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CHINA RESOURCES (HOLDINGS)CO., LTD.

SOCIAL RESPONSIBILITY REPORT 2017

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Enriching Lives
Nurturing Dreams
SINCE 1938

China Resources
Better Life Together

China Resources (Holdings)Co., Ltd.

SOCIAL RESPONSIBILITY REPORT

2017

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Responsibility Stems from Mission

The stress on social responsibility stems from our mission and the long history as a patriotic enterprise. In the past 80 years, CR people have been loyal to the great cause of the Party and the nation with the belief that the prosperity of a nation determines the fate of its people. That's why CR is always ready to pay back to the country, to take the lead to make innovations and move forward steadily. The spirit of sticking to the original aspirations and making ceaseless efforts for breakthroughs is motivating CR to march towards a brighter future in the new era. Today, as we review the efforts of CR in carrying out social responsibilities, we are reliving our original aspirations through reflecting each step we have taken, so as to define our past, identify our current position and pinpoint the direction for future development. In the process, we could get the motivation to move further and to stick together for greater synergy and cohesive power, so that we could make new contributions to the great cause of improving people's well-being and the rejuvenation of the Chinese nation in the new era.

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SINCE 1938

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Words from Dr. Fu

Dr. Fu Yuning Chairman of China Resources Group

Responsibility Stems from Mission

Time flies.This year,we celebrate the 80th anniversary of China Resources and the 40th Anniversary of Reform and Open-Up. Standing at the crucial period for securing a decisive victory in building a moderately prosperous society in all respects, we review the social responsibility work of China Resources in the past year, discuss the major issue of the mission of central enterprises in the new era and paint the blueprint of China Resources in the coming years.
80 years ago, during the war against Japanese Aggression, our predecessors established Loiw & Co in a small attic in Central District, Hong Kong, in an effort to save the country and the nation through business development. From that day on, the expenditure of CR started. Since its establishment, CR has been using its unique role as a "red" enterprise to lead the trend of the times. While expanding its own business, CR has always been bearing in mind its responsibility to Hong Kong and to China as a whole. In different periods in history, generations of CR people have undertaken their own missions and played their own parts. They steadily carried out their responsibilities and made unique contributions to promoting social progress and the rejuvenation of the nation.

In the past 80 years, CR people have been loyal to the great cause of the Party and the nation with the belief that the prosperity of a nation determines the fate of its people. That's why CR is always ready to pay back to the country, to take the lead to make innovations and move forward steadily. The spirit of sticking to the original aspirations and making ceaseless efforts for breakthroughs is motivating CR to march towards a brighter future in the new era.

Today, as we review the efforts of CR in carrying out social responsibilities, we are reliving our original aspirations through reflecting each step we have taken, so as to define our past, identify our current position and pinpoint the direction for future development. In the process, we could get the motivation to move further and to stick together for greater synergy and cohesive power, so that we could make new contributions to the great cause of improving people's well-being and the rejuvenation of the Chinese nation in the new era.

CR people's commitment to the fulfillment of social responsibilities stems from our mission and patriotic history. In recent years, CR has been attaching great importance to social responsibility. CR Group has held social responsibility work meetings for many years in a roll and has identified social responsibility management as an important dimension in constructing the core competitiveness of the Group. At the corporate manager annual meeting, business units with outstanding performance in the fulfillment of social responsibilities were given the CR Group Excellent Performance Award. Besides, we attached great importance to and comprehensively participated in the development of Xiong'an New District, Guangdong-Hang Kong-Macao Greater Bay Area, the "Belt and Road" Initiative and other national strategies through actively allocating resources, optimizing industrial deployment, coordinating relations and promoting the implementation of strategies. CR Group launched the business strategy of reshaping Hang Kong and clarified the principle of "linking China with the world to benefit the development of Hong Kong and the wellbeing of the people" in order to ensure political stability and safeguard the prosperity and stability of Hong Kong. To carry out the strategy, CR Group expanded its investment in Hong Kong-based operations, acquired Kuichong Logistics Center and participated in the development of Guangdong-Hong Kong and Macao Greater Bay Area in a variety of industries such as healthcare, environmental protection and scientific and technological R&D to foster new growth magnets, facilitate the integration of Hong Kong into the national development plan and allow all the people to enjoy the benefits of the prosperous development of China.

In constructing ecological civilization and realizing green development, we actively explored a new way to organically integrate production, environmental protection, resource recycling and internal coordination to constantly optimize industrial structure in an environmental-friendly manner. We actively promoted the adoption of new technologies, improved the efficiency of resource utilization, reduced pollutant discharge, increased investment in new energy sectors such as solar power and wind power and promoted the coordinated development of traditional business segments such as power and cement and environmental-protection. We incorporated environmental protection efforts with performance assessment and evaluation and credit building to foster a green development model. We seized the opportunity of transition to promote the integration of ecological and environmental protection and the innovation and upgrade of the business model, actively develop green economy-related new technologies, new products and new business models and identify points of connection between business growth and ecological construction.

We have been actively implementing the national strategy of "rejuvenating rural areas" through building Hope Towns, in order to allow people from old revolutionary bases and underdeveloped areas to share the fruit of development and improve their lives. In the past year, Jinggangshan Hope Village in Jiangxi was built and put into operation and CR Hope Village projects in Haiyuan, Ningxia province, Jianhe, Guizhou province and Hong'an, Hubei province are in the stage of planning. These projects significantly improved the local economy and the wellbeing of the local people through environmental transformation, industrial aid, organizational restructure and incentive measures, turning poverty-stricken and backward old revolutionary bases into prospering new villages with vigor and vitality. These efforts are greatly welcomed and recognized by local governments and the people. Besides, CR Group has also established the Haiyuan Model for targeted poverty-alleviation with the innovative project of "Cow Bank (Cattle Raising Base)", which is highly thought of by state leaders and the State-owned Assets Supervision and Administration Commission of the State Council.

With the joint efforts from all sides, in 2017, CR Group ranked No.1 on China Top 300 List with a social responsibility development index of 96.8 in the Blue Book of Corporate Social Responsibility (2017) published by Corporate Social Responsibility Research Center of the Chinese Academy of Social Sciences. CR Social Responsibility Report got five-star rating from China Corporate Social Responsibility Report Rating Expert Committee and multiple top-level industrial awards. The commitment to carrying out social responsibilities nourishes the spirit of CR, showcases CR's mission of "Leading the Business Progress and Building a Better Life Together", forms the corporate culture of CR and provides the momentum for further development. Now, corporate social responsibility has become an important part of CR's efforts towards a better future.

In the past year, CR achieved fruitful results in social responsibility work. However, we are also clear that achievements are only for the past, and that we should never rest on our achievements and stop taking challenges to make new progress. As an ancient saying goes, "It is only on rough roads that the ability of a horse could be tested; it is only in arduous tasks that a man's ability could be shown". The triple identity of a red enterprise, a central enterprise and a Hong Kong based enterprise decides that we need to have a stronger sense of mission and enterprise. We need to be more innovative, more committed, more industrious and more responsible. Only by bearing our mission in mind and bravely shouldering our own responsibility in the new era could we go further and become stronger.

In the new era, we will carefully study the spirit of Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era and comprehensively implement the spirit of the 19th CPC National Congress to incorporate the requirements of the central government into all aspects of corporate reform and development. We will follow the guidance of "innovation, coordination, green development, openness and sharing" to make efforts towards "meeting the need of the people for a better life, addressing the challenge of unbalanced and insufficient development and promoting high-quality development" with new breakthroughs in big health, big consumption, the internet, high-tech and other industries related to the well-being of the people. Besides, we will also continue to increase our participation in the implementation of national strategic projects such as Guangdong-Hong Kong-Macao Greater Bay Area and Xiong'an New District through actively allocating resources, optimizing industrial structure and carrying our new projects. We will also increase our participation in the development of the "Belt and Road" Initiative through promoting international business expansion, shoulder the special responsibility of "promoting political ties with business" to increase our investment in Hong Kong and play our own role in promoting the prosperity and stability of Hong Kong and implementing the "One Country, Two Systems" policy. We will continue to carry out the strategy of "the rejuvenation of rural areas" to steadily push forward the building of CR Hope Town, promote the "Haiyuan Model" for targeted poverty-alleviation and make life better for people in old revolutionary bases.

With 80 years of glory behind us, CR is embarking on a new journey. Our predecessors have left us with a glorious past and a solid foundation, it is the mission of our generation to make CR a century-old enterprise with ever-lasting success. Facing up to the future, we will not only build CR into an excellent enterprise, but also a great enterprise that is able to provide people with quality products and services for a better life and create a better society. Working for people's happiness and the rejuvenation of the Chinese nation is the original aspiration of both the CPC and the predecessors of CR when they started their journey in 1930 in Yan'an. Let's stick to our original aspirations and march towards the future with determination with efforts and hard work, so as to carry out our historic mission in the new era and make new contributions to the great rejuvenation of the Chinese nation.

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 with a strong foundation in Hong Kong for 80 years

Scale and Strength

86th Ranking in Fortune Global 500

7 Hong Kong listed companies, among which 2 are HSI constituent stocks

A total asset of 1.215923 trillion 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 since 2008, operating 91 beer factories in China

CR C'estbon Beverage (China) Co., Ltd.

One of the earliest Chinese companies specialized in producing bottled 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; one of the constituent stocks of the Hang Seng Index9; being elected for the eleventh time Global 2000 by Forbes and one of Platts Top 250 Global Energy Companies

CR Gas Group Limited

A leading gas utilities group in China; its portfolio is consisted of 238 gas projects in 25 provinces, autonomous regions and direct administrative municipalities, with 30.81 million customers

CR Cement Holdings Limited

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

CR Land Limited

One of the most influential comprehensive real estate developers in China's Mainland; No.1 in Top 100 Commercial Property Companies published by China Real Estate Data Academy with operations in 62 cities at home and abroad; a Hong Kong listed company being included as a HSI constituent stock and one of the 50 blue chip stocks

CR Pharmaceutical Group Limited

Ranked second in the PRC pharmaceutical distribution business in terms of scale; the largest OTC manufacturer in China with business operations covering the research and development, manufacturing, distribution and retail of a broad range of pharmaceutical and healthcare products

CR Capital Management

Owning 7 cross-border management platforms in Hong Kong and China's Mainland with business operations covering banking, trust, asset management, financial leasing, insurance, public fund and equity investment

CR Vanguard Co., Ltd.

One of the largest Chinese retailers in China; ranking the 1st on the "China Top 100 FMGC Chain" launched by CCFA for many years in a roll

CR Healthcare Group Ltd.

One of the largest healthcare companies in China with 111 healthcare facilities and more than 15,000 beds; the largest shareholder of CR Phoenix Healthcare Holdings Co., Ltd. (HKEX: 1515.HK)

CR Chemicals

The annual output is 1.3 million tons of bottle-grade PET chips; ranking the third in the world in terms of productive capacity

Corporate Culture

Vision	Be a Global Enterprise with Accumulating Public Trust and Popularity

Value	Integrity first	Performance driven	Human oriented	Innovation constantly

Philosophy

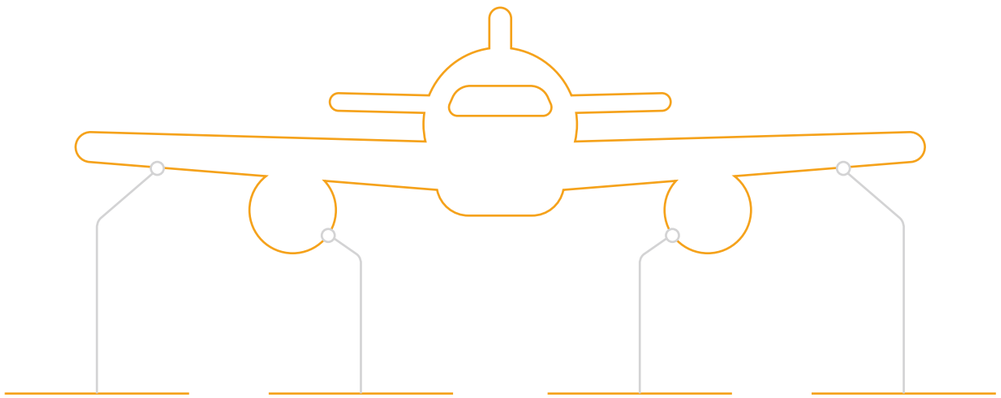
Make it solid | Make it stronger | Make it bigger | Make it good | Make it longer

Spirit

Pragmatism | professionalism | synergy | dedication

Strategic Plan

CR Strategic Orientation during the 13th Five-Year Plan Period



Wing: Globalization

Globalized development helps CR to lead domestic and international markets and make full use of the resources provided by both. It is the wing helping CR to achieve leap-frog development and constantly expand its business operations.

Engine: Business Operations

As the major source of income and pro t for CR during the 13th Five-Year Plan Period, business operations represent the engine ensuring corporate development.

Engine: Capital

As a new source of funding for long-term corporate development and a new way of optimizing the business model, capital is the driving force accelerating corporate development.

Wing: Internet

"N + Internet" helps to innovate and reshape businesses of CR. It is the wing helping CR to embrace customers and change business operations.

Brand Tree

Consumer Products

华润双鹤 CR DOUBLE-CRANE

冠爽® 奥复星® 护川 盈源®
一君® 伯司匹® O号® 利复星®
欣得生 苏和® 英凡舒
双鹤药业

华润三九 CR SANJIU

葡沙坦氨氯地平片
威氏克® 马沙尼
三九感冒灵 德悦
金感清颗粒 EFUCAN
赛科

999逸灵® 999护肤康® 顺峰康福
999金感平® 999优诺平® 999感冒灵 顺峰康王®
三九® 999® 999 为健康生活 为健康守护 顺峰

Healthcare

华润医药 CR PHARM

华润医药商业 CR PHARM COMERCIAL

克尔顿 金斯大清参
真颜 礼安医药连锁
复方百蛇膏 赛信行 同德堂 朴美® 高利
紫竹药业
华源堂 CLINIC

Urban Construction and Operation

华润物业 CR PROPERTY

CHINESE 中乘 ARTS & CRAFTS
HOTEL KAPOK
ALL SEASONS PLACE
华润大厦

华润水泥 CR CEMENT

王牌工匠
润丰水泥

Energy Services

华润电力 CR POWER

Technology and Finance

华润微电子 CR MICRO

Semico
CSMC
CR MICRO

华润资本 CR CAPITAL MANAGEMENT

华润资产 CR ASSET

华润信托 CR TRUST

华润银行 CR BANK

华润金融 CR CAPITAL

华润创业 CR ENTERPRISE

雪花 五丰 怡宝
zero 龙津 魔力 午後奶茶 FIRE

华润万家 CR VANGUARD

Vanguard 华润万家 苏果
bit
乐购 express VnGO

华润纺织 CR TEXTILES

GALADAY
CREASUGI
Rimé
润孚

华润凤凰 CR PHOENIX

广东三九脑科医院
北京生殖集团总医院
北京市健宫医院 BEIJING JIANGONG HOSPITAL
北京空港医院 Beijing Airport Hospital
徐州矿山医院 The Mine Hospital Of Xuzhou

华润置地 CR LAND

mix 华置
华润置地商业中心 CR MALL
CR LAND
三十西城
THE TOUCH OF TIANJIN 天津九里
熙悦湾 THE JOY BAY

华润燃气 CR GAS

PERCEN 百善

华润化工 CR CHEMICALS

华蕾 CR CHEMICALS

华润通

华润通 购品质 惠生活

Business Tree

Consumer Products

Retail — shopping mall, supermarket, convenience store, special store, others
Beer
Food — rice, meat and fish, food products
Drink — bottled water, beverage
Coffee
Textile — cotton manufacturing, bags and suitcases, socks, uniforms, nylon products

Healthcare

Pharmaceutical R&D
Pharmaceutical manufacturing
Medicine circulation
Hospitals
Nursing services

Urban Construction and Operation

Property sales
Property investment
Construction, decorating and furniture
Overseas real estate
Cement
Sintered cement
Concrete

Energy Services

Thermal power
Wind power
Hydropower
PV power
Gas power
Electricity sales
Comprehensive energy services
The production and sales of coal
City pipe gas
Gas for vehicle use
Gas appliance

Technology and Finance

Integrated circuit, mask manufacturing, wafer manufacturing, power parts
Packaging testing
Polyester chip, liquid chemical industry
Comprehensive e-commerce platform
Banking
Trust
Fund
Asset management

2017 Highlights

Ten Major Events

- CR Group leaped to the 86th place in the 2017 Fortune Global 500
- A "Five-Star" company rated by CSR Development Index, ranking the 1st among the Top 300 Chinese Companies with the best performance in CSR fulfillment.
- CR Group won "China Trademark Gold Medal"
- CR Group established Xiong'an New Area Special Work Team to participate in the development of Xiong'an New Area in all respects
- CR Group won highest prize of 2017 "Hong Kong Green Awards"
- CR Group Pharmaceutical was included in multiple important stock index
- The construction of Jinggangshan Hope Town was completed
- CR Group held the first CR Forum in Hong Kong
- CR Group organized "20+80=100% Happiness" Carnival, "Run for the 80th Anniversary of CR" and other warming-up activities for the celebration of the 80th Anniversary of CR
- CR Group Science and Technology Association was established

Key Performance

Revenue	555.45 billion RMB	A year-on-year growth of 10.34 %
Total profit	64.854 billion RMB	A year-on-year growth of 34.17 %
Net profit	38.463 billion RMB	A year-on-year growth of 13.86 %
Total asset	1.215923 billion RMB	A year-on-year growth of 10.53 %

CR Group got A rating in 2017 SOE Performance Assessment by SASAC

A Class Company

Qualification and Awards

1.	CR Group won "Public Charity Award", "Outstanding Enterprise Award", "One of the Top 10 Public Welfare Companies" "2016 CSR Report Best Management Award"	Social Responsibility Forum of China Academy of Social Sciences (under the guidance of CSR Research Center of the Chinese Academy of Social Sciences)
2.	CR Group was selected "One of the Top 10 Responsible SOEs ; CR Hope Town was selected "One of the Top 10 Public Welfare Projects" ;"CR Model" for Targeted Poverty Alleviation in Haiyuan was selected as "Outstanding Case for Targeted Poverty Alleviation". The three honors are all included in China Corporate Social Responsibility Yearbook 2017	Social Responsibility Forum of China Academy of Social Sciences (under the guidance of CSR Research Center of the Chinese Academy of Social Sciences)
3.	CR Hope Town was given "Social Responsibility Case Award"; CR Targeted Poverty Alleviation Project in Haiyuan, Ningxia was given "Targeted Poverty Alleviation Award"	2017 Honor Ceremony of CSR (co-organized by Southern Publishing and Media and New Weekly)
4.	CR 2016 CSR Report won Five-Star Rating	Expert Member of China SCR Report Rating Committee
5.	CR 2016 CSR Report won "Gold Bee 2017 Outstanding CSR Evergreen Award"	China WTO Tribune
6.	CR Group won Gold Award in the "Ceremony Celebrating the 20th Anniversary of Hong Kong's Return to China and the 8th Art Performance Gala"	The Hong Kong Chinese Enterprises Association
7.	CR Group won 2017 "Hong Kong Green Awards", "Corporate Green Governance Award", "Environmental, Health and Safety Award" "Green Management Award", "Outstanding Sustained Performance"	Hong Kong Green Council
8.	CR Group won Outstanding Enterprise National Cyber and Information Security Information Reporting Mechanism	Ministry of Public Security
9.	Practice and Thinking of Three System Reforms of CR (holdings)Co,ltd. won Second Prize of "Outstanding Result of China Enterprise Reform and Development Award"	China Enterprise Reform and Development Society

Editor: Yu Feng
Content: Song Guibin, Yu Feng, Jiang Jiadai

STORY 06

STORY 05

STORY 01

STORY 02

STORY 03

STORY 04

STORY 1

CR Snow Breweries

Taking Responsibilities to Build a New Ecosystem for Value Growth

The productive capacity optimization team of CR Snow Breweries delivered a report recently with the proposal on speeding up productive capacity optimization. According to the plan, 5 factories would be closed on an annual basis from 2017. However, when the idea of productive capacity optimization was first brought onto the table in April 2017, the team was too worried to move on. Hou Xiaohai, General Manager of CR Snow Breweries, had to give a 20 min explanation on the plan of closing factories and motivate the team to carry out the proposal repeatedly during the discussion.

