organizational governance
  - Social responsibility mechanism-building

- **Profit centers**
  - 6 major stakeholders
    - Shareholders
    - Employees
    - Customers
    - Environment
    - Partners
    - Public
  - 5 business areas
    - Consumer products
    - Healthcare
    - Urban construction and operation
    - Energy service
    - Technology and finance
Identification and management of core CSR topics

To ensure the effective implementation of the social responsibility concept, CR has gradually improved the identification and management of social responsibility issues. Each year, in the early stage of the preparation of the social responsibility report, a research questionnaire on issues that should be covered will be sent to a wide range of stakeholders through the Group and its subordinate companies, and the WeChat Platform of relevant authorities, to find out what are the issues that are highly concerned by the stakeholders.

In 2018, the Group collected 2,802 valid questionnaires, finished by the company management staff, employees, customers, suppliers, business partners, community residents, government officials, people from media, CSR, NGOs, peer companies, etc. Wait. We analyzed the questionnaire results, and selected the core issues as the focus of information disclosure in the reports of the Group and its subsidiaries.

Matrix Analysis of Materiality Topics

The Composition of Respondents

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>01 Integrity management according to law</td>
<td>05 Protecting the rights and interests of employees</td>
<td>11 Managing the quality of products</td>
<td>16 Strengthening industry-university-research cooperation</td>
<td>21 Supporting the work of government</td>
<td>26 Combating climate change</td>
</tr>
<tr>
<td>02 Deepening the reform of SOEs</td>
<td>07 Promoting the growth of employees</td>
<td>12 Strengthening technological innovation</td>
<td>17 Enhancing cross-industry cooperation</td>
<td>22 Participating in poverty alleviation</td>
<td>27 Building green factories</td>
</tr>
<tr>
<td>03 Promoting innovation and transformation</td>
<td>08 Promoting the growth of employees</td>
<td>13 Protecting the information security of customers</td>
<td>18 Ensuring open and transparent procurement</td>
<td>23 Promoting charity and public welfare</td>
<td>28 Developing circular economy</td>
</tr>
<tr>
<td>04 Improving operational efficiency</td>
<td>09 Aiding employees with financial difficulties</td>
<td>14 Optimizing customer experience</td>
<td>19 Preventing commercial fraud</td>
<td>24 Integrating into local communities</td>
<td>29 Practicing a green work-style</td>
</tr>
<tr>
<td>05 Protecting the rights and interests of shareholders</td>
<td>10 Enriching the life of employees</td>
<td>15 Advocating responsible consumption</td>
<td>20 Improving media relations</td>
<td>25 Implementing safe production</td>
<td>30 Participating in environmental protection activities</td>
</tr>
</tbody>
</table>

Importance to stakeholders

- 51.03% Customers
- 12.38% Management staff
- 11.43% Employees
- 10.25% Suppliers
- 9.11% Distributors
- 8.21% Business partner
- 7.88% Community residents
- 7.12% Government officials
- 6.43% People from media
- 6.22% People from CSR
- 6.11% People from NGOs
- 5.99% Peer companies
- 5.99% Others

Number of people

- Total 2,802
Strategy

CR is committed to promoting progress in economic responsibility, employee responsibility, customer responsibility, environmental responsibility, partner responsibility and public responsibility fulfillment. By the end of the 13th Five-Year Plan Period, CR will realize efficient social responsibility management, innovative social responsibility fulfillment and systematic integration of social responsibility fulfillment, and the social responsibility management model with CR characteristics will gradually become mature with a series of best practice widely recognized by the society being formed in SBU and BU, so as to create a good public image of CR in social responsibility fulfillment.

CSR Goals in the 13th Five-Year Plan Period

Stage I (2016)
Launch the roadmap and consolidate the foundation. Identify topics, define tasks and responsibilities through raising awareness to primarily form a long-term mechanism for the sustainable development of social responsibility management, fulfillment and integration.

Stage II (2017-2018)
Incorporate social responsibility fulfillment into corporate culture with initial progress being made. Further improve social responsibility networks to cover all social responsibility topics, fulfill social responsibility in all aspects and promote the integration of social responsibility for significant improvement in social responsibility fulfillment performance in key areas.

Stage III (2019-2020)
Become a model to lead progress. Form a favorable environment for social responsibility fulfillment, promote highlights in social responsibility management and establish a series of integrated social responsibility fulfillment models with their own characteristics to create a corporate image of “a global enterprise with accumulating public trust and popularity”.