Scan the QR Code for the photo gallery

A year has passed and the attitude of the team towards enterprise reform has totally changed. In the past year, "difference" has become the theme of CR Snow. All employees of the company have been involved in a determined and in-depth reform. As a company with a history of more than 20 years, CR Snow replenished itself with incredible vigor and vitality through launching new brands and winning the heart of the young generation.

The determination of CR Snow in streamlining operations originates from an in-depth understanding of China's economic transition and the development path of CR Group as well as the accurate analysis of the future of the beer industry and the strengths and weaknesses of Snow Beer. China is in the middle of the transition from investment-driven, extensive economic model to an intensive one emphasizing quality, efficiency and profitability. Having gone through 80 years of ups and downs, CR Group has also entered the period of transition with "quality development" as the theme.

Changes in the industry made the pressure even more acute. The beer industry in China has been shrinking for 3 consecutive years with productive capacity far greater than demand. Therefore, the segmented and low-efficient productive capacity is in urgent need of integration. While the size of the industry is shrinking, its value is increasing with clear signs of consumption upgrade. The focus of market competition has shifted from mainstream beer to new generation products. With the post 1990s generation becoming the major consumers of beer, today's products need to cater to the need of the new generation growing up in the era of the internet in product design, brand promotion, marketing and interaction.

Looking back on the development of Snow Beer, large-scale M&A helped the company to expand the market with a 10-million-ton-level productive capacity. However, as the focus of market competition changes, problems began to emerge: large scale, low quality, the lack of mid-and-high end product lines and low overall profitability; inefficient small and middle-sized factories with limited resource integration and coordination capabilities created huge burden for the company; the lack of a future-oriented organizational structure and corporate culture made the company close-minded and self-satisfied. At the same time, major competitors from Snow Beer has also changed from Qingdao and Yanjing to Budweiser and Carlsberg. Compared with these international brands with high efficiency, diversified product mix and powerful organizational structure, Snow Beer have fatal weaknesses.

The management team of CR Snow identified that the market in transition has only left 5 to 10 years for Snow Beer. "To achieve the same productive capacity, we need 90 factories while international brands need only 7. We have 1000 managers while they only need 100. We are selling Snow Draft Beer while they are selling high-end beer. Luckily, we still have the chance to change the situation as the race has just started. We need to act now!"

In April 2017, CR Snow Beer held a meeting discussing future strategies. A report titled Tomorrow Will Be Better identified three major focuses for management and 7 major strategic moves. The three focuses, namely quality business growth, transition upgrade and innovative development, aim at replacing "massive growth" with "quality growth". The 7 major strategies include organizational restructure, brand reshaping, productive capacity optimization, operational reform, channel transformation, glass bottle management and lean marketing. The report also set up a new goal for Snow Beer: double the profit and the market value in the coming 5 years.

"After 2 days of discussion, no one believes that we could realize the goal". The implementation of such an in-depth and extensive reform needs not only dreams and passion, but also solidarity, determination and action. After several rounds of motivation, still feeling unsure, the management team of Snow Beer with strong will and 20 years of rich experience, decided to address the challenges against all odds and step on a heroic journey of self-transformation and reshaping.

It took 6 months for the company to complete the organizational restructure. With a fair and just system being established, 80% of the executive committee members finished rotation and nearly 100 high-level officers left their current position; 9 factories were closed as part of the productive capacity optimization efforts, significantly saving cost; the first core product launched under the brand reshaping strategy---Super X was doubled its initial production goal of 100,000 tons after winning market recognition. New product testing, design and marketing models challenged the capability of the team, demanding for fresh mindset for product and brand development. Operational reforms broke up the boundary among factories and realized the integration of production, logistics and marketing, making 90 factories an integrated large factory. Lean marketing, with an emphasis on the improvement in marketing capabilities and paradigm shift, drives sales not by low price, but by brand building and consumer experience. In spite of the huge burden when productive capacity optimization and operational reforms were met with obstacles, in spite of the frustration when brand reshaping and lean marketing were repeated challenged, the team was able to make all reform measures work. Most importantly, through these reforms, consensus is reaches, the team is more confident and synergy has been formed. Under the guidance of a clear development strategy, everyone knows his/her own position and future direction".

Internal reforms soon had a positive influence on business performance and share price. In 2017, against the 0.7% decrease in the overall sales of the beer industry, Snow Beer registered a 0.9% increase in sales with a year-on-year growth in revenue of 3.6%, higher than the industrial average. The percentage of middle-and-high end beer increased from 32% in 2015 to 47% in 2017. Closing factories, with short-term interruptions, could save cost by 140 million HKD annually in the long run. Productive capacity efficiency increased to 53% while marketing cost rate went down by 0.6 percentage points. The share price of CR Beer went all the way up from 15.4 HKD in the end of 2016 to 28.5 HKD in the end of 2017 and continued to reach 35 HKD in May, 2018. Now, the market value of the company has reached 112.7 billion HKD with the shareholder value being doubled.

In October, 2017, Snow Beer held 2018 Business Launch Meeting. The meeting made employees more confident and motivated. Another three strategies were added to the seven major strategies: the development of corporate culture, the upgrade of information technology and internet marketing. A report titled Marching into the New Era was published on the meeting to encourage the team to work hard for breakthroughs in 2018. It is planned that the team would focus on increasing the price of products, accelerating the closing of factories and launching Super X on the basis of the achievements made in 2017 to make a decisive turn for the future.

"For Snow Beer, realizing the long-term value of enterprises is the most important economic responsibility of a central enterprises", said Hou Xiaohai, General Manager of the company. In the value creation ecosystem developed by Snow Beer, the efforts made today are not only for good performance in 2018 or the three years to come, but for long-term value growth in the next decade or so. The efforts of the team today will lay the foundation for Snow Beer to realize its dreams and carry out its mission. Faced with the opportunities and the challenges of the future, Snow Beer, a company with 20 years of history, will move on with no fear.

Tremendous Responsibility Behind a Simple Story

CR Beer not only developed a new ecosystem for value creation that has become a "model" for pursuing high-quality development, but also gained the recognition and favor of the capital market through productive capacity optimization and product structural upgrade. In 2017, CR Group actively carried out shareholder responsibilities, implemented the strategy of "Innovation in transition and quality development" and promoted the transformation and upgrade of multiple business operations through improving traditional business, expanding new business, investing in new areas and improving the development of mechanisms for innovation. By nurturing new growth magnets, optimizing resource allocation, reducing surplus productive capacity, turning loss to profit, speeding up the management of zombie firms and significantly reducing accounts receivables and cost, CR Group was able to promote supply-side reforms and build up the competitiveness for the sustainable business development and facilitate high-quality development.

Total Asset
100 million (RMB)

2017	**12,159.23**
2016	11,000.44
2015	9,945.19
2014	9,346.48
2013	8,448.70

Spending on Technology Development
100 million (RMB)

2017	**14.7**
2016	12.65
2015	11.08
2014	11.43
2013	11.20

Owner's Equity
100 million (RMB)

2017	**3,478.94**
2016	3,173.04
2015	2,956.81
2014	2,706.54
2013	2,415.50

Labor Productivity
10,000 (RMB) /person year

2017	**32.37**
2016	30.02
2015	24.16
2014	23.84
2013	21.70

Sales Revenue
100 million (RMB)

2017	**5554.5**
2016	5034.08
2015	4,812,21
2014	4,614.14
2013	4,055.50

Return on Equity
%

2017	**11.56**
2016	11.02
2015	10.53
2014	9.80
2013	11.80

Total Pre-Tax Profits
100 million (RMB)

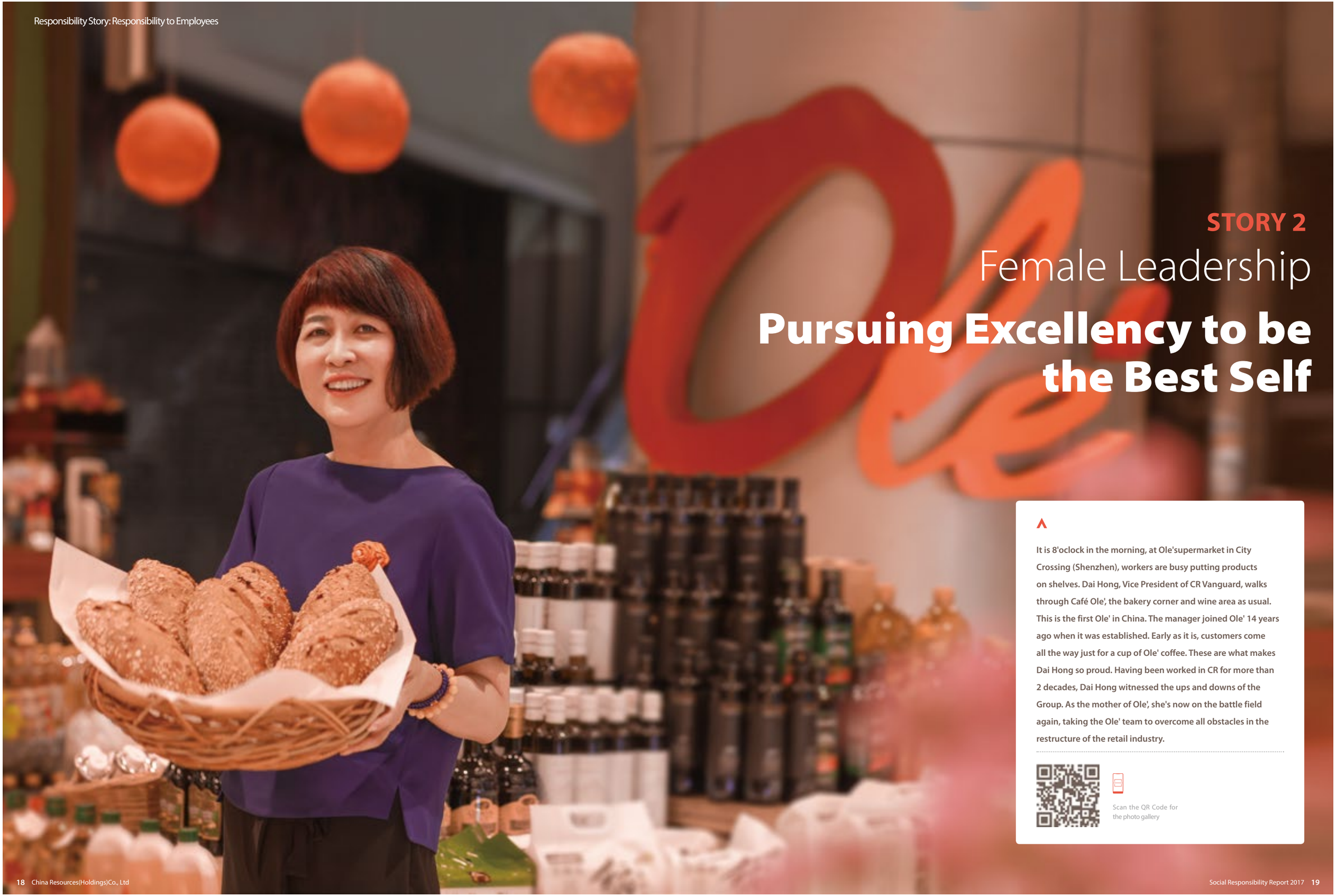
2017	**910.23**
2016	754.3
2015	706
2014	610.37
2013	604.20

Rate of Return on Total Assets

2017	**6.46**
2016	5.49
2015	5.41
2014	5.07
2013	5.60

Net Profit
100 million (RMB)

2017	**384.63**
2016	337.82
2015	298.15
2014	250.95
2013	267.10



STORY 2

Female Leadership

Pursuing Excellency to be the Best Self

It is 8'oclock in the morning, at Ole'supermarket in City Crossing (Shenzhen), workers are busy putting products on shelves. Dai Hong, Vice President of CR Vanguard, walks through Café Ole', the bakery corner and wine area as usual. This is the first Ole' in China. The manager joined Ole' 14 years ago when it was established. Early as it is, customers come all the way just for a cup of Ole' coffee. These are what makes Dai Hong so proud. Having been worked in CR for more than 2 decades, Dai Hong witnessed the ups and downs of the Group. As the mother of Ole', she's now on the battle field again, taking the Ole' team to overcome all obstacles in the restructure of the retail industry.

Scan the QR Code for the photo gallery

In the ever-changing business world, female employees created huge value for CR Group with their hard work and strong sense of responsibility. Now, 48% of all employees and 17.1% of managers are women. In the crucial period of transition and innovation, CR Group needs diversified perspectives and multi-cultural insights to provide the tailored and experience-based products and services that users are looking for in the era of upgraded consumption. This new trend, in turn, created more and greater career opportunities for women. Against such background, CR Group began to wonder: how to better care about female employees? How to create more career channels for female employees and how to improve their overall skills?

The "Female Leadership" Program provides the answer to all these questions. However, different voices also emerged: is it necessary to emphasize female leadership in CR where insights and ability are the sole criteria for talent selection? Is leadership a gender-based concept? Is the program itself a bias towards women?

After thorough research, it is found that female leadership programs have been in existence for several decades around the world, and are now gaining popularity in China. Leadership is not a gender-based concept, but women do have unique features that could be turned into unique advantages in doing business. At the same time, social and cultural stereotypes and hidden biases do prevent women to fully unleash their potential. Based on these considerations, CR Group finally decided to launch the Female Leadership Program to support the development of female employees in a more targeted manner.

"Pursuing Excellency: CR Female Leadership Program" integrated the latest research results and the best resources in the field in relation to the development strategy of the Group. The program provides female managers under the direct leadership of CR Group with female leadership in-class trainings for twice a year and offers female leadership online courses under the CR University manager training program for local female managers and all female employees. In the future, CR Group will continue to explore for the establishment of a female manager training and development mechanism.

The first training session on 8th and 9th March included a forum discussion, lectures and a variety of courses on floriculture and zither. In the group discussions, male managers were invited as guests to interact with female managers to inspire new thoughts and fresh insights and achieve mutual improvement of capabilities and skills. Participants of benefited from the event in multiple dimensions: some felt the importance CR Group attached to women; some realized that the characteristics of women could be a double-edged sword in their work; some found out that they share the same doubts and problems with their co-workers and summoned up the courage to improve themselves in the future; some found their goals in career development and began to work hard towards that goal and some became relaxed in the art appreciation classes and became more elegant.

The effects of the training are soon reflected in the daily work of these female managers. Mao Weiman, Assisting Director of the Auditing Department of CR Group was deeply impressed by the relation and interaction among value leadership, vision leadership and strategy leadership analyzed in the course of Female Leadership Philosophy, which reminded her of the words of Facebook COO Sheryl Sandberg "great leaders not only pool in the wisdom of their team members, but also win their hearts". The course allowed her to understand leadership from a philosophical perspective and made her realize that the key to strong leadership is common belief and value in the team. Upon returning from the training, Mao Weiman, who used to directly tell her team what to do and how to do, began to communicate with the team on why should they do like this. To her surprise, after figuring out why, the team came up with much more good ideas than she could possibly come up with by herself. "It is like opening the door to a bigger world. I was able to significantly improve the capabilities as a manager".

During all these years, Dai Hong is either at Ole' or on her way to it. Sometimes, she has to take her daughter to meetings. Like other women, Dai Hong is faced with the cliché question of "how to balance career and family". The female leadership training sessions provided a new perspective on the definition of balance. Some people think that family and kids are the most important; some people think that being who you are is the most important; some people think that providing financial support to the family is the most important and some people think that keeping the family company is the most important. Women leaders are different from each other. But they all need to figure out their real self. People with different motivations and definitions for balance have the right to make different choices. What everyone needs to do is to find where one's passion lies. Every road leads to success as long as you choose the one you really want to choose.

Although feeling sorry for her daughter for lack of company, Dai Hong encouraged her daughter that "women need to have their own career" and passed down the passion and love for her own career on to her little girl, which has had a positive influence on her daughter's growth. Now, her daughter has grown up and is as optimistic as her. The girl would always go to Ole' to provide her suggestions to her mother's work from the perspective of a customer. This makes Dai Hong so proud. She admires women who fear no obstacles in pursuing a successful career, she admires women who can take good care of their families and children, she also admires women who always keep themselves young and beautiful. But now, she's more determined than ever that choosing Ole' is the best choice she's made as it is where her passion lies.

For Dai Hong, the most valuable thing the Female Leadership Program has taught her is sharing. As a women manager, she likes to learn from others and from the seemingly boring daily routines. She used the elements in the stores she went into on the street, she felt the responsibility of a mother when she saw the store manager staying up all night carrying goods, she communicates with colleagues while visiting the stores every day, and in doing so, influences and encourages fellow workers. In the Female Leadership Program. Dai Hong had the opportunity to hear other women managers to share their own stories, which are nearly impossible to learn about if not for this program. Some of the stories impressed her a lot. The heroines decisively pursued their own dreams and never gave up even in times of frustration and confusion. They could always survive all kinds of challenges and obstacles and earn a place in the ever-changing business world. She also saw herself from the stories of others, found her own identity, got emotional support and got inspiration for greater success. The things she learned in the program exerted a positive influence on her work and family and gradually enabled her to unleash greater potential.

Although the program was at the beginning stage, CR believes that it will sow the seed of strength, warmth and happiness that encourages 200,000 women employees in CR to pursue excellency together and be the best self.

Tremendous Responsibility Behind a Simple Story

The Female Leadership Program is a good attempt in improving the overall quality of women managers. CR has always been regarding employees as the key to achieving success. On the one hand, it constantly strengthens talent development and improves the talent development system. The "four-level" (industrial leaders, talents in key positions, professional talents and young talents) and "three-category" (innovative talents, international talents and capital management talents) talent development system provides employees with huge room and equal opportunity for development. On the other hand, CR Group cares about employees in every aspect of their life. For example, CR organized sport activities such as jogging, hiking, running and shadow boxing, promoted "exercise during breaks" and "body-building exercise" to guide employees to balance life and work. Now, more and more CR companies begin to organize carnivals and family days to help employees' families to understand and recognize CR culture and give all employees a decent life.

The Coverage of Employee Trainings
%

2017	96
2016	96
2015	96

Per Capita Training Spending
10,000 RMB/person

2017	0.480
2016	0.479
2015	0.466

Per Capita Training Time
hour

2017	40.00
2016	40.00
2015	40.00

The first international talent training program provided training for more than

80 people

Understanding the Internet--Training Program for CR Managers has covered

180 managers in total

The Fund Talent Development Program has covered

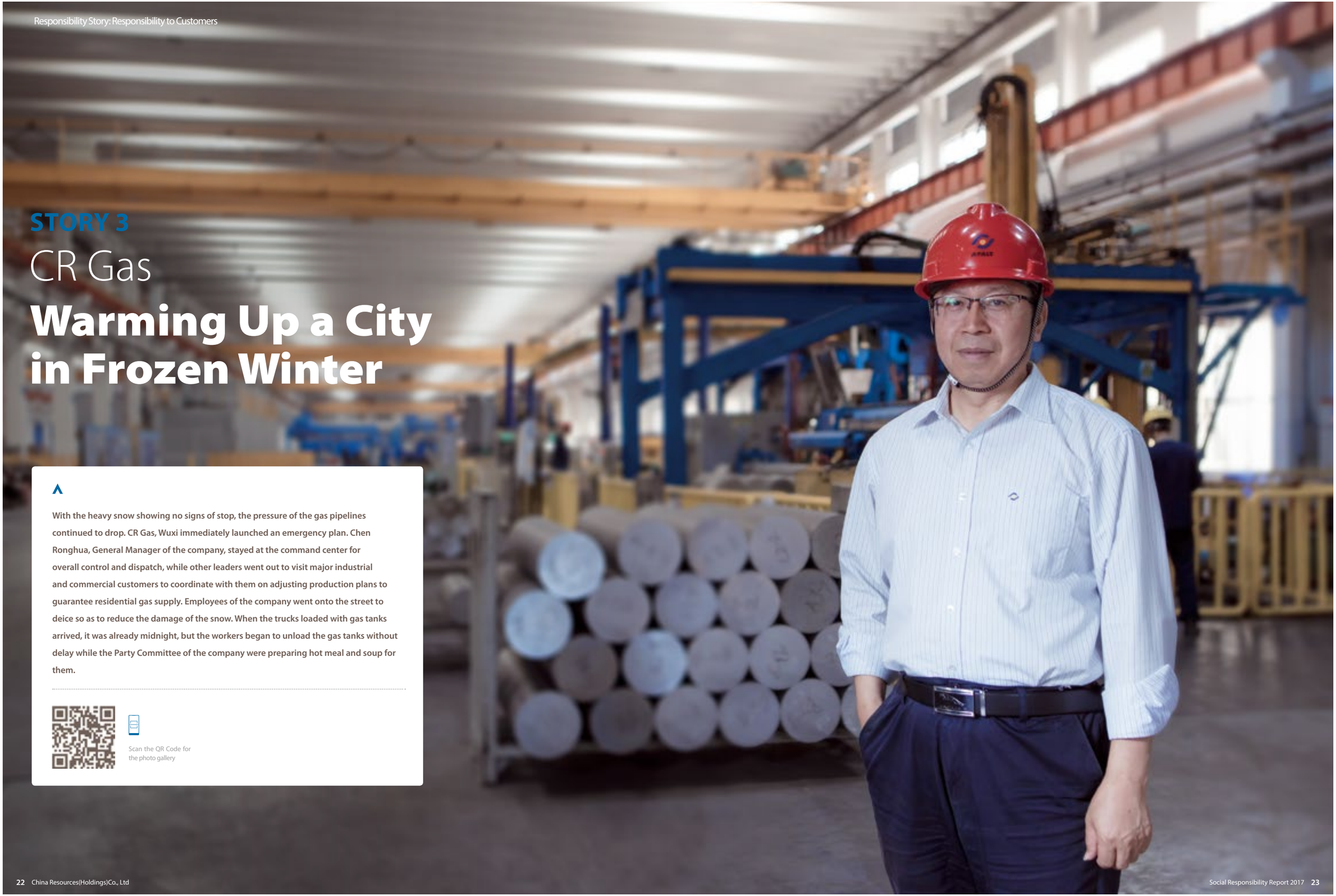
67 people

Trainings have been provided to

286 people

Employee Turnover Tate
%

	Management talents /%	Professional technical talents /%	Skilled talents/%
2017	9.00	11.10	12.20
2016	19.10	28.30	26.40
2015	16.10	30.10	29.50



STORY 3

CR Gas

Warming Up a City in Frozen Winter

With the heavy snow showing no signs of stop, the pressure of the gas pipelines continued to drop. CR Gas, Wuxi immediately launched an emergency plan. Chen Ronghua, General Manager of the company, stayed at the command center for overall control and dispatch, while other leaders went out to visit major industrial and commercial customers to coordinate with them on adjusting production plans to guarantee residential gas supply. Employees of the company went onto the street to deice so as to reduce the damage of the snow. When the trucks loaded with gas tanks arrived, it was already midnight, but the workers began to unload the gas tanks without delay while the Party Committee of the company were preparing hot meal and soup for them.

Scan the QR Code for the photo gallery

In the large factory, aluminum ingots are being poured into the aluminum melting furnace several meters high. After being heated by natural gas, they are turned into hot red aluminum liquid that will be made into aluminum pipes and other final products through casting and heat processing. This is a factory of Jiangsu Yatai Light Alloy Technology Company in Wuxi New District. With an annual aluminum production of 180,000 tons of, Yatai Technology provides aluminum parts for automakers around the world. Like many fast-growing local companies, Yatai Technology, with an annual sales revenue of RMB 3.4 billion, guarantees the economic prosperity of Wuxi. In 2017, the added value of the industry of scale in Wuxi ranked No. 1 in South Jiangsu, making the city the third to have a GDP of more than RMB 1 trillion in Jiangsu Province following Suzhou and Nanjing.

Zhang Junhua, Senior Manager of the Purchasing Department of Yatai Technology, is cruising the production lines as usual. Suddenly, his mind went back to the snowy days several months ago when gas supply was under huge pressure. The company rely entirely on natural gas for 24/7 production in its factories. Behind the busy production lines are the efforts and persistence of countless people.

On 26th Jan, 2018, many cities in the South of the Yangtze River were covered with snow. Under the attack of the heaviest snow in a decade, all highway bridges and ferries crossing the Yangtze River were closed. Traffic control was carried out and trucks were not allowed to use highways. The snow is heavy, and the hearts of the people caring about the supply and gas of natural gas are also heavy: the most difficult moment has come.

Since heating supply started in North China at the end of 2017, many places in China suffered massive "gas shortage" due to large-scale efforts to replace coal with gas and lack of available facilities for natural gas supply and storage peak regulation. In this context, the price of LNG, an important supplement of natural gas, began to sour with its demand far larger than supply. The situation was the same in Wuxi. The snow, however, made the situation worse. Although traffic was soon resumed and deicing efforts were very effective, LNG transportation was severely impacted due to traffic control during and after the snow and slippery roads. During peak hours, there are usually more than 20 LNG trucks waiting outside Wuxi New District Gas Storage and Allocation Center for unloading, but on that day, there were only a handful of empty trucks. CR Gas, Wuxi, which has been doing its best to secure natural supply and would make every effort to fight for half a tank of LNG since winter began, was faced with the challenge of the traffic.

However, the challenge is more complicated in Wuxi. Under the pressure of the "gas shortage", many cities choose to reduce the supply to non-residential users to ensure residential gas supply" through limiting the heating and production of industrial and commercial users, providing limited gas supply or even stopping gas supply for non-residential users. 2017 is a crucial year for Wuxi to realize the goal of increasing its GDP to more than RMB 1 trillion. Therefore, CR Gas, Wuxi, has to guarantee gas supply for both residential use and industrial and commercial customers so as not to damage the economic development of the city.

Corporate customers have high demand. Zhang Junhua from Yatai Technology said, "our factory produces 24/7, in case of stoppage, the furnace needs to be started all over again from a low temperature, which would cause huge loss. Besides, interruption in the supply chain is the biggest challenge for automakers. Most of the foreign-invested enterprises using our products and Fortune 500 enterprises adopt "zero stockpile" production. This means that the capability to ensure supply during emergency is what our partners value the most.

There are many companies like Yatai Technology in Wuxi, for whom, most of the orders come from international enterprises. Ni Fumin, Vice President of Jiangsu Jinxiu Aluminum Company Limited said, "we are the controlling shareholder of Dicastal, a wheel supplier for major automakers around the world. Therefore, our production needs to strictly follow the plan. If gas supply is limited, ripple effects would occur along the industrial chain, which would in turn, damage our reputation in the global market".

With the heavy snow showing no signs of stop, the pressure of the gas pipelines continued to drop. CR Gas, Wuxi immediately launched an emergency plan. Chen Ronghua, General Manager of the company, stayed at the command center for overall control and dispatch, while other leaders went out to visit major industrial and commercial customers to coordinate with them on adjusting production plans to guarantee residential gas supply. Employees of the company went onto the street to deice so as to reduce the damage of the snow. When the trucks loaded with gas tanks arrived, it was already midnight, but the workers began to unload the gas tanks without delay while the Party Committee of the company were preparing hot meal and soup for them.

"On the snowy days, managers of CR kept contact with me for 24 hours a day to inform me of the latest development". Zhang Junhua recalled, "it was indeed a hard time. Production plan adjustment and gas dispatch must be coordinated perfectly. We are so lucky to cooperate with CR. They could optimize dispatch as much as they can to minimize the impact on companies".

The snow finally stopped and the pressure of the gas pipelines began to rise. Gas supply in Wuxi stood the test of extreme weather. In fact, each drop in temperature in this winter was a big challenge for CR Gas, Wuxi. According to Chen Ronghua, Wuxi had a daily gas supply shortage of 1.5 million m3 during peak seasons, accounting for more than 30% of the total demand. It is, by no means, an easy task for CR Gas to bridge the huge gap by securing more sources of natural gas, scientific dispatch and flexible adjustment.

Although having gone through hard times and sold the 100,000 tons of LNG purchased at market price at the price set by the central government, CR Gas, Wuxi managed to realize zero complain during the whole winter, guaranteed stable gas supply to corporate customers and helped Wuxi City to increase its GDP to more than RMB 1 trillion as planned. This is the result of CR Gas' accurate analysis of the situation and preparation in advance.

Based on total gas consumption of China in the previous years and changes in the price of natural gas futures, CR Gas, Wuxi predicted in the Spring of 2017 that gas supply shortage is expected in winter. Therefore, CR Gas, Wuxi began to make preparations for securing gas supply in winter in summer. The company established a special work team to coordinate with sources of natural gas, communicate with CNPC and Sinopec in advance to secure their support and get in touch with LNG suppliers. The team also did a thorough analysis of gas transmission facilities and pipelines and spared no effort to improve weak links and overcome bottlenecks of gas transmission. At the same time, CR Gas, Wuxi also expanded the capacity of emergency natural gas liquefying centers from 400,000 m3 to 1.5 million m3 a day. With these efforts, CR Gas, Wuxi has made full preparation for the meeting the challenge of "gas supply shortage" because it has sources of gas, the ability to liquefy natural gas and no bottleneck in gas transmission before November when the heating supply season in North China began.

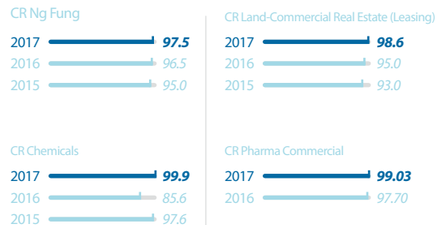
In 2018, "gas supply shortage" is becoming a new normal. In the context, CR Gas, Wuxi is making integrated plans and building the natural gas emergency guarantee system. "Your Choice, Our Responsibility", the simple belief will guide CR Gas, Wuxi to continue to warm the city in cold winter.

Tremendous Responsibility Behind a Simple Story

CR Group is an enterprise with diversified operations closely related to the daily life of the general public. Every day, countless consumers buy food and medicine produced by CR, enjoy financial, healthcare and property services provided by CR and encounter microelectronic, textile and chemical products of CR, or are investing in CR real estate properties. Like CR Gas, Wuxi, who has made every effort to secure gas supply for customers in spite of the risk of losing money, CR companies carry out their commitment to provide quality products and services to meet the diversified need and create value for customers. Because of them, consumers have greater trust in CR and choose to stay with CR. For a long time, CR Group has been valuing its commitment to customers and all levels of the Group has been strictly implementing quality management to control risks in the industrial chain from the source. Besides, CR Group also kept innovating its service models to protect the interests of customers with high quality through keeping up with the demand of customers and adopting high and new technologies.

B2C Customer Satisfaction Rate

B2B Customer Satisfaction Rate



STORY 4

Turning Waste into Treasure

A Green Solution to the Industrial Bottleneck of "Hezhou White Marble"

There is a river outside Xiwan County. In Li Meiping's memory, she used to swim in the lucid water together with her friends. They would fetch some fish and shrimp from the river back home for dinner. When she grew up, she cycled along the bank of the river to work every day. But several years ago, the river got another name---Milk River as the water turned white just like milk. Now, the lucid river in her childhood memory came back again. The floating waterweeds and pure water has turned it an ideal place for fishing.

Scan the QR Code for the photo gallery

Li Meiping's afternoon shift started with a phone call. "Hello, this is XXX factory. I want to reserve a pulp pumping. Please take down my information." "Ok, I'll make a reservation for you, please wait for our phone call". After hanging up the phone, she opened her reservation notebook and wrote down the information.

Li Meiping rose her head and saw the Huang brothers driving a pulp van out of the company. They were going to a factory for pulp pumping. Upon arriving at the factory, the Huang brothers parked their van near the waste pulp pool. With the sound of machines cutting marble, they connected the van with the water pump and began to pump pulp. The surface of the pool became lower and lower and the pulp became so sticky that a worker began to stir the pulp to make it easier to be pumped.

A pulp van has a maximum load of 50t. The Huang brothers drove the van all the way to the final destination---Hezhou Power Plant of CR Power, where they plugged the van to an unloading machine independently developed by the power plant. The milk-like waste pulp flew out from the van to a storage tank after being filtered. The process took about an hour. Then the Huang brothers drove to the next factory for pulp pumping again.

Working in a third-party marble waste pulp transportation company, Li Meiping makes and answers dozens of phone calls every day, in which at least ten are photo calls making reservations for pulp pumping. She has 5 pulp vans to dispatch, each being operated by two workers, one is responsible for driving while the other is responsible for pumping.

It is the work of Hezhou Power Plant to treat the pulp. after going through technical treatment, the filtered waste pulp could fully replace the limestone powder used in flue gas desulfurization (FGD). Moreover, gypsum, the byproduct of the wet FGD process, could be transported to the nearly CR Cement for recycled use. The process turns marble waste pulp into treasure.

36-year-old Li Meiping was born and raised in the mining area of Xiwan, Pinggui District, Hezhou city. As a witness of the drastic changes of the local environment, she said, "the recycled use of the waste pulp indeed saved local environment. Now, the factories don't discharge pulp into the river anymore and the water becomes so clean".

"Lucid waters and lush mountains are invaluable assets", this is especially true for Hezhou. "lush mountains, blue sky and lucid water, Hezhou, with a history of more than 1000 years, stands the vicissitudes of time", this paragraph from an article describes the beautiful scenery and rich culture of Hezhou. Besides being known as the city of longevity, Hezhou also has the largest reserve of high quality calcium carbonate "Hezhou White" in South China, with a long-term prospected reserve of 2.6 billion cubic meter. Rich resource reserves led to uncontrolled expansion of the mining industry. In a few years, as many as 400 to 500 marble processing factories were established, producing large amount of white waste pulp every year. In the past, some small factories without the capability to treat the waste pulp directly discharged it into the nearly river, turning the water into milky white, creating challenge to local environmental protection efforts.

As the economic pillar of Hezhou, the calcium carbonate industry contributes more than RMB 100 billion to the local GDP. How protect the lucid waters and lush mountains while maintaining steady economic growth is a challenge for the government, businesses and the people.

A proposal at the 2016 Party Building Work Conference of Hezhou Power Plant changed everything. During the brainstorming session, a proposal impressed everyone. "The limestone powder we purchased needs to be stirred into pulp before being sprayed into the desulfurization tower. Is it possible for us to replace the limestone powder with the waste pulp produced by marble cutting?". The solution could not only reduce operational cost, but also promote environmental protection. If being implemented successfully, it could achieve the effect of hitting two birds with one stone.

Hezhou Power Plant soon established a "marble waste pulp recycling project" team to start the R&D work. Problems popped up one after another, but the team led by Lv Xinfeng, an engineer at the power generation department, was always able to find solutions. For example, it took 3 hours for the first pulp van to unload for a lack of proper facilities, which is far from meeting the demand of production. Feeling frustrated, the team didn't give up until the successful development of the waste pulp unloading machine. Now the team has upgraded the technology into the fourth generation and has applied for patents.

After conducting 14 experiments in 6 months, Hezhou Power Plant successfully replaced limestone powder with marble waste pulp in wet FGD in June 2016. 30,000t of waste pulp was used in the latter half of 2016 alone. The project also convinced the Ministry of Industry and Information Technology to increase the minimum load of Hezhou Power Plant from 320MW to 500MW, making it easier for the power plant to realize its annual production goal. In

2017, Hezhou Power Plant treated 100,000t of waste pulp, reduced production cost by RMB 10 million and increased revenue by RMB 70 million.

There is nothing called waste in the world, but only resources that have not been properly used. As the first Chinese thermal power plant using marble waste pulp in wet FGD, Hezhou Power Plant effectively controlled water pollution and solved the environmental bottleneck of the calcium carbonate industry. With the help of the project, not only businesses, the whole society is engaged in the development of the circular economy. As a replicable solution, the project not only contributed to the harmonious development of economy and environment in the local area, but also provides best practice for similar cases.

"We are seeking for cooperation with other businesses and research institutions to find more solutions", said Chen Yiming, Deputy Mayer of Hezhou in charge of industrial development, "the marble waste pulp recycling project provides a new solution to pollution prevention and control in Hezhou. It allowed us to protect the environment while promoting the development of the industry through 'controlling discharge while seeking for alternative use of the waste'. Hezhou Power Plant is not only a contributor to GDP, but also a guard to the local environment".

To protect the ecological environment, CR Group has been doing everything it could to "turn waste into valuable assets". CR Cement also took the lead to promote technological research and project implementation of the integrated treatment of residential waste, urban sludge and industrial hazardous waste, providing a new path for the cement industry to safeguard the lucid waters and lush mountains of our motherland.

Protecting the lucid waters and lush mountains is protecting our own home. Passing down the lucid waters, blue sky and lush mountains to future generations is the greatest commitment of CR Group to mother nature.

Tremendous Responsibility Behind a Simple Story

CR Power turned waste into treasure, reshaped business model and addressed the challenge of pollution control through the establishment of a new industrial chain linking calcium carbonate companies, CR Power and CR Cement, fostering a value chain benefiting multiple parties in upper and lower stream industries and turning its own capabilities into the motivation to promote industrial development and carry out responsibilities to make lucid waters and lush mountains invaluable assets. For a long time, with the mission of realizing sustainable corporate development, CR has been taking concrete actions to carry out its environmental responsibilities. Major energy-consuming companies such as CR Power and CR Cement improved the efficiency of resource utilization and reduced pollutant discharge through strengthening environmental protection and energy conservation and emission reduction management and turned environmental challenges into development opportunities through promoting solid waste coordinated treatment projects and other new technologies and new techniques for energy conservation and environmental protection. By transforming technological and management strengths into economic and social benefits, they not only nurtured new growth magnets, but also significantly improve competitiveness.

Hezhou Power Plant, CR Power
Nanjing Thermal Power Plant
Dong E E Jiao (DEEJ)
Hongshuihe Factory, CR Cement

Being included in the "2017 National Green State-Owned Enterprise Sample" launched by China SOE

Local companies of CR Group won 35 awards in energy conservation and emission reduction from governments of all levels

35 awards

Investment in environmental protection totaled at

2.52 billion RMB

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

0.0174 tons of standard /10,000 RMB

Comprehensive energy consumption of the production value of every RMB 10,000 stands at

2.0239 tons of standard coal /10,000 RMB

The comprehensive energy consumption of the value added value of every RMB10,000 stands at

2.7972 tons of standard coal /10,000 RMB

STORY 5

"Intelligent Drug Store"
Enabling Traditional Drug Stores to Embrace the Future

The 2018 Spring Festival was drawing near, one day, when Zhang Zhifei arrived at his pharmacy after taking his daughter to school, he found a customer waiting at his door. The customer came from Lianyungang, Jiangsu Province. His child, who was ill and hospitalized, needed a new medicine. But local hospitals had run out of inventory. As the Spring Festival travel boom has already begun, it would take a long time to dispatch the medicine from other places. Suddenly, he remembered the advertisement of Yi Xin Kang Pharmacy he saw on the internet, and he immediately called to ask if the medicine was available. Zhang Zhifei checked for the medicine on the 'Intelligent Pharmacy" system and found the medicine in CR Henan Pharmaceutical. However, as it was late at night, he told the customer that the medicine would arrive the next day. The customer, worrying about his child, immediately bought a train ticket and arrived at his pharmacy in Zhengzhou early in the morning for the medicine. Zhang Zhifei asked an employee to make an order immediately on "Intelligent Pharmacy". In just 30 minutes, the employee fetched the medicine back from CR Henan Pharmacentical and gave it to the customer.

Scan the QR Coda for the photo gallery

Since May, 2017, Yi Xin Kang Pharmacy in Zhengzhou have been using the "Intelligent Pharmacy" system for one year. As the owner of the Pharmacy, Zhang Zhifei likes the system so much that he recommends it others whenever possible.

Last week, when he was discussing the changes in the medical insurance system with his friend in the friend's pharmacy, he wanted to check the information of several drugs in his friend's computer system. However, he found that the procedures were too complicated. Therefore, Zhang Zhifei immediately recommended the "Intelligent Pharmacy" system that he had been using. The friend contacted with CR Henan Pharmaceutical and had the system installed the following day.

This is the third pharmacy that has installed the "Intelligent Pharmacy" system at Zhang Zhifei's recommendation. He has become a voluntary promoter of "Intelligent Pharmacy".