Integrate CSR into corporate management and daily operations

CR identifies social responsibility fulfillment as the internal driver for sustainable development, and comprehensively improve the ability of CR in social responsibility fulfillment through organizing SBU and first-tier profit centers to release social responsibility reports. Besides, CR further promotes the integration of social responsibility into corporate strategy and decision-making, organizational construction, daily operations and management, supply chain management, and community joint-construction, to make responsibility fulfillment an intuitive action of the Group.
In 2018, CR’s senior executives attached great importance to CSR-related work, and visited Haiyuan County of Ningxia for targeted poverty alleviation several times. Besides, the group held the annual “July 1” theme event in CR Hope Town, and all Group leaders and managers under direct administration of the Group attended the event and visited the Hope Town.

Incorporate CSR as an important factor in making corporate strategies and major decisions, and fully consider the expectations of all stakeholders.

Integrate CSR into function lines including strategy, human resources, finance, legal affairs, risk control, auditing, supervision and inspection, information and EHS as well as business operations including project engineering, R&D, design, procurement, production and marketing to establish a responsibility topic management mechanism and promote the organization of related activities.

Introduce the concept of CSR to the whole supply chain and focus on core issues such as compliance, safety and environmental protection, employees’ rights and interests, transparent operation, and fair competition; increase the suppliers’ willingness to fulfill social responsibilities through approval of access, releasing joint declarations, signing contracts, etc., so as to achieve CSR fulfillment with common efforts.

Focus on community building, for example, providing free clinic services, popularizing knowledge on power, gas, food and drug safety, etc.

Organization

Senior Executives Actively Promotes Social Responsibility Fulfillment

In 2018, CR’s senior executives attached great importance to CSR-related work, and visited Haiyuan County of Ningxia for targeted poverty alleviation several times. Besides, the group held the annual “July 1” theme event in CR Hope Town, and all Group leaders and managers under direct administration of the Group attended the event and visited the Hope Town.

On June 29, 2018, the launching ceremony of construction of Yan’an CR Hope Town was held in Mafang Village, Nanniwan Town, Yan’an. The delegation of Group leaders led by Dr. Fu Yuning attended the event. During the event, Dr. Fu published the China Resources Group’s White Paper on Rural Revitalization (2008-2018) together with Zhong Hongwu, Director of the Corporate Social Responsibility Research Center of the Chinese Academy of Social Sciences.
Social Responsibility Leadership Organizations Work Mechanism and Functional Division

To enhance the publicity of CSR management, CR established the Division of Corporate Social Responsibilities in the General Office, which coordinates the daily work related to CSR. The division supervises and coordinates other divisions and departments to promote the implementation of CSR in specific areas. The strategic business units, first-tier profit centers and functional departments in the group connect their functions with CSR and are under the guidance and evaluation of the group in performing CSR. Duties and responsibilities of different divisions and the proved of social responsibility fulfillment are clearly defined, providing strong organizational guarantee for systematically promoting the management of social responsibility in CR.

System

Improve the CSR Management System

CR takes system-building as an important approach to improve social responsibility management. Through establishing and improving existing systems and regulations and promoting the normalization and regularization of CSR-related work in daily operations, CR aims to form a comprehensive CSR system, so as to achieve effective management of all BU/SBU.
### Build the CSR Indicator System

<table>
<thead>
<tr>
<th>Topics</th>
<th>Number of Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsibility strategy</td>
<td>4</td>
</tr>
<tr>
<td>Organization and institution</td>
<td>3</td>
</tr>
<tr>
<td>Responsibility communication</td>
<td>4</td>
</tr>
<tr>
<td>Responsibility fulfilment capability</td>
<td>6</td>
</tr>
<tr>
<td>Responsibility integration</td>
<td>4</td>
</tr>
<tr>
<td>Responsibility performance</td>
<td>5</td>
</tr>
<tr>
<td>Employees’ rights and interests</td>
<td>3</td>
</tr>
<tr>
<td>Democratic management</td>
<td>2</td>
</tr>
<tr>
<td>Occupational health</td>
<td>4</td>
</tr>
<tr>
<td>Employee growth</td>
<td>2</td>
</tr>
<tr>
<td>Caring for employees</td>
<td>4</td>
</tr>
<tr>
<td>Strategic cooperation</td>
<td>4</td>
</tr>
<tr>
<td>Fair competition</td>
<td>2</td>
</tr>
<tr>
<td>Responsibility fulfilment along supply chains</td>
<td>4</td>
</tr>
<tr>
<td>Improving the relation with the media</td>
<td>3</td>
</tr>
<tr>
<td>Pollution prevention</td>
<td>2</td>
</tr>
<tr>
<td>Sustainable resource utilization</td>
<td>3</td>
</tr>
<tr>
<td>Climate change mitigation and adaptation</td>
<td>2</td>
</tr>
<tr>
<td>Bio-diversity protection</td>
<td>3</td>
</tr>
<tr>
<td>Green operation and management</td>
<td>6</td>
</tr>
</tbody>
</table>