Zhang Zhifei comes from Inner Mongolia. Now, working and living in Zhengzhou with his family, he has totally blended into the local community. Having worked in the medicine logistics and pharmaceutical industry for nearly a decade, Zhang Zhifei accumulated much experience and personal connections. In his 30s, he decided to establish his own pharmacy. Since then, he has been closely cooperating with Cr Henan Pharmaceutical.

In recent years, the Chinese government accelerated medical reform to make healthcare accessible and affordable. Under the influence of policies such as "the separation between prescription and dispensing, zero medicine makeup and hierarchical medical system" the retailing drugstore market has been developing rapidly. Drugstores providing direct service to patients, are playing an increasingly important role. However, there are also problems: most of the drugstores are small and distributed and there is a lack of skilled employees. So, how to use technology to break down the constraint of time and space to establish a comprehensive industrial chain has become an imperative task for CR Henan Pharmaceutical.

In early 2017, CR Henan Pharmaceutical launched the "intelligent Drugstore" project, aiming at using information technology to connect itself, a drug distribution platform, with small-and-medium-sized drug retailers, so as to strengthen operation compliance, reduce the pressure of inventory, save labor cost and improve the level of intelligence of drugstores while using its own resources and large inventory to enable patients to enjoy one-stop drug purchasing services in drugstores.

Zhang Zhifei was among the first batch of drugstore owners installing the "Intelligent Drugstore" system after it was officially launched. The trust he has for CR Henan Pharmaceutical as a result of many tears of cooperation is not the only reason for him to make the choice. What impressed him most is rich new drugs and drugs for special use in the "virtual inventory" and future position and deployment.

In the early stages, technical staff from CR Henan Pharmaceutical visited Yi Xin Kang Drugstore for multiple times to provide training to employees, answer their questions and upgrade and optimize functions according to the need of customers. Such considerate service helped to integrate the management of the system and drugstores.

Yi Xin Kang Drugstore specializes in new drugs and drugs for special use. However, due to capital, validity period and inventory constraints, the type and amount of drugs being sold are hard to meet the demand of patients. In the past, when people came to buy drug that the drugstore didn't have, the clerk had to say, "I'm sorry that you have to go to other drugstores because we don't have the drug", which would usually make the patients disappointed. However, with the "Intelligent Drugstore" system in place, clerks could conduct real-time search for the inventory of a certain drug in CR Henan Pharmaceutical on the "Virtual Inventory". Once being confirmed that a certain drug is available, the clerk could negotiate with the customer on the time of drug delivery. Customers could choose to go to the store to fetch the drug or get it delivered. Currently, the drugs are dispatched and delivered by CR Henan Pharmaceutical and could reach the drugstore within one day after an order is placed. Zhang Zhifei's drugstore is very close to CR Henan Pharmaceutical. It takes only half an hour for him to get the drug. Zhang Zhifei is satisfied with the system, "it helped me to meet the diversified need of consumers and improve customer experience. Now, we have many loyal customers".

In early 2018, Zhang Zhifei decided to develop Yi Xin Kang into a drugstore chain. Drugstore chains need to assign employees of different positions with different authorities in the online information system. Therefore, CR Henan Pharmaceutical identified authorities for each position and deployed a system upgrade on the basis of the drugstore chain structure embedded in the "Intelligent Drugstore" system. Moreover, technical staff from CR Henan Pharmaceutical also made a detailed explanation document and on-stage presentation to help Yi Xin Kang to get the approval from the Drug Regulation Administration. Now, Zhang Zhifei has got the Drug Business License for the operation of drugstore chains.

Of course, the reform that allows patients to get prescription from hospitals and buy drugs from drugstores gives Zhang Zhifei the expectation that "Intelligent Drugstore" system could integrate with hospital prescription. Yi Xin Kang Drugstore specializes in new drugs and drugs for special use. However, such drugs could only be bought with hospital prescription. Therefore, Zhang Zhife believes that selling these prescribed drugs has huge potential in the future.

By the end of 2017, "Intelligent Drugstore" system has been adopted by 570 stores of 127 drugstore chains across Henan Province, providing comprehensive, highly-efficient and concrete support for the smart management of small-and-medium-sized drug retailers in Henan.

As an important link between drug production and retailing, the integrated development of drug distribution is an inevitable trend. CR Henan Pharmaceutical regards small-and-medium-sized drug retailers as both strategic partners and its own "virtual drugstores" through the development of "Intelligent Drugstore". In this way, it established a "brick and mortar drugstore + virtual drugstore" chain model that could meet the need of the pharmaceutical industry and optimize the network of self-owned drugstores, which is significant to improving the overall market share and competitiveness of CR Henan Pharmaceutical.

In the future, CR Henan Pharmaceutical will realize networked operation and management of drug retailers with "intelligent drugstores" as service centers to realize the interconnectivity of all drugstores and develop a comprehensive service chain integrating drug producers, hospitals, drug retailers and patients with "healthcare service for patients" as the priority, so as to realize "smart health".

"Healthcare for all through jointly building and sharing medical resources" is our common goal. CR Henan Pharmaceutical has always been committed to promoting the implementation of the "healthy China" strategy with a strong sense of gratitude and responsibility to carry out its social responsibility to the nation, the industry and patients, promote sharing, shared prosperity and win-win cooperation along the pharmaceutical industrial value chain and benefit people's health and well-being.

Tremendous Responsibility Behind a Simple Story

Most of CR's business operations are faced with huge market competition. Therefore, each step forward needs the support of partners. For a long time, CR has been attaching great importance to communicating and cooperating with partners and expanding its cooperation with governments, businesses and research institutions through strengthening strategic sharing mechanisms and platform construction to realize common development. Through pinpointing the "pain points" of suppliers and industrial peers, CR shares experience and insights with the rest of the industry to create new opportunities for win-win cooperation in virtuous competition. By establishing the anti-corruption mechanism along the supply chain, CR advocated the importance of social responsibility and business ethics to safeguard market rules, improve the competitiveness of the supply chain and create a favorable environment for doing business.

In 2017, leaders of CR Group received

64 delegations

3 provincial strategic agreements have been signed

Participating in more than

20 investment attraction and promotion activities organized by the government

CR launched overseas supervision testing that covers

15 countries and regions

In 2017 CR Snow Breweries conducted comprehensive evaluation to 339 suppliers

The category of "good" ★★★	209	Accounting for 62% of the total
The category of "qualified" ★★★	119	
The category of "unqualified" ★★★	11	Accounting for 3.2% of the total

CR Pharmaceutical established an innovative strategic alliance, with more than

20 scientific institutions in collaboration

STORY 6

"CR Cow Foundation Bank"

An Innovative Solution to Poverty Alleviation

It was an ordinary day in April 2017 just like the other days. But it was a little special as it was the day for farmers to choose cattle in the cattle farm. when the door is opened, the crowd that had been waiting for hours outside immediately rushed into the farm. With ropes in their hand, they dashed to the cow shed to choose their cattle. They all have the same goal: take several "CR cow" back home through sale on credit to secure stable income in the following few years.

Scan the QR Code for the photo gallery

It is already May, but in Haiyuan, Ningxia province, the weather is still cold. Travelers to Haiyuan at this time of the year may be suffering from the dry and chilly weather after staying for only two or three days. So, it's not hard to understand why "spring rain is more precious than oil" in Haiyuan.

The 26-year-old Yang Jinlong is operating a forklift skillfully, shoveling piles of the medicago into the electric feeder driven by his colleague. When he is on shift, he would also drive the electric feeder to the cow farm to distribute forage to each cow. As he watches them using their flexible tongues to take the forage in, Yang Jinlong feels extremely happy. He visits these 20 cow sheds every day.

After dropping out of school at 14, Yang Jinlong had worked as a miner in coal mines and a construction worker at various construction sites together with his parents. Life was never easy for him. Having a decent job with a stable income in his hometown was something that he had never imagined.

However, the dream came true when he found a job in CR Beef Cattle Base close to home. He became a formal employee of the Base in just 6 months for his good performance in the probation period. Yang Jinlong likes the job very much, as it allows him, a father of two, to take care of his wife and children, parents and grandparents.

One day, he learned the "cow foundation bank" poverty-alleviation program. CR Group sell Simental cow to poverty-stricken households on credit. Each household will get 3-5 cow with a zero-interest loan of RMB 6,000 and a government subsidy of RMB 2,000 for each cow. After 3 years, the ox will be purchased back at a price of RMB 28/kg, the bottom price, or higher to pay for the loan. The cow, however, will continue to be fed and raised by the farmers to produce more cattle. Now, local villagers call the cow they bought on credit "CR cow".

With his parents growing old and little brothers and sisters to look after, Yang Jinlong could no longer work as a migrant worker. So, he persuaded his family to join the "CR cow foundation bank" program. In early 2016, being convinced by him, his parents raised RMB 15,000 and purchased 4 cow on credit with a bank loan of RMB 24,000. In December 2016, two cow produced calf and soon in February 2017, the other two also produced calf: an ox and a cow. In early 2018, three cow gave birth to their second calf.

Mentioning the calf, Yang's father couldn't hide his excitement. "When the first calf was born, the whole family was so excited. Because it means our work paid off. Raising cow at home is much better than working outside as migrant workers.

In 2017, two calves have been purchased by CR, bringing an income of RMB 20,000, adding the salary of Yang Jinlong, the annual household income of the family has reached RMB 60,000. They build a new house with bricks, consolidated the floor of the yard with cement and changed for a larger door. Life finally began to change for the better. Having greater confidence in "CR cow foundation bank", Yang Jinlong and his father decided to expand the size of their cow shed and purchase more cow.

Xihaigu, Ningxia, a place that sounds to be vast, passionate and strong, is labeled as the "poorest place in China". Haiyuan is one of the eight national poverty-stricken towns in Xihaigu. Years of draught and water shortage made the place desolate and poor. All you could see is sand even in spring. A 8.5-scale earthquake nearly a century ago made the situation worse. People suffer from poverty and pain.

At the end of 2012, at the call of the State Council, CR began to aid poverty alleviation in Haiyuan. With "targeted poverty alleviation" becoming the priority of the central government, CR launched the "cow foundation bank" model for poverty alleviation as part of the grass and cattle integration program with the support of local governments. The program provides interest-free loans to poverty-stricken households to help them develop cattle-raising business from scratch. CR Ng Fung and CR Vanguard are responsible for selling beef and beef products nationwide, even to Hong Kong.

"We want to get the local people engaged and then establish our own brand to sell the products. Local farmers are responsible for raising cattle for us. In this way, our program can really help local families to shake off poverty through their own work". CR is full of confidence for this unique sustainable poverty alleviation model.

With the idea of "leaving no one behind", CR launched "village-level collective cattle raising" and "collective cattle raising for households unable to raise cattle by themselves" to develop village level collective economy through distributing dividends every year and help households without strong labor due to sickness or disability to get rid of poverty.

By the end of 2017, CR has sold 13,400 cow on credit, had 450 cow in collective care, benefiting more than 5000 poverty-stricken households in 16 villages across the town. A total of 1,268 calves have been produced and 30 cattle have been purchased back from 26 households at a total sum of RMB 297,800, creating an average household income of RMB 11,500, dragging some households out of poverty. Besides, CR has also cooperated with 77 villages having been removed from the list of poverty-stricken villages to raise 2,889 Aberdeen-Angus cattle, which helped to increase the average income of each village by RMB 27,670 from dividends for 6 months.

Under the principle of "taking concrete actions to combat poverty", CR people left their footprint in Haiyuan. Now, the first "Five-Year Plan" has been carried out, a new "Three-Year Plan" is being launched. CR will continue to make greater efforts in R&D, disease prevention, forage preparation, slaughter and processing to expand the industrial chain, create more local jobs and attract more talents, so as to realize sustainable and sound development of the animal husbandry industry in Haiyuan.

The footprints of CR people have covered every part of China. For example, Dong E E-Jiao (DEEJ) adopted an innovative donkey raising model in Shandong and Inner Mongolia. The company provides "babysitter-style donkey raising services" to launch tailored plans according to local circumstance and share the replicable and sustainable solution with the rest of the country to facilitate poverty alleviation nationwide.

Take poverty alleviation efforts in Haiyuan as an example, CR hopes to help more poverty-stricken areas like Haiyuan and Xihaigu to get rid of poverty and step on to the road of hope and prosperity and make its own contributions to the implementation of the strategy of the rejuvenation of rural areas, so that every farmer could live a decent life and every village could benefit from the rapid development of the national economy in the new era.

Now, with the calves growing up healthily, farmers living in poverty are seeing a light of hope. With the active participation of the public, cattle raising has become a pillar industry for the local economy, turning Haiyuan into a leader in animal husbandry in the local area. Mu Hua, Director of the Poverty Alleviation Office of Haiyuan, witnessed the development of the project and the changes it has brought. "The project launched by CR bring us with a new approach towards poverty alleviation. It is the threshold for Haiyuan to shake off poverty that ignites the light of hope in the heart of the people living in poverty. I sincerely hope that the project could be carried out steadily and sustainably".

Tremendous Responsibility Behind a Simple Story

Migrant workers helped the Chinese economy to maintain high-speed growth for 30 years, which is considered as a miracle across the world. They build up the cities, but could barely find a roof on their head in the dirty and backward urban villages; they created the prosperity of the cities, but left their own villages declining; they take care of children in cities, but could only meet their children once a year during the Spring Festival. Yang Jinlong is an epitome of hundreds of millions of Chinese farmers. Four years of poverty alleviation in Haiyuan allowed us to see the helplessness of farmers in the face of poverty and their courage and persistence in fighting against poverty. We are proud to see that with the help of CR, they are able to shake off poverty and change their lives. For a long time, with the mission of "better life together", CR has been actively carrying out its responsibility for the public, caring about hotspot issues in social development and using its own resources to organize poverty alleviation and volunteer activities. Through the development of CR Hope Towns and targeted poverty alleviation projects, CR has been exploring for new solutions to realizing the rejuvenation of rural areas and winning the battle against poverty, improving people's wellbeing and realizing the harmonious development between businesses and the society.

Total Donation in the Past 3 Years

2017	***195,468,192.24***
2016	*67,299,678.69*
2015	*94,234,677.65*

Special fund for poverty alleviation

Total investment from the special fund for poverty alleviation in 2017

¥ 192,092,029.24 Yuan RMB

Including two major parts:

Targeted poverty alleviation	CR Hope Town
99,802,800.00 Yuan RMB	92,289,229.24 Yuan RMB

The number of officials serving temporary positions in government departments in targeted villages for poverty alleviation

Since 2008,

16 employees

have been assigned to counties for targeted poverty alleviation and districts/ counties where CR Hope Towns are built from CR companies of all levels

More than

40 outstanding young employees

have been assigned as officials serving temporary positions in Haiyuan for poverty alleviation

By the end of 2017, poverty alleviation projects of CR has benefited a total of

81,652 households

389,555 people

Editor: Yu Feng

Value Creation Stems from the Responsibility to Shareholders

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Comprehensively Study and Implement the Spirit of the 19th National Congress of CPC

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Philosophy and Goals

We take 80th birthday as the milestone of CR's development and a new starting point for the future. In accordance with the development concept of "innovation, coordination, green development, openness and mutual sharing", the general requirements of "steadily making progress" and the theme of "transformation, innovation and quality development", we dedicated to promoting quality transformation of the Group, enhancing innovation drive, accelerating business transformation, strengthening risk control and implementing national strategies, so as to striving for a world-class enterprise and striving for a century old CR.

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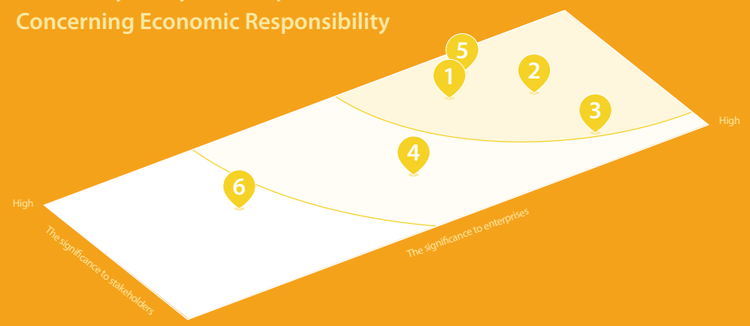
Materiality Analysis of Topics Concerning Economic Responsibility



1. Promote high quality development
2. Strengthen transformation and innovation
3. Improve business performance
4. Deepen the reform of state-owned enterprises
5. Strengthen anti-corruption efforts
6. Protect the rights and interests of shareholders

Our Performances

Total Asset
100 million RMB

2017	***12,159.23***
2016	*11,000.44*
2015	*9,945.19*
2014	*9,346.48*
2013	*8,448.70*

Business Revenue
100 million RMB

2017	***5,554.5***
2016	*5,034.08*
2015	*4,812.21*
2014	*4,614.14*
2013	*4,055.50*

Total Profit
100 million RMB

2017	***648.54***
2016	*483.38*
2015	*439.68*
2014	*374.92*
2013	*362.90*

Net Profit
100 million RMB

2017	***384.63***
2016	*337.82*
2015	*298.15*
2014	*250.95*
2013	*267.10*

ROE
%

2017	***11.56***
2016	*11.02*
2015	*10.53*
2014	*9.80*
2013	*11.80*

Rate of Return on Total Assets
%

2017	***6.46***
2016	*5.49*
2015	*5.41*
2014	*5.07*
2013	*5.60*

State-owned Assets Value Preservation and Appreciation Rate
%

2017	***115.20***
2016	*109.60*
2015	*116.50*
2014	*116.60*
2013	*110.60*

Our Actions

Improving Corporate Governance

Three Importance and One Greatness Policy Making System

In 2017, to establish and improve the system of "decision making on major issues, important appointments and removals, major projects and the use of large amounts of money" and realize scientific decision-making, CR Group formulated the Opinions on the Party Committee of CR (Group) Co. Ltd. to Implement the "Three Majors and One Big" Decision-Making System, which specified the scope, methods, procedures, enforcement, supervision and responsibilities of decision-making. It is a first-tier Group system and an important norm for Group management.

The Group issued the CR Group Investment Project Risk Assessment Guide (Trial), CR Group Investment Project Negative List (2017 Edition) and CR Group Offshore Investment Project Negative List (2017 Edition) to strictly control the Group's investment risk.

The Group adheres to the principle of party management of cadres and implements the standards of selecting cadres. The appointment and removal of important personnel is subject to collective discussion and decision by the Party Committee of the Group.

The Group promoted weekly approval of subsidiaries' fund plan by business unit headquarters, arranged all large amount fund payment through the fund system and formulated regulations that payment and approval for large amount funds all be transferred to the unified version of the Group OA system, so as to strengthen the prevention and control of fund risks.

Standardizing the Board of Directors

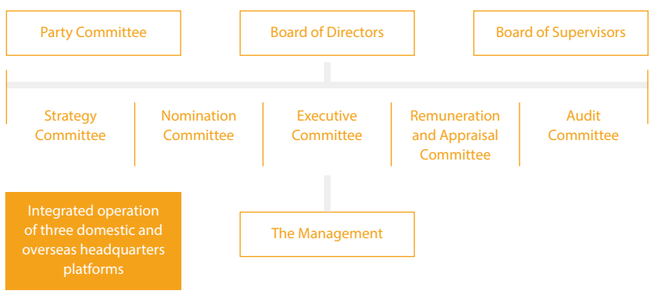
2017 marks the first year for the Group to standardize the Board of Directors. In accordance with provisions of laws and regulations and relevant requirements of the SASAC, the Group Board of Directors has established a standardized corporate governance structure, institutional systems and authorization mechanisms. The party's leadership is organically integrated with the corporate governance system, and the Board of Directors operates in strict accordance with the requirements.

Improving Corporate Governance Structure

Taking the opportunity of establishing a standardized Board of Directors, the Group established a "three-in-one" operation mode among the three headquarters platform companies (China Resources LLC., China Resources Co. Ltd., and China Resources Group). Board members of the three companies remain consistent, which improved the efficiency of decision-making.

Clarifying Authority and Procedures of Decision Making

To improve the efficiency of decision-making, the Board of Directors has established a clear authorization mechanism, which grants the decision-making authority of 19 specific matters with high frequency of occurrence to the Executive Committee, but retains the decision-making right of 46 major matters such as strategic planning, major investment, and financial budget. By the Handbook of Powers and Responsibilities, the decision-making bodies and processes of 104 specific items were specified, and a corporate governance mechanism of "equal rights and responsibilities, coordinated operations, effective checks and balances, and moderate authorization" has been formed.