### Responsibility Management

<table>
<thead>
<tr>
<th>Topics</th>
<th>Number of Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating value for shareholders</td>
<td>3</td>
</tr>
<tr>
<td>Improving corporate governance</td>
<td>3</td>
</tr>
<tr>
<td>Protecting the rights and interests of shareholders and investors</td>
<td>4</td>
</tr>
<tr>
<td>Operation performance</td>
<td>4</td>
</tr>
</tbody>
</table>

### Economic Responsibility

<table>
<thead>
<tr>
<th>Topics</th>
<th>Number of Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stabilizing the market</td>
<td>5</td>
</tr>
<tr>
<td>Quality and safety</td>
<td>3</td>
</tr>
<tr>
<td>Service management</td>
<td>7</td>
</tr>
<tr>
<td>Innovative development</td>
<td>4</td>
</tr>
</tbody>
</table>

### Customer Responsibility

<table>
<thead>
<tr>
<th>Topics</th>
<th>Number of Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsibility to the government</td>
<td>5</td>
</tr>
<tr>
<td>Safe production</td>
<td>3</td>
</tr>
<tr>
<td>Charity and public welfare</td>
<td>3</td>
</tr>
<tr>
<td>Community construction</td>
<td>5</td>
</tr>
</tbody>
</table>

### Partner Responsibility

<table>
<thead>
<tr>
<th>Topics</th>
<th>Number of Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Responsibility</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Topics</th>
<th>Number of Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pollution prevention</td>
<td>2</td>
</tr>
<tr>
<td>Sustainable resource utilization</td>
<td>3</td>
</tr>
<tr>
<td>Climate change mitigation and adaptation</td>
<td>2</td>
</tr>
<tr>
<td>Bio-diversity protection</td>
<td>3</td>
</tr>
<tr>
<td>Green operation and management</td>
<td>6</td>
</tr>
</tbody>
</table>
Culture

To realize effective social responsibility fulfillment, CR has gradually established a CSR culture guided by sustainable development and driven by the mission of CR, and implemented it through organizing CSR trainings, which in turn gave guidance to CSR practices. Also, CR conducted social responsibility assessment and selected models to lead others.

Organizing trainings on CSR

In recent years, the Group has normalized trainings on CSR. Prior to the preparation of social responsibility report, the Group holds a CSR work meeting under the group’s annual management theme, and invites leaders in charge of social responsibility from CR departments and divisions, strategic BU/SBU and first-tier profit centers, staff from the Liaison Office, CSR experts to discuss over topics including social responsibility management, preparations for the report, relevant publicity materials, etc. In the process of preparation, the Group also holds meetings for executive editors regularly to review the report preparations phase by phase.

Organize CSR Assessment and Evaluation

CR uses the five-star rating criteria for social responsibility report issued by the Chinese Academy of Social Sciences to evaluate the preparation of social responsibility reports by its subordinate companies, and gives suggestions when spotting problems and monitors implementation.

CR presents “Social Responsibility Awards” continuously and incorporates it into the Group’s outstanding performance award system. In 2018, the Group received a total of 26 social responsibility performance projects submitted by 19 units. Seven projects shared the gold, silver and bronze prize based on the evaluation of social responsibility experts from the Chinese Academy of Social Sciences and CR Party Committee.
2018 Social Responsibility Awards Winners