Establish and Improve Corporate Governance Structure

Standardized and Efficient Operation of the Board of Directors

In accordance with annual work plan of the Board of Directors and business needs, in 2017, the Board of Directors of CR Group held 7 meetings and reviewed and approved 26 proposals. Meanwhile, through the two publications, namely CR Directors Information Brief and CR Board Newsletter, the contributors, directors and the senior management were reflected on the Board's dynamics and directors' views.

In 2017,
The Board of Directors of CR Group held a total of

7 meetings

The Board of Directors reviewed and approved

26 proposals

Supervise the Management Implement the Board Decisions

By establishing reporting mechanism and assessment and incentive system, the Board of Directors of the Group strengthened supervision of the management and ensured that the Board of Directors timely understood implementation of major resolutions and daily operations.

Standardize Information Disclosure of Listed Companies Protect the Interests and Rights of Small and Medium-sized Investors

Information disclosure is an important window for investors and the public to obtain information about listed companies, and also the basis for communication between the two parties. Listed companies of CR shall ensure timely and accurate information disclosure to shareholders and investors with the principle of transparency and reliability, and introduce corporate information to small and medium-sized shareholders through performance briefings, investor surveys and telephone interviews to answer their questions and establish positive interaction with small and medium-sized investors. Moreover, Annual and Semi-Annual Fiscal Reports shall be released to keep creditors and investors informed of the performance and financial condition of the company. In an effort to strengthen the communication with investors and regulate information disclosure procedures, CR launched an investor relation system and the Investor Reception Directive to guide the Group, subsidiary companies, regional offices and business operations of all levels to strictly follow rules and regulations in their place of listing to perform the duty of information disclosure.

CR Double-crane Pharmaceutical Co., Ltd.

Based on investors' needs, CR Double-crane puts information disclosure in accordance with the law at an important position among management activities, strictly abides by relevant policies and regulations, ensures the fairness of information disclosure and safeguards the rights and interests of small and medium-sized shareholders. In 2017, the company disclosed a total of four periodic reports and 51 interim reports, including 12 industry information that enables investors to timely obtain professional industrial information, which ensures the authenticity, accuracy and completeness of information disclosure. Through on-site reception of investor research, participation in brokerage strategy meetings, active visits to shareholders and organization of on-site visits, the company proactively present its competitiveness and potential to existing and potential investors and demonstrates to its best to investors. Through communication channel such as investors' hotline and the "SSE e-interaction" platform, the company promptly and comprehensively responds to investors' questions, help investors to understand the current situation and future development of the company and enhances operational transparency. The company took the initiative to launch a special campaign of "small and medium-sized investors entering listed companies" jointly with securities companies, so that small and medium-sized investors can communicate face-to-face with the company's senior management. It has narrowed the distance between the company and small and medium-sized investors, deepened their understanding of the company and enhanced the investment confidence.

Organize small and medium-sized investors to visit the production site

Adhering to Integrity and Compliance
Strengthening Anti-corruption

Insisting on Integrity Education

The Group always attaches great importance to improving the awareness of employees, adheres to regular and frequent integrity education, and improves employees' awareness of rules and integrity through various means.

Organizing Tenure Talks and Talks on Anti-corruption

The Group organized collective tenure talks and talks on anti-corruption. Chairman Fu Yuning made a speech entitled "*Shou Zheng*" (Be righteous) for 51 new managers under the direct leadership of the CR Group, which further clarifies the requirement for the performance of managers and improves the awareness of anti-corruption.

Conducting "Integrity Education at the Grassroots Level" Activities

By visiting and researching, holding symposiums, leading party lectures etc., the Group Supervision Department carried out "Integrity Education at Grassroot Level" activities in CR Pharmaceutical Commercial Group,CR Double-crane and CR Health.

Conducting Warning Case Education

The Group used corruption cases and confession as the negative textbooks and held a two-month centralized education by holding special sessions, collective video watching and discussions. Besides, the Group persists in compiling audit and risk management cases.

Promoting Education on Building a Clean and Honest Group

In 2017, the Group conducted 3,934 person-times of the Integrity Courses for 8 participants of Future Star New Employee Training Program, participants of "Way of CR" and New Managers of Profit Centers, and actively explored cases and resources through various channels.

In April 2017, CR Magazine published special issues of "*Shou*" (Righteous) and "*Cheng*" (Honest)

Continue Internal Inspections Realize Full Coverage of Inspections

The Group uses inspections to promote compliance with laws and regulations and strengthen anti-corruption. In 2017, the fifth and sixth rounds of internal inspections and two rounds of look-back inspections were carried out, which realized the overall plan for full coverage of the Group's internal inspections in three years. In combination with the actual situation of CR, risk points and key links of business operation that are easily and frequently exposed are included in the scope of inspection, such as bidding and procurement, engineering construction, investment and mergers and acquisitions, fund management, "Three Majors and One Big" decision-making and personnel selection and employment. Actions that is illegal or violates disciplinary are revealed in a timely manner to deter corruption. Problems discovered during inspections are reported to the Group's functional departments so as to improve targeted rules and regulations to block management loopholes.

Accomplishing Daily Management and Supervision

In 2017, the Group's Audit Department issued 566 results reports, and the relevant decision-making authorities of the Group heard a total of 105 reports on audit work results, which effectively demonstrated the importance of revealing risks, serving decisions and promoting good results. The Supervision Department put forward over 60 opinions and suggestions targeted at emerging and potential problems and weak links, focusing on small and early problems, preventing them from growing to big ones and steadily preposing the supervision procedures. Besides, follow-up audits and comprehensive review are strictly implemented to urge relevant departments to complete rectification. As of February 2018, 570 systems and procedures have been established and improved, generating economic benefits of RMB 390 million and handling more than 800 personnel.

CR released announcements before all major festivals and holidays such as the the Spring Festival, New Year's Day, Mid-Autumn Festival, May Day, Dragon Boat Festival, Mid-Autumn Festival, National Day and other festivals, to remind staff to remain clean and upright during holidays and festivals and fight against corruption.

The Group conducted special research on strengthening overseas risk management and control, preventing corruption risks and investment and operation in Thailand, and formed the *Report on Preventing Corruption Risks in Overseas Investment and Operations and Research Report on Country of Corruption Risk (Thailand) Along the "Belt and Road"*.

As of February 2018,
CR Group has established
and improved systems and procedures of

570

Generated economic benefits of RMB

390 million

Handled over

800 personnel

Advancing Special Inspections

Through over two months of on-site inspection, the Group has realized full coverage of daily supervision of subordinate companies, timely found the highlights and problems in the work and communicated feedback to the companies on the spot. Besides, the Group conducted special inspections on designated poverty alleviation county Guangchang of Guangxi, Zunyi CR Hope Town and Baise CR Hope Town to promote clean poverty alleviation. Moreover, it launched warning education in hope towns such as Yan'an, Haiyuan, Hong'an and Jianhe.

Emphasizing Anti-corruption

In 2017, the Group held a 6 special meetings on anti-corruption study. Chairman Fu Yuning made specific instructions 86 times, raising requirements every week and demanding feedback for each one. Vice Chairman and General Manager Luo Wei, as well as Deputy General Manager Ma Wei also repeatedly gave instructions on the Group's anti-corruption work. Director Shan Jijing is in charge of Group supervision work. Through participation in meetings, grassroots research, special inspections and interviews with employees, he grasps changes timely and promotes relevant work.

The Group also established a Leading Group on Anti-corruption Work headed by Chairman Fu Yuning. The The Leading Group Office is set in the Group Supervision Department. Meanwhile, the Group promoted close coordination among functional departments and built a large-scale oversight accountability system "consisting of multiple players, each with different emphasis but draws synergy", to further exert the power and effectiveness of the accountability system.

In 2017,
of those violating related regulations, those reminded and criticized account for

39 %

Those given light punishment according to Party Discipline and Rules account for

45 %

Those given heavy punishment and major occupational changes account for

15 %

Those transferred to law enforcement authorities for further investigation account for

1 %

Punishing Corruption and Dishonesty

The Group mainly investigated erosion to public interests, dereliction of duty and damage to state-owned assets during investment and M&A, bidding and procurement, "Three Majors and One Big" decision-making and other areas, and firmly dealt with any cases discovered. The Group prioritizes handling cases that violate the Eight-point Code to Cut Bureaucracy and Maintain Close Ties with the People, and a total of 7 cases of this kind were investigated, named and shamed. Symptoms of problems were immediately treated. In 2017, 39% of those violating related regulations were reminded and criticized, 45% were given light punishment according to Party Discipline and Rules, 15% were given heavy punishment and major occupational changes and 1% were transferred to law enforcement authorities for further investigation.

Strengthening System and Institutional Construction

The Group has formulated institutions such as Work Guidelines on Feedback for Clean and Honest Promotion and Appointment and Guidelines on Inspections of Candidate for Supervisory Leader of Subordinate Companies. It summarizes experiences during practices and seeks to establish long-term and regular work mechanism by a serious of rigid rules and regulations. The Group has also drafted *Measures for Violations of Disciplines and Regulations by Employees to standardize employee* behaviors and build a system that deters corruption, so as to promote corporate compliance and orderly development.

Promoting High Quality Development Creating Value for Shareholders

The report of the 19th National Congress of CPC clearly pointed out that China's economy has shifted from a high-speed growth stage to a high-quality development stage. Innovation and quality development will become the theme of China's economic and enterprise development. Following the changing trend of the economic environment, CR relies on the original channels and resource advantages to accelerate transformation and innovation, responds to competition by creating new business models, technologies and products, cultivates sustainable competitiveness of business and seeks new growth point.

Speeding up Transformation and Upgrading

Improve traditional business development

CR Ng Fung continues to build "good products" brand for its rice business towards, which led to a significant increase in turnover and profit. CR Power's electricity sales business contributed more to total revenue. CR Land cut its inventory and achieved development rights a number of new projects, which significantly boosted the contracts value signed during the whole year. Besides, a number of shopping centers of CR Land have been put into operation and delivered good results.

Focusing on Promoting New Businesses

CR Cement continues to improve its innovative businesses such as co-processing technology, collaborative disposal of domestic wastes, fabricated buildings and business integration. CR Pharmaceutical Commercial continues to deepen the "Smart Pharmacy" project. CR Land has launched asset-light strategy through Commercial Real Estate Funds to explore and develop long-term apartment rental project.

Launching Funds to Step into New Areas

The Group has set up seventeen funds, of which eight are in operation, with a total scale of RMB 60 billion, and another seven funds are already in preparation. During the year, it has invested in six major sections, namely new energy, healthcare, urban construction and operation, technological innovation, energy conservation and environmental protection and enlarged consumption. Besides, CR Capital was established to strengthen overall management of funds under the Group.

Improving the Innovation Mechanism

The Group has issued the guidelines for innovation and intellectual property rights and established CR Group Science and Technology Association to promote the Group's technological innovation. Positive progress has been made in the construction of three major collaborative platform and the development of six major collaborative projects. The development of Life Science Industrial Park and new businesses such as power generation by straw has met expectations. Substantial breakthroughs has been made in the open innovation platform, and four modules namely innovative equity investment funds, expert think tanks, high-tech transfer and accelerated innovative industry have taken shape.

Fully Leveraging on the Value of Huaruntong

After Huaruntong came into official operation, the Group further clarified the goal to build an online platform with life scenes. CR Network strives to transform into a consumption-guiding e-commerce that launches good CR products and attracts good market products. Currently, up to 16,000 SKU has been launched online, the annual trading volume of CR e-commerce totaled 1.6 billion RMB and the market sales rate of platform products increased significantly.

Orderly Promoting the Development of Huarunhui

Since the launch of Huarunhui, a three-tier structure of production center, operation center and sharing center has been established, 14 group-level shared projects and 25 business unit operations are under development, and financial sharing and fund management are steadily advanced at the group headquarters and 13 main businesses units. Various sharing are centralized and dealt with professionally.

Promoting the Construction of IT-based Service System

The organizational structure of "one department and two centers" has been established. The implementation plan for data standardization project has been researched and developed and guidelines for preparing IT technology solution issued. Relocation of data centers of the Group and various business units has been completed and the data operation management system improved. The three-year plan for the construction of the Group's OA has been formulated. The Group's system, network and information security has been strengthened. The planning and site selection of the Group Technology Center has been initiated.

Promoting the Supply-side Structural Reform

Developing New Businesses

The Group entered health care industry and developed a number of new businesses. The adjustment of traditional business structure was effective and the quality of industrialization development was further improved. The investment mechanism for seeking and nurturing new high-quality industries and growth points through industrial funds has begun to deliver results. A number of quality overseas resources and real estate have been acquired.

Optimizing Resource Allocation

The Group accelerates disposing low-efficient and inefficient assets, gradually withdraws from businesses inconsistent with the Group's strategy or with low returns, promotes orderly advancement and retreat of industries and capital and improves the overall asset quality. We reduced strategic capital expenditures on coal, cement and thermal power business and increased on new energy and gas. A number of coal-fired power projects were suspended and share of a thermal power project with 1.32 million kilowatts installment was transferred. 231 inefficient Vanguard stores were closed.

Reducing the Number of Companies

The Group adopted effective measures such as clearing, absorbing mergers, applying for compulsory liquidation by creditors and strictly controlling new establishment of BVI companies. In 2017, 183 corporate entities were reduced, which outperformed the reduction task signed with SASAC, and by the end of the year, 335 corporate entities were reduced on an accumulative basis.

Advancing Loss Management

Under the principle of "One Policy for One Company", the Group vigorously managed loss-making companies. By the end of 2017, the net decrease of the number of loss-making entrepreneurs and the losses stood at 27% and 28% respectively, a notable improvement compared with 2016.

Accelerating Disposal of Zombie Companies

With one year of hard work, the Group has reduced losses by 3.3 billion RMB by disposing zombie companies and resettled 21,421 personnel, which exceeded the planned target.

Accelerating Turnover of Capital

In 2017, the Group continued to speed up turnover of capital. The accounts receivable and inventory stocks fall by 96% and 40% respectively, which meet the budget and the SASAC targets.

Accelerating the Elimination of Backward Production Capacity

By the end of 2017, CR Coal Mining has closed 10 wells, reduced surplus production capacity by 4.8 million tons and displaced 3,748 people, exceeding the annual target set by the SASAC.

Restructuring the Company

The CR has completed restructuring based on the unified arrangement of SASAC. At present, CR is transforming three subsidiaries into limited liability companies.

Implementing National Policies

Implementing the strategy of developing "Xiong'an New Area" and "the Guangdong -Hong Kong-Mecao Greater Bag Area". CR Group has specified the overall idea and construction plan of its participation, set up the Special Work Leading Group of Xiong'an New Area and the Strategy Coordinating Committee of "the Guangdong -Hong Kong-Mecao Greater Bag Area", established strategic goals, formulated 10 projects under three major categories, and pushed forward major projects such as the CR University Expansion Project and PKU-CR Xiong'an International Medical Center.

Accelerating the internationalization process. Starting with food, energy, real estate and health industry, CR actively invests in and cooperates with "the Belt and Road" countries such as Thailand, Australia and Israel. In 2017, the internationalization process was significantly accelerated. CR has obtained Dudgeon (UK) offshore wind farm, established a joint venture with the world's largest olive oil export company, acquired Alhama Coffee Company and an office building in London, introduced new drugs from foreign pharmaceutical enterprises, and made equity investment in eight overseas high-quality consumer goods. Moreover, it has established CR Southeast Asia Representative Office of Changchun Land in Thailand, which is conducive to cultivating projects in the Southeast Asia region.

Reshaping Hong Kong business. The Group has improved its presence in Hong Kong with entry into the real estate and logistics industry. It successfully acquired four real estate and logistics projects in Hong Kong and started the preliminary planning of the Cheung Sha Wan Project in Hong Kong.

Promoting regional synergy. The Group has promoted coordination of major projects in Beijing-Tianjin-Hebei region, boosted innovation and upgrading in microelectronics, real estate and health care in Shanghai, launched cluster-based urban infrastructure construction and operation in Xi'an, conducted comprehensive cooperation in medicine and health care areas in Jiangxi, and enhanced cooperation in key projects of rejuvenating northeast China with energy conservation, environmental protection and green industries at its core.

Strengthening Internal Control System Improving Risk Management Level

Conducting Risk Competitiveness Evaluation for the First Time Establishing Evaluation Mechanism for Risk Management

In 2017, the Group carried out risk competitiveness evaluation for the first time, focusing on 4 main dimensions namely balance of risk and benefit, organization and culture of risk management, consolidation of basic management and control of major risks, and 11 sub-dimensions, conducted assessment for risk management work of 21 profit centers in 2016, and commented and analyzed risk competitiveness for the Group and profit centers respectively. Therefore, it has obtained the whole picture of the Group's risk management work, established benchmarking through "horizontal mutual comparison and vertical trend comparison", established preliminary evaluation mechanism for risk management work and effectively guide the implementation of main responsibilities of risk management.

Deepening Targeted Risk Management Improving Risk Management Capabilities

The Group promoted the participation of all levels in targeted risk control and completed 21 projects throughout the year. The work is not limited to sorting out procedures and improving systems. Instead, risk control measures are further adopted in basic management system such as business positioning, organizational structure, job responsibilities and authorization, IT system and management reports, to systematically enhance risk prevention and form a governance model of "targeted risk control + basic system optimization".

At the Group level, risk control is implemented from multiple dimensions such as strategy, finance, personnel, law, security, audit, discipline inspection and information. At the business unit level, each implements dynamic management of major risks through strategic review, targeted risk control, internal audit and special inspection and self-assessment of internal control.

Optimizing Institutions Consolidating the Foundation of Internal Control

In 2017, the Group conducted a series of systematic review and optimization such as annual meeting of teasing out and optimizing institutions, completion of Study on Several Issues of Systematic Optimization, establishment of procedures for system review and development of online system library platform. By the end of 2017, the Group headquarter has increased or revised 20 systems including the Basic *System of Financial Management of CR (Group) Co., Ltd. and Management System of Legal Dispute Cases of CR (Group) Co., Ltd.*

Holding Meeting of the Risk Management Committee Implementing Work Arrangement

In 2017, the Group organized a meeting of the Internal Control and Risk Management Committee, which indicated that risk management should adhere to "four benefits" (namely, promoting innovation and transformation, increasing operational efficiency, accelerating construction of operation and management platform and improving investment efficiency), arrange 12 key risk management tasks of the Group and promote all levels to improve internal control mechanisms and implement risk management responsibilities.

Seizing Key Management Areas Constantly Consolidating Internal Control Cornerstone

The Group continued to improve risk control measures in key areas such as procurement and finance. For procurement, the Group revised management rules, built online platform while developing Huarunhui and promoted profit centers to increase efficiency and effectiveness of centralized procurement. In terms of finance, the Group revised and improved four important financial institutions, conducted spot checks on key links of basic financial management of business units, implemented two-way reporting system for financial managers and strengthened risk control of capital operation.

Main Dimensions of CR Group's First Risk Competitiveness Evaluation

Problems and Challenges

Currently, the market demand of CR's main business shows a slowdown in growth and economic downward pressures on the Group's industrial groups with the consumption end at the core. Thus, many SBU are under tremendous transformation pressure and innovations are far from causing qualitative changes. As a diversified company, there still exist major differences of development level, stage and challenges between SBU and BU and among internal factories, stores and projects of SBU and BU. The Group hasn't achieved quality of the business development in all SBU and BU.

Our Promise

1. Carry out review on "Thirteenth Five-Year" strategy and strengthen strategic and investment management.

2. Accelerate withdrawal from traditional businesses, expand new business and accelerate business transformation.

3. Improve the innovation mechanism, increase R&D investment and continue to encourage innovation and entrepreneurship.

4. Continue to improve IT platforms such as Huaruntong, Huarunhui and the Data Center, and promote the IT development.

5. Further implement national strategies such as developing Dawan District of Guangdong, Hong Kong and Macao, Xiong'an New Area and the Belt and Road Initiative, and accelerate the implementation of key projects.

6. Fully leverage on CR's advantage of basing in Hong Kong, make full use of domestic and international markets and resources and accelerate internationalization.