<table>
<thead>
<tr>
<th>Project</th>
<th>Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR Property: Elan Hotel Project for Targeted Poverty Alleviation in Jinggangshan Hope Town</td>
<td>Gold</td>
</tr>
<tr>
<td>CR Land: Build a “4C” Information Disclosure Model, and Improve the Transparency of Business Operation</td>
<td>Silver</td>
</tr>
<tr>
<td>CR Power: Practices on Environmental Responsibilities of Sludge-coupled Power Generation in Urban Areas</td>
<td>Silver</td>
</tr>
<tr>
<td>CR C'estbon: One-hundred Libraries Project</td>
<td>Silver</td>
</tr>
<tr>
<td>CR Pharmaceutical: Run·YAO Project</td>
<td>Bronze</td>
</tr>
<tr>
<td>CR Cement: Guangzhou Municipal Sludge Disposal Project Coordinated by Cement Kiln</td>
<td>Bronze</td>
</tr>
<tr>
<td>CR Gas: WuL CR Gas Sunshine Service Project</td>
<td>Bronze</td>
</tr>
</tbody>
</table>

Elan Hotel Project for Targeted Poverty Alleviation in Jinggangshan Hope Town was awarded the Gold Prize.

Responsibility Communication

Actively engaging in industrial exchanges

CR actively attended CSR exchange and sharing activities organized by social responsibility authorities such as Chinese Academy of Social Sciences and Golden Bee Consulting, and by mainstream social media such as People's Daily Online, Xinhua Net, Southern Publishing and Media and New Weekly, facilitated the organization of China Social Responsibility 100 Forum, and attended the International Symposium on CSR Report in China and China CSR Award Ceremony to communicate its philosophies and practices and learn from others, thus effectively expanding the its external influence.
In 2018, there were altogether 32 independent reports released by CR Group.

Since the White Paper on Corporate Citizen Construction was released in 2008, CR has been doing social responsibility report for 12 consecutive years and formed a whole-life cycle management model, giving full play to the role of the report on communicating with stakeholders, guiding social responsibility practices, and monitoring corporate social responsibility fulfillment.

In recent years, the Group has encouraged subordinate companies to compile independent social responsibility reports. In 2018, a total of 32 independent reports were released by CR Group, achieving three-level coverage (headquarter, SBU/first-tier profit centers, and regional offices and BUs).

In 2018, CR was invited to the first Press Conference of Outstanding Cases on Targeted Poverty Alleviation sponsored by the Social Poverty Alleviation Department of the State Council Poverty Alleviation Office and the China Social Responsibility 100 Forum, and was ranked first among the top 50 cases. At the meeting, CR shared the “CR Model of Haiyuan for Targeted Poverty Alleviation”.

Realize three-level coverage of the social responsibility report

Since the White Paper on Corporate Citizen Construction was released in 2008, CR has been doing social responsibility report for 12 consecutive years and formed a whole-life cycle management model, giving full play to the role of the report on communicating with stakeholders, guiding social responsibility practices, and monitoring corporate social responsibility fulfillment.

In recent years, the Group has encouraged subordinate companies to compile independent social responsibility reports. In 2018, a total of 32 independent reports were released by CR Group, achieving three-level coverage (headquarter, SBU/first-tier profit centers, and regional offices and BUs).
Appendix

About the Report

The Report is the 12th annual Corporate Social Responsibility Report published by China Resources (Holdings) Co., Ltd. The Report included important information of CR's efforts to carry out CSR management and fulfill its responsibilities for shareholders, employees, customers, environmental protection, partners and the public in 2018. The Report is published in both Chinese and English. In case of slight differences in content, the Chinese version shall prevail.

Reliability of the Report

CR promises that the report contains no false information, misleading statements or major loopholes and is thus responsible for the accuracy and comprehensiveness of the report.

The Time Span Covered by the Report

The time period of the data used in this report lasts from 1st Jan to 31st Dec, 2018. Some contents may extend to June 30, 2019.

The Cycle of the Report

CR Social Responsibility Report is an annual report that is released in June or July every year.

Explanation of the Statistics

The statistics used in the report come from internal documents and the information & data system (without otherwise specified, the type and amount of currency involved in the report are measured in RMB).

Reference of the Report

The Directive Suggestions on the Fulfillment of Social Responsibilities by Central Enterprises issued by the Stated-owned Assets Supervision and Administration Commission of the State Council; the CASS-CSR4.0 issued by the Chinese Academy of Social Sciences; the Sustainable Reporting Guidelines (G4) issued by GRI; Sustainable Development Goals by the United Nation; the Regulations on the Management of Social Responsibilities of CR, and the CR Social Responsibility Word Handbook.

Special Notes

In the report, China Resources (Holdings) Co., Ltd is referred to as “China Resources”, “CR” “The Group” “CR Group” and “we/us”.

Access of the Report

China Resources (Holdings) Co., Ltd.- Hong Kong
Address: 49/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Address: 60/F., China Resources Tower, 2666 Keyuan South Road, Nanshan District, Shenzhen, China
Tel: (852)2879 7888(Hong Kong); Tel: (755)8266 8888(Shen Zhen)
The Report is also available for free download on our website: http://www.crc.com.hk/responsibility/report/
(To reduce the use of paper, it is suggested that you choose the e-version as long as you can. Thank you!)

Chief Editor: Lan Yi    Vice Chief Editor: Wei Yaodong    Leader of the Editor Team: Yu Feng
## Key Performance Indicators for 2016-2018

### Economic Responsibility

<table>
<thead>
<tr>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>5034.08</td>
<td>5554.5</td>
<td>6084.6</td>
</tr>
<tr>
<td>Total profit</td>
<td>483.38</td>
<td>648.54</td>
<td>661.2</td>
</tr>
<tr>
<td>Net profit</td>
<td>337.82</td>
<td>384.63</td>
<td>451.1</td>
</tr>
<tr>
<td>Total asset</td>
<td>11000.44</td>
<td>12159.23</td>
<td>14394</td>
</tr>
<tr>
<td>ROE %</td>
<td>11.02</td>
<td>11.56</td>
<td>12.3</td>
</tr>
<tr>
<td>ROA %</td>
<td>5.49</td>
<td>6.46</td>
<td>5.8</td>
</tr>
<tr>
<td>Rate of maintenance and appreciation of state-owned assets %</td>
<td>109.6</td>
<td>115.2</td>
<td>113</td>
</tr>
<tr>
<td>Rank in Fortune Global 500</td>
<td>91</td>
<td>86</td>
<td>86</td>
</tr>
</tbody>
</table>

### Social Contributions

<table>
<thead>
<tr>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>40.7</td>
<td>44.84</td>
<td>42.13</td>
</tr>
<tr>
<td>Newly created jobs</td>
<td>-8.8</td>
<td>4.14</td>
<td>-2.71</td>
</tr>
<tr>
<td>Total pre-tax profits</td>
<td>754.3</td>
<td>910.23</td>
<td>947.4</td>
</tr>
<tr>
<td>Charity donations</td>
<td>0.67</td>
<td>1.95</td>
<td>1.12</td>
</tr>
</tbody>
</table>

### Employee Responsibility

<table>
<thead>
<tr>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor contract signing rate %</td>
<td>99.48</td>
<td>99.51</td>
<td>99.39</td>
</tr>
<tr>
<td>The coverage of social insurance %</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>The percentage of female managers (under direct administration of the Group or of affiliated companies) %</td>
<td>19</td>
<td>16.01</td>
<td>18.54</td>
</tr>
<tr>
<td>Days of per capita average paid leave Day</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>The coverage of employee training %</td>
<td>96</td>
<td>96</td>
<td>96</td>
</tr>
<tr>
<td>Average salary</td>
<td>7.45</td>
<td>8.14</td>
<td>9.2</td>
</tr>
</tbody>
</table>

### Customer Responsibility

<table>
<thead>
<tr>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in R&amp;D</td>
<td>12.65</td>
<td>12.98</td>
<td>16.2</td>
</tr>
<tr>
<td>Number of patents acquired and under application</td>
<td>3,892</td>
<td>4,523</td>
<td>6,104</td>
</tr>
</tbody>
</table>

### Safety Production and Environmental Responsibilities

<table>
<thead>
<tr>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Death rate per thousand people %</td>
<td>0.012</td>
<td>0.014</td>
<td>0.0024</td>
</tr>
<tr>
<td>Investment in safe production 100 million RMB</td>
<td>10.4</td>
<td>13.3</td>
<td>15.1</td>
</tr>
<tr>
<td>The number of emergency drills Number</td>
<td>17,658</td>
<td>29,113</td>
<td>31,358</td>
</tr>
<tr>
<td>Total investment in environmental protection 100 million RMB</td>
<td>27.4</td>
<td>25.2</td>
<td>23.5</td>
</tr>
<tr>
<td>The number of registered safety engineers Number</td>
<td>1340</td>
<td>1,464</td>
<td>1,610</td>
</tr>
<tr>
<td>Investment in energy conservation, emission reduction and technological transformation 100 million RMB</td>
<td>24</td>
<td>20.8</td>
<td>19</td>
</tr>
</tbody>
</table>
# Report Index