Words fromStakeholders

CR has adopted centralized management and authorized operations, coupled with effective performance incentives, to manage BU across different industries and with different development stages, which achieved good results. Compared with unified management standards of most enterprises, CR's unified management is more flexible and scientific in terms of the concept and management tools. First, to establish a unified goal. Increasing company value is the common target of investment and operation by each BU and the refined requirements are implemented in key links such as investment and operation through the 6C financial management system. Second, to establish 6S strategic management system that integrates key areas such as strategic planning, business plan, performance evaluation, manager evaluation and internal audit, so as to achieve a closed loop of management and landing of strategies. Third, to establish a pre-trial committee for investment decision-making to avoid blind investment.

——Xu Qiying, outside director of CR Group

Theme Practice: Comprehensively Studying and Implementing the Spirit of the 19th National Congress of CPC

"The initial intention and mission of the Chinese Communists is to seek happiness for the Chinese people and to revive the Chinese nation. This initial heart and mission is the fundamental driving force for the Chinese Communists to continue to advance."

——the Report of the 19th National Congress of CPC

After the 19th National Congress of CPC, CR immediately took action, to prioritize study and fully implementation of the spirit of the 19th CPC National Congress as the primary political task of current and coming period, carry out study and implementation in a comprehensive way to ensure the full coverage, and innovate learning methods to promote the spirit into the heart and brain of learners. The Group issued the Notice on Studying and Implementing the Spirit of the 19th National Congress of the CPC, requiring all units to follow the spirit of and arrangement by the report of the 19th CPC National Congress. Based on realities of CR, the Group benchmarks against all aspects, improves development strategy, arms itself with Xi Jinping's thought on socialism with Chinese characteristics for a new era, and salutes to the new era with a higher goal, better performance and better state.

Organizing Comprehensive Learning

On the opening day of the 19th CPC National Congress, the Group arranged 1,523 venues and organized cadres and masses of the whole Group to watch the live broadcast. Within 10 days after its closing, the Group organized three learning meetings and two expert report meetings; within two months, the Group invited experts from the Organization Department of the Central Committee of CPC, SASAC, China Central Liaison Office and Tsinghua University to give five lectures and established a publicity group of 53 people to give over 200 lectures in various units. Subordinate companies of the Group organized central group studies and seminars, with a total of over 3,556 lectures being held and over 10,000 cadres and employees participating in online studying of the spirit of the 19th CPC National Congress.

Continuing In-depth Training

"Studying and implementing the spirit of the 19th CPC National Congress is related to the long-term development of socialism with Chinese characteristics and the fundamental interests of the overwhelming majority of the people. It has great practical significance and far-reaching historical significance. It is the primary political task of CR in the current and coming period and a compulsory political course for all CR managers. During studying, all students should strengthen political awareness, consider realities of CR, apply training results into actual work and implement new ideas, opinions, judgments, arrangements and requirement in the report of the 19th CPC National Congress, so as to ensure the spirit of the 19th CPC National Congress will be learned and applied."

——Chairman Fu's speech at the opening ceremony of the training program for studying and implementing the spirits of the 19th CPC National Congress.

Making Sound Publicity and Implementation

The Group established "CR Forum" in Hong Kong, where Fu Yuning, the Chairman of the Group and an representative of the 19th CPC National Congress, preached the spirit with the theme of "New Era ·New Opportunities", to over 60 well-known personalities and corporate executives from banks, investment banks, law firms, accounting firms and well-known consulting companies. Full coverage has been achieved, from Hong Kong to the Mainland, from headquarters to enterprises at all levels and from cadres, managers to employees.

Luo Wei, General Manager of the Group, gave a lecture on the spirit of the 19th CPC National Congress at Zhuhai branch of CR Bank and the Financial Department of the Group to give a lecture on. He called for resolutely safeguarding the central authority with Comrade Xi Jinping as the core, unifying thoughts and actions with Xi Jinping's thought on socialism with Chinese characteristics for the new era and accurately finding the positioning and starting points of work in the new era, with new missions and under new goals. Ma Lu, Deputy General Manager of the Group, organized a video conference to study and implement the spirit of the 19th CPC National Congress, with over 150 attendants from Beijing, Shenzhen and Wuxi, and made arrangements for implementation of the spirits.

The Group initiated training program for studying and implementing the spirits of the 19th CPC National Congress, which included three sessions of 15-day closed and centralized training and a total of 298 participants, fully covering managers under direct administration of the Group, and promoted implementation of the spirit in CR.

The training combined invitation of experts to lecture and development of courses internally. Courses are designed with theoretical interpretations and reality base, with historical background and Generation features, and with traditional teaching and research topics.

Courseware developed by the Group General Office, Finance Department, Strategy Department and IT Department

Through the Group official website and weibo, the training course was publicized extensively to increase the impact; By forwarding extended courses via the WeChat group, daily inventory calculation and curriculum evaluation, online and offline teaching as well as always extensive publicity was achieved. The action learning method and tools such as brainstorming, six thinking hats and mind mapping were introduced into discussion to improve efficiency and quality of the study.

Group discussion

Meanwhile, training classes adopted new forms, new tools and new methods such as pre-class "micro-forum" to encourage students to walk on the platform and talk about understanding, opinions and true feelings. Through communication and sharing of thoughts and knowledge, training results were effectively improved.

Trainee Perception

Through systematic study of the spirit of the 19th CPC National Congress, I understand that our Party's ability to unite 1.39 billion people is inseparable from its spirit of advancing with the times and self-improvement. In my opinion, "four self-confidence" represents the recognition of the Party, the motherland and the people.

Trainee Perception

I was deeply touched by the culture class. As General Secretary Xi said, cultural self-confidence is a more basic, deeper and more lasting force. The Chinese people rely on this spirit and culture to walk out of a history of poverty and weakness for nearly a hundred years. The generations of CR have also relied on this spirit and culture to forge ahead and develop. Study and implementation of the spirit of the 19th CPC National Congress will be a new normal of CR. At present, subordinate companies of the Group have successively launched training programs one by one, striving to bring the spirit to every grassroots organization and employee of the Group and to create a strong atmosphere for implementing the spirit of the 19th CPC National Congress in CR.

CR Enterprise, CR Power, CR Pharmaceutical Commercial and other profit centers have held training sessions for the spirit of the 19th CPC National Congress.

The spirit injects a strong impetus for CR's development. The Group will forge ahead based on the strategic arrangements for China's development made by the 19th National Congress, draw an overall blueprint and lift the sleeves to make more efforts.

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Scan the QR code with Mobile QQ

Philosophy and Goals

As a state-owned company with 80 years of history, CR regards employees as the most valuable wealth, advocates and follows the "people-oriented" concept, respects people's values, develops people's potential and sublimates people's hearts. It strives to empower the staff, care for the life, emotion and growth of the staff, stimulate positive energy out of them, provide them with a broad career platform, a good corporate culture and competitive work returns, and attract the best talents.

Scan the QR code with Mobile QQ

Materiality Analysis of Topics Concerning Employee Responsibility

1. Protect rights and interests of employees
2. Manage occupational health
3. Promote employee growth
4. Smooth development channels
5. Help employees with difficulties
6. Enrich employee life

Our Performances

Data related to projects to help employees in need in recent three years

Aid Projects Statistics	2015		2016		2017	
	Number	Volume (10,000 RMB)	Number	Volume (10,000 RMB)	Number	Volume (10,000 RMB)
The number of employees who have difficulties	4,722	540	3,793	545.23	4,266	685.46
The number of households being visited	3,114	265	4,916	320.32	5,302	396.04
The number of children of the staff in financial difficulties being helped	519	64	477	57.1	630	125.66
The number of sick employees being helped	3,407	593	2,330	609.22	1,901	876.61

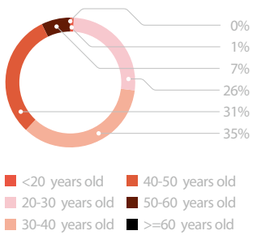
Our Actions

Scientific Employment in Accordance with the Law

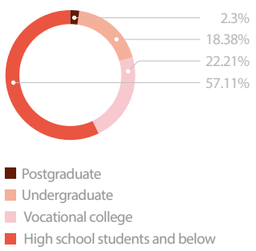
Group Staff Structure

By the end of 2017, CR had 448,400 employees, with an average age of 36.6 years. The proportion of employees under 40-year-old reached 61.97%, that of employees with college education or above 42.89%, and the ratio of the Group's managerial, professional and operational staff was 7:22:71. Female employees accounted for 50% of CR Group, 15% of managers under direct administration of the Group, and 16.01% among managers under direct administration of the Group departments and subordinates.

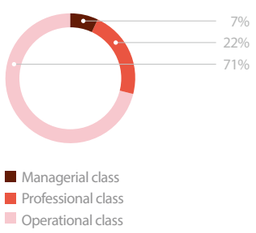
Employee Age Structure



Employee Education Structure



Employee Job Structure



Helping Female Employees to Improve Career Development - CR Women Leadership Program

On March 8th, 2018, "CR Women Leadership Project" was officially launched. The project serves all women in the Group via different forms, organizes biannual female leadership forums and face-to-face training for female managers under direct administration of the Group, sets up elective course of female leadership in the training program of CR University, and provides online courses of female leadership for grassroots female managers and all female employees.

The project is committed to integrating the latest research results and resources of "female leadership", and help female managers to grow based on CR's strategic plan and through various forms.

CR Group Female Manager Training Site

Protect Basic Rights and Interests of Employees

CR Group adheres to the bottom line of laws and regulations. The labor contract signing rate and social insurance participation rate of the whole group are close to 100%. The Group fully respects personal privacy of the staff and individualized differences between employees due to ethnicity, race, gender and religious beliefs.

The labor contract signing rate is close to the social insurance participation rate

Key indicators of the Group's protection of employee rights and interests in recent three years

Labor contract signing rate

Social insurance coverage
%

Paid days of vacation
day

Personnel Employment and Income Distribution Reform

Advance the Reform of Three Systems

In 2017, the Group adjusted division of labor of its leadership. Group leaders no longer serve as head of departments, instead, they focus on strategies. Managers incompetent for the work, in violation of disciplines or with downwarding performance were dismissed. Systematic training and track management of young managers were strengthened. By "labor contract, cultural contract and performance contract", the Group continues to improve "double benchmark" of performance and payment of managers, strengthen the linkage between company performance and manager incentives and achieved flexible income distribution. The Group also continues to promote performance contract of all staff, rewards and punishes based on performance assessment and realize flexible personnel adjustment.

Improve Management of Employment

During the 13th Five-Year Plan period, CR Group will strengthen the "de-capacity, structural adjustment efficiency increase" of employment. On one hand, the Group needs to optimize employment structure to increase internal operation efficiency. On the other hand, it needs to steadily increase staff income so as to retain and incent key job talents. Through a series of proper measures, the Group has achieved growth in both performance and income for three consecutive years.

The Group's Labor Productivity in the Past Three Years

Per capita operating income
10,000 RMB

Per capita profit before tax
10,000 RMB

Growth rate of total labor costs
%

Growth rate of total wages
%

Optimizing Incentive System of CR Vanguard

CR Vanguard conducted annual salary review and adjustment in 2017. On the basis of ensuring the income of grassroots employees, the focus is to increase income of employees with outstanding performance, which involved about 90,000 staff, or 70% of the coverage rate, and the salary increased 6.41% on the whole. In terms of annual incentives, in April, Vanguard distributed annual performance bonuses based on each BU's performance change year-on-year to encourage employees. About 120,000 grassroots staff nationwide were awarded. In terms of monthly incentives, Monthly Performance Appraisal Plan for Deputy General Mangers and above of Outlets and Key Business Managers was piloted in May and officially implemented in November. The program covers about 4,400 key personnel that drives business, breaks the original fixed salary structure, ties 30% of the basic salary directly to performance and achieved flexible income adjustment through rewards and punishments, and thus strengthening the performance culture.

CR Cement increased its dust control efforts and deployed mobile dust collection systems in projects in Tianyang of Guangxi, Caoxi of Fujian and Jinsha of Guizhou, which effectively reduced the dust concentration in packaging and loading. The picture shows the mobile dust collection system during cement loading.

Taking Various Measures to Ensure Occupational Health and Safety of Employees

The Group strictly abides by relevant laws and regulations such as *Labor Law and Law of Occupational Disease Prevention and Treatment* as well as technical standards, implements important instructions of the central leadership and work requirements of higher authorities such as the State Administration of Work Safety and the SASAC, adheres to the principle of "prioritizing prevention and combing prevention and control", carries out requirements on health management by Chairman Fu Yuning and General Manager Luo Xi, manages occupational health firmly and conducts sustained health activities that include all staff.

Improving Systems Related to Occupational Health

The Group regards institutional building as an important task for occupational health management. Benchmarking laws and regulations and considering realities of CR business, the Group establishes and improves relevant management systems and clarifies elements and standards of management, so as to achieve standardized healthy occupation. Profit centers such as CR Power, CR Cement, CR Healthcare and CR Beverage formulated and issued occupational health management standards, systems and rules based on industrial characteristics, and comprehensively standardized and strengthened occupational health management.

Strengthening Source Control of Occupational Diseases Preventing and Reducing Occupational Diseases

Enterprises at all levels of the Group manage occupational health well by eliminating outdated processes and equipment, promoting the application of new technologies, improving mechanization and automation level, strengthening source control of occupational hazards and reducing and eliminating occupational hazards and risks. Enterprises with new, modified or expanded projects such as CR Power, CR Breweries, CR Beverage, CR 999 and CR Healthcare applies for project construction to relevant departments and meanwhile submit feasibility reports to health and safety supervision departments, to ensure that the occupational disease prevention facilities and the main projet are designed, constructed and put into production and use simultaneously.

Strengthening Protection and Management During Laboring Ensuring the Safety and Health of Employees

Enterprises at all levels of the Group conduct assessment of health hazards in job sites on a regular basis, equip hazardous positions with labor protection articles, organize occupational health checkups and establish and improve occupational health records of the staff. In 2017, 59,578 employees examined occupational health and the coverage rate reached 100%.

Conducting Targeted Inspection on Occupational Health

In 2017
The number of staff that received occupational health examinations reached

59,578 people

Coverage ratio of occupational health examinations reached

100 %

CR Microelectronics strictly notifies staff of occupational hazard before employment, comprehensively implements pre-job, on-job and off-job occupational health checkups and sets up signs such as graphics, warning lines and statements in eye-catching locations for workplaces, jobs, equipment and facilities that have or pose occupational hazards. For toxic and harmful workplaces where acute occupational hazards may occur, in addition to setting notification card, an alarm device is installed and first-aid supplies are provided on-site.

Conducting Various Forms of Supervision and Inspection Promoting Effective Occupational Health Management

CR Group's enterprises at all levels continue to innovate supervision and inspection methods of occupational health. Through overall security inspection, management system review, targeted inspection, unannounced inspection, special investigation and other forms, occupational health is promoted continuously and effectively.

Extensive Publicity and Education to Strengthen Occupational Health Training

Enterprises at all levels regards occupational health training and education as a long-term basic management work. The Group organizes companies with serious or relatively serious occupational hazards such as CR Power, Coal, Cement, Land, Breweries and CR Ng Fung to participate in the first International Occupational Health Forum and the 3rd China-US International Conference on Occupational Health to learn domestic and overseas advanced concepts, methods and the cutting-edge technology and equipment. The Group also published EHS Information, a special issue on health management, to publicize relevant work of the Group, and invited experts to lecture on office occupational health and advocate for healthy work. CR Double-crane, CR Cement, CR Power, CR 999, CR Healthcare and CR Microelectronics carried out various forms of publicity and education activities for occupational health based on their own realities.

Building the Advancing Road for CR people

For an excellent enterprise, business development is always accompanied with the growth of employees. CR has designed career development channel and corresponding training system for every employee. Every CR people can find professional knowledge demanded by the job, training courses that enhances personal qualities and leadership as well as an enthusiastic supervisor to help himself grow fast and comprehensively.

Clarifying Personnel Development Standards

In October 2017, CR Group issued the *Professional Qualification Standards Manual* and conducted assessment of professional class at the headquarters. 71 staff at the Group headquarters were promoted in terms of professional level. Meanwhile, the Group also reviewed candidates for experts and 3 employees were honored experts of strategy, law and integrated management respectively. The Manual specifies development channel and promotion standards and laid a sound foundation for the orderly promotion and development of employees.

Improving the Personnel Training System

Based on the Group's "Thirteenth Five-Year Plan", CR University conducted personnel training for "four categories" (industrial leaders, key position holders, professional talents and youth reserve talents) and "three types" (innovative talents, internationalized talents and capital management talents) of the staff. In 2017, except for necessary routine training, the Group organized various training programs for key talents under the guidance of business strategies.

1

Focusing on strategic and business needs, the Group cooperated with Deloitte Enterprise Growth Institute jointly and designed the first international talent training program, which trained a total of 80 people. It also joined hands with Wudaokou Finance College of Tsinghua University and implemented talents development program for Funds, covering a total of 67 students. Besides, it carried out CR Manager Program, which covered a total of 180 managers and 286 person-time.

2

Based on realities of manager teams at all levels, the Group launched development program for new managers under direct administration. The first session has been completed and the second launched, covering a total of 54 new managers; implemented the "Executive Team Construction Program of CR Pharmaceutical Commercial", which included 48 managers and promoted organizational integration and development; organized innovation competition and training camp, where 51 projects were incorporated, covering all SBU/BU of the Group and training and coaching about 700 people.

In 2017, the Group launched two sessions of "Way of CR" training program for excellent managers, covering 216 key position holders; two sessions of training for new managers of profit centers, covering 76 new managers throughout the year. On March 8, 2018, the CR Group launched "CR Women Leadership Project", a training program for female managers.

In 2017, the number of key position holders trained by "Way of CR" program for excellent managers was

216

No.	Name	2015	2016	2017
1	New managers under direct administrative of the Group	/	33	21
2	Way of Internet	/	/	286
3	International talent training program	/	/	80
4	Excellent manager training program	232	213	216
5	Training program for new managers under direct administrative of profit centers	162	157	84
6	"Future Star" new employee training program	1,759	1,856	1,556
Total		2,153	2,259	2,243

Table for Major Training Programs and Trainee Number of the Group

3

Strengthen training for grassroots staff. The Group conducted training for grassroots staff following three main lines of "standards", "platform" and "resources", published Guidance on Training for Grassroots Staff of the CR Group, conducted qualification training and organized internal and external industrial communications and benchmarking. It also launched and promoted mobile learning APP, which received a total of 182,000 employees and offered 666 courses.

4

The Group introduced various courses and cultivated internal lecturers. In 2017, various training courses at the university covered a total of over 2,800 staff and trains over 200 internal lecturers.

Content of Key Courses Introduced and Incorporated

Leadership Courses

Leadership Quartet
Incentives
Key Communication
Coaching Leadership
EQ

Innovative Courses

Innovate Scenario Stories
TRIZ
Lean Startup
SIT
(Trial Lecture)

Management Courses

Building Excellent Organizational Ability
Financial Analysis and Decision-Making of Managers
TOP (Non-Human) Training
Business Model Innovation
Belbin Team Role
Fish - the Way to Work Happily

Action Learning Courses

Structured Seminar
Guidance for Remastering
Vision Guidance

Skill Courses

TTT - Training for Lecturers
Training for Electronic Courseware Developer
Cantonese Training for Hong Kong Staff

Case Development

Big Data and New Retail - China
Wisdom Dunnhumby

All-round Care for Employees to Create Happy CR

CR always regards employees as the key to extraordinary achievements, adheres to people-oriented governance, cares for all aspects of employees' work and life, strives to improve their sense of achievement and accomplishment, and is committed to creating efficient, vital and happy CR.

Balancing Work and Life

The Group emphasizes the health and sparetime life of employees and advocates for efficient and healthy work. By establishing various sports associations and interest groups, it enriches the "ninth hour" of employees and forms a number of influential and appealing employee activity brands.

The Group has developed a "sports & health" mobile app with functions such as steps counting, preference choosing and group building and held "More Sports, More Healthy" walking activity via this platform. Employees of the Group and its subsidiaries actively downloaded the app and participated in the activity. By the end of 2017, 49,000 staff has participated, accounting for 10% of the total number, which effectively promoted health activities in the Group. It also held a lecture on office occupational health to advocate for healthy work.