<table>
<thead>
<tr>
<th>Content</th>
<th>The Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0)</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR ABCs</td>
<td>Words from Dr. Fu</td>
<td>P2.1-2.2, P4.1</td>
</tr>
<tr>
<td></td>
<td>CR Profile</td>
<td>P4.2-4.4, G1.1-1.2</td>
</tr>
<tr>
<td></td>
<td>Brand Tree</td>
<td>P4.2-4.3</td>
</tr>
<tr>
<td></td>
<td>2018 Highlights</td>
<td>P2.2, P3.1, M1.6-1.7, A2</td>
</tr>
<tr>
<td>Responsibility Story</td>
<td>The Blueprint of CR in the Greater Bay Area</td>
<td>P3.2, M1.7-1.8, M2.4, M3.4, E2.16, E2.18</td>
</tr>
<tr>
<td></td>
<td>PCC Entrepreneurial Training Program Enabling Hong Kong Youths to Realize Their Dreams</td>
<td>P3.2, M3.4, S1.5, S2.3, S2.5, S4.2</td>
</tr>
<tr>
<td></td>
<td>CR Gas, Sunshine in the Hands, Bringing You with Warmth in Winter</td>
<td>P3.2, M2.9-2.10, M2.15-2.16, M2.18, S3.6</td>
</tr>
<tr>
<td></td>
<td>CR Changshu Power Plant: Wastes are Resources Put in the Wrong Place</td>
<td>P3.2, S4.1, E1.3, E1.8, E2.5-2.6, E2.18-2.19</td>
</tr>
<tr>
<td></td>
<td>CR Pharmaceutical Commercial Home-based Care for the Aged, A Health Service that Benefits the Ordinary People</td>
<td>P3.2, M2.1, M2.19, M3.1, M3.4, S4.1, S4.6</td>
</tr>
<tr>
<td></td>
<td>Hotel Elan: The Big Dream of 40 Rooms</td>
<td>P3.2, S1.5-1.6, S4.2, S4.8, S4.12-4.14</td>
</tr>
<tr>
<td>Creating Value, In a New Start for CR</td>
<td>Concept and Vision</td>
<td>G1.2</td>
</tr>
<tr>
<td></td>
<td>Our Performance</td>
<td>M1.3-1.4, M1.6-1.7</td>
</tr>
<tr>
<td></td>
<td>Improve Corporate Governance, and Facilitate Efficient Decision-making</td>
<td>M1.1-1.2, M1.4-1.5</td>
</tr>
<tr>
<td></td>
<td>Adhere to Integrity and Compliance, and Strengthen Anti-corruption</td>
<td>M1.3, S1.1-1.2</td>
</tr>
<tr>
<td></td>
<td>Promote High-quality Development, and Create Value for Shareholders</td>
<td>M2.4, M3.4, S4.7</td>
</tr>
<tr>
<td></td>
<td>Promote Regional Strategy, and Serve the Country’s Overall Development</td>
<td>M3.4, S1.5</td>
</tr>
<tr>
<td></td>
<td>Our Commitment</td>
<td>G1.2, G2.2, A1</td>
</tr>
<tr>
<td>Putting People First, A New Start for CR</td>
<td>Concept and Vision</td>
<td>G1.2</td>
</tr>
<tr>
<td></td>
<td>Our Performance</td>
<td>S2.3, S2.9, S2.15, S2.20</td>
</tr>
<tr>
<td></td>
<td>Avoid Exploitation, and Protect Employees’ Legitimate Rights and Interests</td>
<td>S2.1, S2.5, S2.8, S2.10-2.12</td>
</tr>
<tr>
<td></td>
<td>Improve the Training System, and Build Reasonable Career Advancement Channels</td>
<td>S2.14-2.16</td>
</tr>
<tr>
<td></td>
<td>Care about the Staff in All Aspects, and Make CR a Happy Home</td>
<td>S2.13, S2.17-2.18</td>
</tr>
<tr>
<td></td>
<td>Our Commitment</td>
<td>G1.2, G2.2, A1</td>
</tr>
<tr>
<td>Customers’ Satisfaction, A New Start for CR</td>
<td>Concept and Vision</td>
<td>G1.2</td>
</tr>
<tr>
<td></td>
<td>Our Performance</td>