The Group's profit centers also organized various types of health activities such as hiking, basketball, fun games, tug-of-war, dancing competitions, etc., and heads of the centers took an active participation. They organize activities on a regular basis and create a positive and healthy atmosphere for employees.

By the end of 2017, the total number of participants reached

49,000

Exceeding

10 %

of the total number of the Group

The First Batch of "100 Craftsmen" Program in South China Region of CR Power

On December 13, 2017, South China Region held the launching ceremony for the first batch of "100 Craftsmen" program, with participants of over 180 employee representatives from various units of South China Region. The ceremony includes sessions such as "speech by craftsman representative", "reading the craftsman vows", "demonstration of crafts" and "meeting of craftsman program" and attracts heated discussion on the connotation, training mode and standards of "craftsman". After the event, the Carp River Project and Guangdong-Hubei Overhaul Base held "Ingenuity Cup" technical contest respectively, which set off a wave of "competing learning, business, skills and capabilities". The program is an important measure for cultivating professional technical employees at grassroots level in South China Region and enhancing core competitiveness of the company. Next, units in South China Region will conduct a series of learning and exchange activities aiming at cultivating "craftsman".

"Wine and Love Lasts for Three Generations of life" Social Gathering

"Wine and Love Lasts for Three Generations of life" Social Gathering is one of a serious of employee caring activities sponsored by CR, which provides a platform for employees to make friends and meet elites from various industries and opportunities to find love. Participants came from Tencent, Chinese Academy of Sciences, China Guangdong Nuclear Power Group and other large corporations. In a sweet atmosphere, 10 young men and women were coupled.

"Wine and Love Lasts for Three Generations of life" Social Gathering

Caring for Physical and Mental Health of Female Employees

For female employees, the Group and its subsidiaries, while guaranteeing rights and interests of the all, organized activities that give play to female specialties via platforms such as social gatherings and Labor Union. Besides, it also optimized office environment, organized lecture on women health and added gynecology check-up, so as to take care of physical and mental health of female employees.

CR Enterprise, CR Property, CR Logistics and Pacific Coffee organized health activities such as climbing mountains, hiking and basketball.

CR Snow Breweries organized work-break exercises, ball games, and walking activities on a regular basis, and jogging, cycling, climbing, hiking and sports games occasionally.

CR Ng Fung organized walking, hiking, climbing, running, sports games occasionally and its sports associations organized badminton, basketball and table tennis regularly.

CR C'estbon organized health activities of different types and scales in the headquarters, regions and grassroots units, participated in the Marathon event and held football matches, fun games, tug-of-war dancing competitions etc.

CR Power not only promoted hiking, ball games, fun games, tug-of-war and work-break exercises, but also organized targeted activities such as Occupational Goddess Festivals and health consultations.

All units at CR Land actively implemented the vacation system, promoted employee care program by establishing fitness facilities and popularized jogging, work-break exercise and aerobics.

CR Cement held the first "Runfeng Cup" basketball game, and the headquarters organized flower activities for female employees. Moreover, major regions held hiking and ball games.

All member companies of CR Gas carried out health activities with the theme of "A Decade of Chasing Dreams, Grateful to Have You", which included running for public benefits, as well as badminton, basketball and employee games.

Caring for Female Employees "Loving Mom" Room

In 2017, "Loving Mom" Room was officially put into use in CR Power, which provides more humane and caring services for female employees in "fourth phases" (menstrual, pregnancy, delivery and breastfeeding period), and becomes a "warm station" for exchanges on health knowledge, psychological adjustment and parenting experience among female employees.
Labor Unions of the CR Double-crane organized activities for female employees such as "Meet A Better Self", "Female Health Knowledge Lectures", psychological classrooms, flower arrangement art, etc.
The headquarter also set up a nursing room equipped with sofas, refrigerators, disinfection cabinets and other equipment to provide convenience for female employees.

1. CR Cement "Runfeng Cup" Basketball Game
2. CR Ng Fung Fun Games

1. 2.

Creating Harmonious Family Atmosphere

CR pays close attention to employees' family harmony. Through activities such as Carnival, Happy Union Day and Family Open Day, CR invites employees' families into CR,promotes their understanding and recognition of the company's philosophy and culture, creates a happy atmosphere of employees, their families and enterprises developing together and strives for a warm "big family".

CR Vanguard Event of Traditional Culture Comics

CR Vanguard expressed "benevolence, righteousness, wisdom, modesty, loyalty, filial piety, bravery and honesty" of traditional culture through comics, and combined with actual work to enable everyone to understand it. Meanwhile, through email, wechat, poster and national publicity, the activity drew widespread concern and enthusiastic response from employees. The event received a total of 366 submissions from all over the country and 20 won awards, which set off a wave of using comics to express clean and honest atmosphere.

Enabling Employees to Grow

CR pays attention to the overall growth of employees and strives to provide deeper cultural nourishment. In 2017, the Group organized traditional culture practice with the theme of "CR Morality • CR Heart • CR Enterprise" , which called for all employees to excavate and promote the spirits, value and connotation of excellent Chinese traditional cultures, increase their comprehensive capabilities and stimulates cultural vitality of the company.

For outstanding representatives of employees, the Group carries out selection and awarding activities, organizes excellent employees to visit Hong Kong annually, and invites grassroots staff to visit the Group headquarters and communicate with the Group leadership.

CR Power "Employees' Family Cooking Competition"

In July 2017, CR Power held a summer parent-child cooking event named "Happy Summer Farm and Fun Summer Holiday". Nearly 100 employees and their family members participated in the event and shared the summer happy hour.

Enabling Employees to Feel the Warmth

CR and its subsidiaries are very concerned about staff in poverty due to illness or with family difficulties and have established various assist projects such as "caring programs" and "poverty relief funds". CR ignites hope with love, uses true feelings to pass on the warmth, helps them walk out of the difficulties with organizational assistance and provides each CR people with an insurance for happy life.

Igniting Hope with Love

Chen Yanli is an ordinary nurse at the Department of Orthopaedics of the CR Phoenix Jiangong Hospital. In 2017, she was unfortunately diagnosed with endometrial adenocarcinoma and cervical cancer. The disease deprived her of the right to bear a child and the high treatment cost left her family in trouble. To help her overcome the disease as soon as possible, colleagues organized fundraising for her through the "water droplets" program and provided assistance to her.

CR Power Passing on the Warmth

Liu Shugang, a staff of CR Power, was unfortunately diagnosed with a rare disease during a physical examination - pseudomyxoma of peritoneal malignancy. Upon learning that Liu Shugang needs spare blood source for surgery, the company quickly organize personnel with relevant blood type to prepare for blood donation and contributed to the smooth completion of the operation. Besides, the company launched the "CR Power Passes on Love and Warmth" activity at the first time to raise funds for him. Liu Shugang and his family said: Thanks to the leaders and workers for their blood donation before the operation and warm economic help after the surgery. We will face the difficulties, overcome the disease, restore health as soon as possible and work hard to pay back care and love of the company and colleagues.

Problems and Challenges

CR Group features diversified business and market-based talents mechanism. In recent years, the turnover rate of employees has remained high. On one hand, the incentive level is not high enough and the incentive means is single; on the other hand, emerging industries such as e-commerce and Internet poses pressure on talent retention and attraction by traditional industries. In addition, due to some sluggish industries, some companies suffer declining performance, large number of employees, high mobility of personnel and low income. In the future, it is necessary to supplement some personnel and meanwhile reduce some, which poses challenge to protecting employees' rights and interests and compliance during dismissal.

Our Promise

1. Actively implement and rationally apply the SASAC's new measures for total wage management and new policies on employee stock ownership and equity incentives, enrich incentive methods, enhance incentive levels, motivate key positions and raise the income of grassroots employees.

2. Open up internal talent market and provide opportunities for grassroots employees to move across industries.

3. Strengthen management and monitoring of "de-capacity" and "disposal of zombie companies" to protect basic rights and interests of employees.

4. Listen and respond to employee appeals through multiple channels.

5. Promote health management, strengthen pre-stage prevention and improve capabilities to protect occupational health.

Words from Stakeholders

Life or career development is like programming. I have been writing it for a long time and I have written a lot. At this moment, the study at CR University is like offering a patch for my program. It will supplement and better my career at CR.

——Li Jingyao, trainee of the 11th session of CR University and employee of CR Vanguard

Liu Yang, a staff of Marketing Management Center of CR Double-crane, had a high fever and was diagnosed with severe drug eruption, sepsis, liver and kidney damage. After receiving help from the company's love fund and employees, he said:

"When I saw the text message 'We are waiting for you to come back', I couldn't help but shed tears. You gave me confidence and strength. How lucky I am that I can work in Double-crane! It's like a family and makes me feel warm."

——Liu Yang, Marketing Management Center of CR Double-crane

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Scan the QR code with Mobile QQ

Philosophy and Goals

Leading business progress and creating a better life is the meaning and motivation of CR as a commercial organization. As a diversified company, many of CR's business are closely related to the public life. We are committed to integrating the Group's resources, digging into customer needs and pulling in the distance between supply and demand. We follow the changes in life and society, seek to provide and create better products and services, base the innovation of products and services on customer demand, constantly exceed customer expectations and create customer value, and thus becoming a global corporation trusted and loved by the public.

Scan the QR code with Mobile QQ

Materiality Analysis of Topics Concerning Customer Responsibility

1. Product quality management
2. Product service innovation
3. Customer information security
4. Smooth communication channels
5. Customer complaint handling
6. Responsible consumption advocacy

Our Performances

The Groups' Spending on Technology Development was

1.298 billion RMB

Average Processing Rate of Customer Complaint is

97.51 %

B2C Customer Satisfaction (%)

CR Land - Residential Housing

2017	***75.0***
2016	*79.0*
2015	*79.0*

CR Land - Commercial Real Estate

2017	***97.0***
2016	*94.0*
2015	*91.0*

CR Property

2017	***92.0***
2016	*91.0*
2015	*90.5*

CR C'estbon

2017	***86.0***
2016	*83.0*
2015	*85.0*

B2B Customer Satisfaction (%)

CR Ng Fung

2017	***97.5***
2016	*96.5*
2015	*95.0*

CR Chemicals

2017	***99.9***
2016	*85.6*
2015	*97.6*

CR Land - Commercial Real Estate (Tenants)

2017	***98.6***
2016	*95.0*
2015	*93.0*

CR Pharmaceutical Commercial

2017	***99.03***
2016	*97.70*

Our Actions

Offering Quality Products and Services to Attract More Consumers

Customers of CR are mostly involved in the B and C ends, featuring large in number, wide in range and rich in compositions. All units of the Group strictly control and supervise the quality of raw materials supply, production links and final products to ensure that products provided to the public are reliable in quality. Meanwhile, CR carefully explores customer needs, serves customers by customized services, value-added services and customer care and strives for more convenient and quality experience for customers.

Controlling Quality Risk of Industry Chain Maximize Quality Control

The Group strictly abides by laws and regulations such as the *Product Quality Law, Food Safety Law*, and industrial quality standards, guides subordinate enterprises to implement comprehensive quality management, promotes sound management system and certification of product quality, extends scope of quality management to the up- and downstream of the industrial chain the maximum safeguarding of the quality of products and services.

CR Ng Fung Whole Industrial Chain Quality Control

CR Ng Fung implements comprehensive quality management system and establishes quality control for the whole industrial chain from raw materials procurement, processing, packaging, warehousing, logistics, sales and after-sales. The system has passed ISO9001:2015 and ISO22000/FSSC22000 food quality and safety assurance system certification:

1. For raw materials, the company has established supplier management system and implement grain survey, supplier admission and mechanism of periodic assessment of suppliers. All raw materials are provided by qualified suppliers, and stored and used after passing quality inspection.
2. For production and processing, the company has strictly implemented comprehensive quality management system and established CCP, OPRP and other key control points to ensure that product quality during processing meets the requirements and prevent food safety risks.
3. For logistics, the company has implemented strict grain management and warehouse inspection system to ensure the quality and safety of the original grain and product during inventory. Besides, the company also adopted vehicle cleaning and inspection system to ensure the safety and hygiene of transport vehicles.
4. For sales, the company has established regular inspection system to ensure the stable and reliable quality of goods sold.
5. For after-sales, the company has established 400 national customer service hotline to handle consumer consultations and complaints, regularly summarizes and analyzes customer complaints, and corrects and prevents problems raised by customers.

CR Ng Fung won one of the highest awards of national food industry, the Seven Star Award, and its pork with the brand of "Joint Kangkang" was awarded "Top Ten Famous Pork in Zhejiang Province".

Implementing Quality Management System Improving Quality and Safety Mechanism

Food

By the end of 2017, all factories of C'estbon has established ISO22000 food safety management system. Therefore, management capability of quality and food safety has been improved year by year.

CR Vanguard strictly implements commodity delivery and inspection system. It adopts professional logistics management software that contains supplier name, product name, bar code, specifications, production date, shelf life, producer etc. and can inquiry license of supplier or manufacturer and inspection report of each batch of food.

Medicine

To regulates monitoring of adverse drug reactions, CR 999 formulated *Management System on Processing and Reporting Adverse Reactions of Drugs,* and established a monitoring and management team of adverse drug reactions (ADR team) to collect, monitor, give early warning, investigate and handle adverse drug reactions and ensure relevant information can be processed accurately and quickly.

CR Double-crane continues to promote regular operation of GMP quality management evaluation system. Multiple solid preparation workshops of its subsidiaries has pass the US FDA, EU CGMP and German EHS certification. Four preparation products including amlodipine besylate tablet have obtained the US ANDA number and four bulk drug products including isoniazide have gained European CEP certificate.

CR Double-crane Safeguarding the Transparency of Drug Information

Residential Housing

CR Land released *Quality Standards for Residential Housing Projects of CR Land Limited.* Based on national quality standards of foundation, main body strength and steel bar, the document specifies internal quality standards on quality, appearance, function and size which were concerned by owners during delivery of new residential buildings (roughcast houses/coarse decoration) developed by the company. It also clarifies quality standards for public areas. Therefore, it further improves the quality of residential housing developed by the company, ensures its functions and enhances customer satisfaction.

Huachuang Property promoted ISO 9000:2015 quality management certification in all new and old properties (Lesheng Building excluded).

Resolving Customer Needs Providing Quality Services

Warmheart Service of Drug Delivery to Home by CR Pharmaceuticals Commercial

CR Pharmaceuticals Commercial Beijing Branch joins with hospitals and communities to explore the new service model of "hospital-culture-medicine", promotes signing of family doctors, creates "medicine delivery" service, solves difficulties such as community chronic disease disability and the "last mile" to get medicines by elderly patients and achieved drug delivery to home and home-based care for the aged. In 2017, the company established IT projects in over 65% of community hospitals in Chaoyang District, with one-third promoting drug delivery to home. The service is also promoted in other districts and counties of Beijing, and covers over 40% of Beijing's administrative areas in total. Lu Yan, Deputy Mayor of Beijing, praised the service as follows: "Relevant authorities should fully support this public-benefiting work, and it is suggested that full coverage of Chaoyang District be achieved as soon as possible."

Customer Value-added Services of Nanning MIXC

Nationwide projects of CR Land are equipped with a variety of value-added services and facilities to extend the content of service, provide more comfortable shopping environment and meet more customer expectations, so as to attract and retain customers. In 2017, Nanning MIXC upgraded the nursing rooms. There is a total of 10 nursing rooms (including 16 single rooms), equipped with more than 10 kinds of facilities such as air freshener, hot drinking fountain and bottle warmer. Besides, it is also equipped with innovative access control system with QR code so that customers can use MIXC Pro APP to query the free single room and scan the code to open the door.

Nursing Room of Nanning MIXC

Safeguarding Consumer Rights and Interests to Assure More Consumers

CR Group and its affiliated profit centers have established relevant protection system for consumer rights and interests or integrated such protection into daily operation and internal performance appraisal system of respective companies, aiming at protecting legitimate rights and interests as well as security and privacy of consumers and ensuring fair trade.

Protecting Consumers' Right to be Informed and of Free Option

The Group insists on being honest with customers and requires each subordinate to strictly abide by national and regional laws and regulations and industrial policies, ensure reasonable price and honest information of products and services and safeguard consumers' right to be informed and freedom of choice.

CR Double-crane Safeguarding the Transparency of Drug Information

During production and sales, CR Double-crane strictly implements relevant policies formulated by the NDRC to ensure the rationality and transparency of drug prices. Upon demand by customers and application of salesperson, service staff of the business department can deliver product materials to the customers after review and approval. Besides, the company has also established complete anti-counterfeiting system for drugs. Specifically, main products all have China medicine electric code and can be verified through the company's official website and the 400 hotline.

Protecting Information Security and Privacy of Consumers

When Internet is pervasive in daily life, CR information security team encounters relevant problems. In 2017, the Group designed and implemented information security management system that includes the safety of personnel, information and Internet, which protects information security and privacy of consumers from both mechanism and technologies.

CR Group Information Security and Event Management System

CR Land Updated Information Security System

In 2017, CR Land updated information security system and changed relevant organization. To protect consumer information, the company deploys anti-virus software annually, sorts and files accounts of database and apps of the business system and conducts local backup storage and off-site storage for data and application files, so as to fully protect customer information.

Strictly Prohibiting False or Misleading propaganda

Before shelving any activities and coupons of CR Network, their rules will be reviewed by Customer Service Department to adjust and modify wording that may induce customer complaints or misled consumers. Should customer service center receive any complaints on product content or coupons, they will timely notify all departments to make modifications or remove them.

CR Trust and CR Insurance Brokers are actively engaged in "double recording" during marketing, objective testing risk tolerance capability of customers and fully investigating product risks, so as to effectively sell product and educate investors.

Improving After-sales Service System Timely Cut Loss and Make Compensation

CR Vanguard continues "one-stop" after-sales service such as customer worry-free return, home appliance delivery and installation and efficient multi-channel delivery, and improves *Procedures for Change and Return of Goods Bought at Hypermarket Stores* to guide proper handling of goods return and change.

CR Network formulated systems that if customer complaints originate from the company and the relevant business department does not respond to the customer service department in time or does not handle appropriately, customer service department of Huaruntong will compensate customers in form of credits (not more than 1000) or coupons.

Improving Customer Satisfaction to Win Trust from More Consumers

Improving Customer Relationship Management

Huaruntong is not only a comprehensive e-commerce platform created by the Group, but also an online platform for customer operation and management. In 2017, CR Network has achieved periodical target of "four links", and completed membership system switch with Vanguard (excluding Su Guo), Land, Pacific Coffee, Gas, Pharmaceutical retail, Chinese Arts & Crafts, Kapok and other units, so that customer resources are shared. By unifying credits of each BU into Huaruntong credit system, launching joint credit card, increasing partners and expanding coverage of offline affiliate stores, credits can be accumulated and exchanged both inside and outside CR Group, which enable customers to get and cash more rights and the Group to better manage membership of various BU.

The number of Huaruntong membership is increasing fast, with a total of over 16 million and more than 6.46 million active users. The proportion of online members is enhancing and so as the platform traffic. Besides, featured scenarios and innovative businesses also contribute to increasing online transaction and customer activity.

Currently,
Total membership of Huaruntong exceeds

16 million

Active users exceeds

6.46 million

Cross-border Purchase

The company cooperates with platforms such as Huaruntang and NTES Koala to provide cross-border goods and with Hong Kong Medical Services to provide cross-border medical services. In 2017, cross-border supply chain of e-Wanjia opened to CR.

Joint Credit Card

The company cooperates with ICBC, China CITIC Bank and China Minsheng Bank and launched "Huaruntong Joint Credit Card" which provide consumer rights and interests such as credits and VIP rooms in June 2017. In 2017, a total of 270,000 cards were issued, attracting 170,000 new members.

O2O Service

The company cooperates with over ten hotels including Kapok, Amy and Grand Hyatt to offer online booking services, and cooperates with CR Vanguard to offer O2O services of 11 stores. Specifically, users can place orders in Huaruntong and products will be delivered by offline stores of CR Vanguard.