<td>M2.4-2.6, M1.6, M2.18</td>
</tr>
<tr>
<td></td>
<td>Provide Quality Products and Services, and Make Consumers More Satisfied</td>
<td>M2.1-2.2, M2.14-2.15</td>
</tr>
<tr>
<td></td>
<td>Protect Consumers’ Rights and Interests, and Make Consumers Feel More at Ease</td>
<td>M2.8, M2.12-2.13, M2.17, M3.7</td>
</tr>
<tr>
<td></td>
<td>Improve Customer Satisfaction, and Make CR More Trustworthy</td>
<td>M2.9, M2.15</td>
</tr>
<tr>
<td></td>
<td>Adhere to Innovation, and Deliver More Surprises to Customers</td>
<td>M2.4, S4.7</td>
</tr>
<tr>
<td></td>
<td>Our Commitment</td>
<td>G2.2</td>
</tr>
<tr>
<td>Content</td>
<td>The Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0)</td>
<td>Page Number</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>-------------</td>
</tr>
</tbody>
</table>
| Green Growth, A New Start for CR | Concept and Vision: G2.1-2.2  
Achieve Green Management, and Build a Long-term Mechanism: E1.1, E1.3, E1.5, E1.8-1.10, E2.7  
Advance Green Operation, and Build an Environment-friendly Enterprise: E2.3-2.6, E2.16-2.17, E2.20, E2.22, E2.24, E3.3-3.4  
Promote Green Office, and Create a Low-carbon Work Environment: E1.5, E2.1, E2.9, E2.12, E3.1-3.4 | 60  
Our Commitment: G2.2 | 61  
Win-win Cooperation, A New Start for CR | Concept and Vision: G2.1-2.2  
Our Performance: E1.8, E2.5-2.6, E2.13, E2.17  
Achieve Green Management, and Build a Long-term Mechanism: E1.1, E1.3, E1.5, E1.8-1.10, E2.7  
Advance Green Operation, and Build an Environment-friendly Enterprise: E2.3-2.6, E2.16-2.17, E2.20, E2.22, E2.24, E3.3-3.4  
Promote Green Office, and Create a Low-carbon Work Environment: E1.5, E2.1, E2.9, E2.12, E3.1-3.4 | 65  
Our Commitment: G2.2 | 69  
Harmonious Society, A New Start for CR | Concept and Vision: G2.1-2.2  
Our Performance: S1.5, S4.1, S4.10  
Support the Government’s Policies, and Safeguard the State’s Overall Development: S1.5, S4.1, S4.10  
Establish a Charity Platform, and Assist with Poverty Alleviation: S4.6, S4.9, S4.12-4.14  
Strengthen Safety Production Management, and Defend Employees’ Health and Safety: S3.1-3.5, S3.7  
Organize Volunteer Activities, and Enable Public Participation in Charity: S4.9, S4.10  
Enable Community Participation, and Establish Harmonious Relations with Local Communities: S4.1 | 77  
Our Commitment: G2.2 | 80  
Responsibility Stems from Mission, Responsibility Leads the Future | Concept and Vision: G1.1-1.2  
Social Responsibility Model: G1.1-1.2, G2.3, G4.1, G6.1 | 100  
Identification and Management of Core CSR Topics: G2.1, G6.1 | 101  
Strategy: G2.2-2.4  
Organization: G3.1-3.3  
System: G4.1-4.2  
Culture: G4.3, G5.1 | 102  
Responsibility Communication: G6.1-6.3 | 103  
Appendix | About the Report: P1.1-1.3 | 109  
Key Performance Indicators for 2016-2018: A2 | 110  
Report Index: A5 | 111  
Rating Report: A4 | 113  
Readers’ Feedback: A6 | 114
Report Rating

I. Rating Criteria

II. Rating Process
(1) The rating group reviews the Confirmation on the Materials Related to the Preparation Process of CRS Report and other supporting materials submitted by the preparation group.
(2) The rating group draws up the rating report based on its appraisal of the preparation process and the content of the Report.
(3) The rating report is signed by both the vice-chairman of the Expert Committee, and experts together with head of the rating group.

III. 评级结论
Process Management（★★★★★）
The General Office of CR took the lead in setting up the report preparation team. General Secretary of CR was the chief editor responsible for coordination and overall management, and the Vice Director of the General Office was the vice chief editor responsible for managing key procedures; the positioning of function and value is quite specific: CR positioned the report as an important tool to improve management and built a CSR management model featuring “improving management with CSR Report, promoting practice with management and increasing integration with practice”; CR identified major topics according to national policies, key moves of the Group, industrial analysis and questionnaires to stakeholders; CR encourage subordinate companies to form independent social responsibility reports, building a three-level report system covering the headquarter, strategic business units/first-tier profit centers, and regional offices and strengthening management. The Report will be released on the official website, and be presented in print, digital and new-media versions, achieving outstanding performance in the aspect of process.

Materiality（★★★★★）
The Report systematically disclosed key industrial issues relating to product quality management, product innovation, occupational health management, R&D of environmentally friendly technologies and equipment, energy and resource saving, management of hazardous chemicals, decreasing “Three Waste” discharging, etc., and the information was adequate and detailed, achieving outstanding performance in the aspect of materiality.

Completeness（★★★★★）
The Report systematically disclosed 90.62% of the core indicators in the industry from the aspects of "Creating Greater Value – A New Start for CR; "Putting People First – A New Start for CR; "Customer Satisfaction – A New Start for CR; "Green Growth – A New Start for CR;" and "Win-win Prospect – A New Start for CR;" achieving leading performance in the aspect of completeness.

Balance（★★★★★）
The Report disclosed detailed negative indicator information such as "new occupational cases and suspected occupational cases", "proportion of people who were given light punishment or was dealt with by the organization", and "number of people who were held accountable for malpractice", and explained the cause, handling process, and results of cases such as "customer complaint made in CR Mixc in Chengdu", achieving outstanding performance in the aspect of balance.

Comparability（★★★★★）
The Report disclosed 38 key indicators including "operating income", "net profit", "jobs created", "charity expenditure", "total investment in energy conservation and emission reduction" for three years in a row, and conducted horizontal comparison on "ranking 86th on Fortune Global 500", "ranking 1st in terms of CSR Development Index among China's top 300 enterprises", "ranking 1st in terms of CSR Development Index among China's top 100 SOEs" etc., achieving outstanding performance in the aspect of comparability.

Readability（★★★★★）
The Report disclosed 38 key indicators including "operating income", "net profit", "jobs created", "charity expenditure", "total investment in energy conservation and emission reduction" for three years in a row, and conducted horizontal comparison on "ranking 86th on Fortune Global 500", "ranking 1st in terms of CSR Development Index among China's top 300 enterprises", "ranking 1st in terms of CSR Development Index among China's top 100 SOEs" etc., achieving outstanding performance in the aspect of comparability.

Innovativeness（★★★★★）
The Report responded actively to SDGs of the United Nation and presented CR's Highlighter in key areas, showing the timely progress of the Report and the CR's leading role in this regard, responded actively to major national policies and focused on the latest topics such as targeted poverty alleviation, the Belt and Road, and Xiong'an New Area, showing the responsibilities assumed by central enterprises; designed 6 "Stories" in the opening chapter, making the Report more interesting by telling stories of CR’s employees; put "Our Commitment" in the end of each chapter to clarify the progress of responsibility fulfillment of future plans, achieving outstanding performance in the aspect of innovativeness.

Overall Rating（★★★★★）
According to the assessment of the rating team, the China Resources 2018 Social Responsibility Report was awarded a rating of five-star. It is an outstanding CSR report.

IV. Suggestions for Improvement
The data disclosure shall be increased, so as to further make the report more complete.

Vice Chairman of the Rating Expert Committee  Head of the rating group

Date of issuing: June 25, 2019
Readers’ Feedback

Dear Readers:

Thank you for taking the time to read CRC 2018 CSR Report. To improve our work on social responsibility and preparation of the report, we would like to hear your valuable comments and suggestions.

1. Please identify your stakeholder category

☐ Government employee ☐ Regulatory authorities ☐ Shareholder and investor
☐ Employee ☐ Customer ☐ Supplier and partner
☐ Community residents ☐ CSR expert ☐ Industrial peer
☐ Others

2. What’s your overall evaluation of the Report?

☐ 5 ☐ 4 ☐ 3 ☐ 2 ☐ 1

3. What’s your overall evaluation of information disclosure of the Report?

☐ 5 ☐ 4 ☐ 3 ☐ 2 ☐ 1

4. What’s your overall evaluation of the structure of the Report?

☐ 5 ☐ 4 ☐ 3 ☐ 2 ☐ 1

5. What’s your overall evaluation of the format and design of the Report?

☐ 5 ☐ 4 ☐ 3 ☐ 2 ☐ 1

6. What’s your overall evaluation of the readability of the Report?

☐ 5 ☐ 4 ☐ 3 ☐ 2 ☐ 1

7. What comments and suggestions do you have for CR in terms of its efforts in social responsibility fulfillment and this Report?

________________________________________________________________________

________________________________________________________________________