Popularizing Product Knowledge and Conducting Customer Training

CR Zizhu sponsors nationwide college public welfare activities themed "Zizhu Energetic and Healthy Campus Activity". Through expert lectures on adolescent physiology and mental health as well as colorful online and offline activities, the company promotes knowledge on adolescent reproductive health and pregnancy avoidance and guides students to establish correct and healthy views towards sex. The event has been held for 12 consecutive years since its launching in 2005 and has covered nearly 500 universities in over 20 provinces and regions. It involves and benefits over two million college students and indirectly affecting more than 10 million.

In 2017, CR Henan Pharmaceutical launched "Intelligent Pharmacy" Project, aiming at connecting drug circulation platforms and small and medium-sized retail pharmacies with IT and enable one-stop shopping of customers by its rich resources. When the system put into use, technicians of CR Henan Pharmaceutical went to pharmacies to provide training or solve problems and optimized functions of the system based on pharmacies' special needs. Therefore, the system and pharmacy management is better integrated.

Improving Customer Satisfaction Survey

To promptly, objectively and effectively reflect customer feedback, CR Land fully adjusted survey methods of customer satisfaction in 2017. The survey is transformed from annual investigation to periodical ones, from "phone survey + face-to-face interview" to "entirely phone survey", and the survey object was adjusted from family members or affiliation of the owner to the actual purchaser. Meanwhile, survey scope was expanded to include houses of two limits, social security rooms and major complaining customers, so as to protect the rights and interests of all customers.

In 2017, Sanjiu Brain Hospital established Satisfaction Evaluation Management System. By surveying satisfaction and collecting opinions, suggestions, complements and complaints of patients and their families, service bullet is produced monthly for analyzing various service indicators and improving quality of service by each department.

Establish and Improve Complaint and Dispute Handling Mechanism

Categorized Management of Customer Complaint

According to the requirement of CR Ng Fung Cold Food, within 10 minutes upon receiving complaints, recorded complaints must be transferred to relevant sales branches and customer service agents. The agent should track the handling and categorize it into one of the following three kinds, namely general complaints, vicious complaints and malicious complaints, set up handling procedures for each kind, verify results, file records, analyze reasons, propose suggestions ans decide on the improvement depart within one day since the handling of complaints, and later verify the improvement effect.

Fully Respond to Customer Appeals

CR Land has established upgraded headquarters complaint channel, responding to owners within 24 hours and ensuring the available channel for customer complaints. Meanwhile, it timely responds to customer complaints raised during return visits and ensures that 100% customer claims be resolved. In 2017, CR Land handled a total of 5,194 customer complaints nationwide, with closing rate of 99.86%, average handling time of 13.5 hours and satisfaction rate of 89.73%. There wasn't any major customer complaints that effect CR Land's reputation throughout the year.

Guaranteeing Supply

To ensure the safety and prompt supply of products under special circumstances, the Group's subsidiaries all established corresponding guarantee systems for emergency to ensure products supply and meet customer needs.

CR Gas:Supply Guarantee for Natural Gas in Winter

Every year from November to March is the "supply guarantee period for natural gas". To ensure normal gas consumption by residents, safe consumption by the whole society and consumption demanded by factories, CR Gas has continuously improved the construction of pipeline network facilities. Member companies coordinate with each other to introduce more diversified upstream gas sources and strengthen guarantee for professional operation, so as to provide stable and reliable gas supply for customers.

CR Pharmaceutical Commercial Emergency Medicine Reserve Center

To ensure emergency supply, CR Pharmaceutical Commercial has reserved emergency rescue medicines and emergency medical equipment for a decades, established emergency support agencies such as "Emergency Medicine Reserve Center" and "24 hours emergency class" and followed the basic principles of "quick response, quality first, ensuring safety and timely delivery", so as to ensure needs for special drug by medical institutions and patients. Over the years, the company has guaranteed medicine and equipment supply in major activities, significant public health incidents, disasters and epidemics of the country, and received commendation from the government and the society.

CR Henan Pharmaceutical distributes urgent life-saving drugs. The picture shows a rescued child mother writing a thanks letter.

Innovative Development

CR Group adheres to the core value of "innovative development", pays attention to changes in consumer demand and market environment, constantly improves the innovation mechanism, increases investment in R&D and vigorously develops products and services, so as to drive rapid development with innovation.

Establish, Improve and Innovate Management Mechanism

Mechanism is a powerful guarantee for promoting innovation. In 2017, the Group formulated the CR Group Measures on Fund Management, *CR Group Measures on Patent Management* and other systems. Besides, it established the Science and Technology Association whose Secretariat was set up at CR University, committed to forming innovative ecological chain of experts, associations and projects and promoting industrial innovation, transformation and development.

- CR Power established the Innovation and Intellectual Property Committee and issued the Innovation Management System, Management Standards for Innovative R&D Project and other systems.
- CR Microelectronics has established Applied Technology Research Institute and the *Innovation and Entrepreneurship Center in Shanghai to attract outstanding innovative talents and projects* at home and abroad. The company and its subordinate profit centers have developed incentives for innovation such as project-based incentive system, research-based incentive system and product line-based incentive system.
- CR Healthcare established the "CR Healthcare Innovation and Development Award" to reward individuals and teams that have innovated and achieved outstanding results in hospital management and clinical construction. It has been successfully held for three sessions.
- CR Medical issued the *CR Healthcare Management Measures for Innovation and Development Award.*

Great Breakthrough in Open Innovation Platform

Under the guidance and promotion of the Group Innovative Development and Intellectual Property Committee, CR University gradually delivered fruits from opening innovation platform. By making full use of its four functions, namely "innovation fund, innovation acceleration, expert think tank, high-tech transfer", the company explores industrial needs of innovation and cooperates with external quality industrial partners to build an innovative ecosystem.

Innovation Fund	The fund's initial scale was 550 million RMB. It has completed investment in the "left neighbor" project of the Smart Park project and the "extreme perspective" project of computer intelligent vision filed. By the end of December 2017, the innovation fund has reserved 143 new projects.
Innovation Acceleration	The Group has cooperated with the Hong Kong University of Science and Technology, the Shenzhen Tsinghua University Research Institute, the government of Xiong'an New Area and other internal and external units, and held 15 innovative activities such as innovation competitions and industrial cooperation.
Expert Think Tank	The Group signed a strategic cooperation agreement with Capvision. The two parties established a joint venture company to provide expert think tank service, which provided over 60 times of expert consultations for the Group's internal investment projects and decision-making projects in 2017.
High-tech Transfer	The Group signed a strategic cooperation agreement with Shenzhen Tsinghua University Research Institute to introduce 10 IT projects by technological transfer platform, which covers areas such as energy conservation and environmental protection, new materials, medical health and microelectronics. Three of them are in pilot cooperation with industrial sectors such as land, gas and consumer goods.

Business Incubator, One-Stop Service to Help Entrepreneurs

CR Acceleration is a featured venture capital platform under CR Land. By integrating business and industrial resources of the CR Group, it provides services ranging from investment, financing to operations, helping start-ups and large enterprises to achieve business-level or strategic-level cooperation and win-win results. Since its establishment in 2016, CR Acceleration has achieved positive results in innovation and transformation of traditional industries, and initially realized effective interaction between finance and industry. On an accumulative basis, it has helped 18 innovative and entrepreneurial projects to leverage on industrial resources of CR Land, CR Consumer Products, CR Power and CR Gas, attracting more than 40 Chinese and foreign teams, and nearly 50% of them obtained financing or CR industrial/capital resources during the acceleration period. With the advantage of professional and complete incubation chain, CR Acceleration was recognized as 2017 district-level creative space of Nanshan District, Shenzhen, and was supported by special funds for independent innovation industry of Nanshan District, Shenzhen.

Acceleration Plan

CR Group Industrial Resources
- Large enterprises, Silicon Valley venture capital, top mentors and media attention
- Talents recruitment, business cooperation and technology integration
- Market expansion, local investment and international capital
- Class A office environment

Financing Support
- CR Capital
- CR Acceleration Fund
- Over 40 joint VC such as Silicon Valley Amino Fengyuan Fund, Dan En Ventures, Lebox Capital, etc.

Membership Service
- Government subsidies
- Talent recruitment
- Finance, laws and taxation
- BP diagnosis
- Promotion and publicity

Your Team
- Have developed product prototype
- Have completed at least one round of financing
- The applicant must be a core member of founding team

Brilliant Innovation Achievements

Product and Service Innovation

CR Pharmaceutical Successfully Developed NIP292, a 1.1 Class Medicine for Idiopathic Pulmonary Fibrosis

NIP292 is a new ROCK protein kinase inhibitor developed by Pharmaceutical Research Center of CR Pharmaceutical since 2016. It shows superiority in the pharmacodynamic model of pulmonary fibrosis, compared with fasudil, a drug with the same mechanism, and pirfenidone and nidanib, a drug approved by FDA in 2014. It boasts sound safety and is possible to be the best-in-class drugs in this field. It will provide a safer, more effective and cheaper treatment for IPF patients in China and even the world and greatly relieve both the patient's disease burden and economic burden.

The NIP292 project has applied for two Chinese and one international PCT (PCT/CN2014/089542) patents which have been granted, and is included in national "major new drug creation" projects with strategic support from the "13th Five-Year Plan". It is expected that funding support will reach 3 million RMB. The project will achieve breakthroughs in zero application for Class 1 innovative drugs by CR Pharmaceutical for more than one decade, and lay the foundation for the follow-up of other Pipeline innovative drug projects in CR Group.

Technological Innovation

CR Microelectronics BCD Process Platform with Integrated Value

With the integration of value, CR Microelectronics builds an joint R&D system based on company's core process technology platform. Through the interaction of process and product innovation, it fosters the company's core product line, promotes the improvement of process technology and ultimately realizes the overall enhancement of core competitiveness and economic efficiency.

BCD technology has won one second prize for national technical inventions, three first prizes for provincial and ministerial scientific and technological advancement and technical invention and one third prize for provincial and ministerial scientific and technological progress. It has applied for 476 invention patents, which includes 248 international ones. With this project as the carrier, it undertakes 10 national and local government science and technology projects and two technical transformation projects, which obtains a total funding of 630 million RMB. In 2017, the value-added products realized revenue of 713 million RMB, up by 36% over the previous year, and the gross profit margin was 32.82%, much higher than the company's average level of 19.7%.

Management Innovation

CR Power Fuel Full Value Optimization System (FOS) Project

Value exploration of thermal power fuel management has always been a technological difficulty in power industry. Besides, affected by national policy of de-capacity, coal production falls drastically but prices soar constantly, resulting in reduced profit margin of thermal power plants. CR Power developed FOS system through independent research and innovation, which achieves digitalized management of coal field, intelligent selection of blending scheme, precise adjustment of blending operation and scientific decision-making of procurement, maximizes values of all links of fuel management during thermal power plant production and ultimately achieves the lowest fuel cost and maximum benefits per unit of power generation unit.

At present, the project has been implemented 30 thermal plants of CR Power. If investment for each power plant was about 500,000 RMB, the FOS system can lower coal price 5-10 RMB per unit and save over 10 million RMB throughout the year. According to CR Power's current purchase of raw coal, the full thermal power industry is expected to reduce fuel costs by about 300 million RMB.

The FOS system has obtained five national patents and one software copyright, and was awarded won the "First Prize of China Power Equipment Industry Innovation" and "CR Group Best Practice Project of Informationization".

Mode Innovation

Dong' E E-jiao Precision Poverty Alleviation Model

Dong'e Ejiao leverages on the advantage of donkey industry, innovates concepts of "raising the donkey as a medicinal material" and "constant exploring value of donkeys", and establishes an industrialized farming model of "government + finance + leading enterprises + cooperatives + farmers" and poverty alleviation modes such as Donkey hope village. Integration of the whole industrial chain not only solves raw materials for suede, but also promotes a new sustainable and replicable mode of precise poverty alleviation through innovation and demonstration, which greatly increases household income in poverty-stricken areas. It has won national prize, government support and media praise, which creates a new path for the country to fight poverty.

Problems and Challenges

The diversity of CR Group's customers has caused difficulties for the unified management of customers at the Group level. Although CR has partially solved the problem of customer resource integration, it still lacks a unified organization for customer relationship management. Customer management mechanism has not yet been established and supervisory synergy needs to be formed. With the growing consumer demand for a better life, on one hand, the safety risks of our products and services still exist and the long-term mechanism for risk prevention needs to be further improved; on the other hand, our products and services are still unable to meet the growing material and cultural needs of the people. The innovation effect has not yet led to qualitative change and key areas still lack weighty innovation results. Moreover, the innovation investment is insufficient and innovation systems and mechanisms needs to be reshaped.

Our Promise

1. Further strengthen the construction of customer management system and form supervisory synergy.

2. Continue to promote quality improvement of products and services and transfer focus from solely on "quantity" to the current on both "quantity" and "quality".

3. Continue to explore online service channels and capacity building, and meanwhile protect consumer information security and privacy.

4. Continue to increase R&D efforts to promote product and service innovation.

Words from Stakeholders

The predecessor of CR Double-crane was born in the campfire. Since its establishment, it has experienced "four cultural breakpoints", but it has not forgotten its initial heart: insists on rescuing the dying and healing the wounded as well as self-improvement, and strives for a leader of national pharmaceutical enterprises; keeps in mind that "the medicine is made with the people's health in heart", and embeds social responsibility into the company's growth genes. The company is committed to maximizing social value and sustainable development. It keeps pace with the times, constantly innovates, injects new bloods and explores transformation of traditional old state-owned enterprises under the new normal.

——Yang Quanmin, head of the review team of the 2nd Quality Management Award of Beijing Municipal People's Government

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Philosophy and Goals

In CR, work is not only for self-improvement, but also to make a better living environment for more people. We insist on "not to pursue short-term benefits of the enterprise at the cost of long-term benefits of the environment, not to seek scale expansion of the enterprise at the cost of survival conditions of the offspring", practice green responsibility and achieve sustainable development of the enterprise. We are committed to strengthening environmental protection, energy conservation and emission reduction, improving resource utilization efficiency, reducing pollutant emissions, fulfilling social responsibilities, enhancing green competitiveness and promoting the harmonious development of enterprises and nature.

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Materiality Analysis of Topics Concerning Environmental Responsibility

1. Improve environmental management system
2. Carry out green production
3. Actively respond to climate change
4. Build an environmentally friendly enterprise
5. Protect biodiversity
6. Provide green products
7. Green office

Our Performances

Comprehensive Energy Consumption
38,916,638 tons

Comprehensive Energy Consumption of 10,000 RMB of Industrial Output
2.0239 tons of standard coal /10,000 RMB

Comprehensive Energy Consumption of 10,000 RMB of Turnover
0.0174 tons of standard coal /10,000 RMB

Comprehensive Energy Consumption of 10,000 RMB of Added value
2.7972 tons of standard coal /10,000 RMB

Total Spending in Environmental Protection
2.52 billion RMB

Energy-saving and Emission Reduction Technology Transformation Investment
20.8 tons of standard coal /10,000 RMB

Our Actions

Green Management Establish a Long-term Mechanism

CR Group implements green management strategy, insists on green production and operation, promotes transformation to green development, continuously improves environmental management system and accountability system, standardizes corporate behavior, establishes long-term mechanism of green development, and contributes to building a beautiful China with bluer skies, greener mountains and clearer water.

CO_2 emissions

225,166,878 tons

SO_2 emissions

36,272.8443 tons

NH_4+N emissions

204.5702 tons

COD emissions

1,852.9281 tons

NOx emissions

93,098.1658 tons

Improve Environmental Management System

Through practice and innovations of ideas, the Group constantly improves environmental management system, strives for energy conservation and emission reduction goals, strengthens environmental publicity, carries out supervision and inspection and implements assessment of liability, which has laid solid foundation for orderly environmental protection, energy conservation and emission reduction work. The Group has formulated *CR Group Position EHS Responsibility System and CR Group Ordinances on EHS Incidents Responsibility Investigation* to implement environmental protection responsibilities at all levels, strengthen accountability system and improve environmental responsibility system. Based on requirements of State Council and SASAC, the Group has given annual annual energy saving and emission reduction goals for each profit center, which were further decomposed and distributed to grassroots enterprises. Besides, the Group has strengthened assessment of target achievement and included the results into annual performance contract of enterprises, which effectively promote energy conservation and emission reduction.

Establish Early Warning and Emergency Response Mechanism for Environment Protection

To supervise air pollutant emissions and avoid environmental incidents, in 2017 CR Power started to construct monitoring system of air pollutant emissions. Through a series of research, technological communication, system testing and commissioning, it has optimized start and stop decision of the system, solved false alarms at the starting-up period and developed table and chart functions. The system has been put into official operation in subordinate thermal power companies.

Increase Investment in Energy Conservation and Environment Protection

Companies at all levels of the Group increase input into energy conservation and environmental protection and actively implement relevant projects. By promoting the application of new technologies, crafts, equipment and materials, they have implemented environmental protection goals and achieved fruits. In 2017, the Group's total investment in environmental protection was 2.52 billion RMB and major energy conservation and emission reduction projects totaled 197, both reaching the expected goals.

CR Power

The company invested 1.96 billion RMB and implemented 35 major energy conservation and emission reduction projects. Compared with 2016, the sulfur dioxide emissions reduced by 14.8% and nitrogen oxide emissions 10.36%. Six units of Xuzhou Power Plant completed the ultra-low emission transformation, and their air pollutant emission index is superior to the gas generator set. The total pollutant discharge is about 3/4 lower than that before and the average annual saving of standard coal is 90,000 tons, which was reported in the front page of the *People's Daily* as an excellent example for energy conservation and emission reduction.

徐州 节能减排交出亮丽答卷

People's Daily reported the effectiveness of energy saving and emission reduction of Xuzhou Power Plant of CR Power

In 2017, the Group's total environmental protection investment is

2.52 billion RMB

The number of major energy conservation and emission reduction projects being implemented is

197

CR Cement

The company invested 290 million RMB and implemented 63 energy conservation and emission reduction projects. Compared with 2016, sulfur dioxide emissions reduced by 31.57% and nitrogen oxide emissions 3.82%. Guangzhou Yuebao Plant has transformed the ball mill system featuring high power consumption and low output and achieved an annual increase of 1 million tons and decrease of 6.2 degrees power consumption per ton of cement.

Strengthen Training on Energy Conservation and Emission Reduction

Based on national policies of environmental protection and energy conservation Policy as well as industrial characteristics of each enterprise, the Group has conducted training on environmental protection and energy conservation, publicized laws and regulations in this field, environmental management system of companies and the latest energy saving technologies through case studies, constantly improved EHS management capabilities of person in charge of companies and professional quality of EHS managers at all levels, and enhanced the awareness of energy conservation and environmental protection of all employees so as to jointly realize green development of the enterprise.

The Group organized four EHS training sessions for grassroots enterprises with a total of 1,451 trainees. Training for the heads of grassroots enterprises was focused on application and practices of "two highs" and "five haves" and "China", CR Group Position EHS Responsibility System and CR Group Ordinances on EHS Incidents Responsibility Investigation, as well as sharing of EHS culture construction experiences. Training for EHS managers of grassroots enterprises focused on warning education of EHS incidents, which introduced methods to identify hidden hazards, enhanced the sense of responsibility of the principal responsible persons, improved professional skills of EHS managers and promoted exchanges among grassroots enterprises of profit centers.

The EHS training sessions held by the Group for grassroots enterprises is numbered

4

Trainees reached

1,451 person-time

CR Power

The company organized capacity building of EHS security system. Based on characteristics of EHS security system, 10 courses were set including implementation of subject responsibility, safety leadership, accident investigation and root cause analysis, emergency management and occupational health and seminars on topics such as "Improving EHS Training Effectiveness", "Team Safety Construction", "Implementing EHS Accountability Ordinances" and "Giving Play to EHS Vitality and Passion of Grassroots EHS", which promoted the improvement of EHS awareness and management ability.

CR Cement

The company organized targeted training of co-disposal of domestic garbage by cement kilns. By discussing hot issues in collaborative disposal and proposing solutions via the mode of "on-site visit + classroom training + project discussion", participants realized the necessity to transform cement enterprises and gained a more comprehensive understanding of technical application ideas and methods, which laid sound foundation for further promotion of collaborative disposal.

Guangzhou CR Thermal Power Plant carries out harmless disposal of sludge to achieve green coal power

Actively Responding to Climate Change Supporting the Development of Green and Low-carbon Industries

The Group implements national strategy of ecological protection into specific actions. By optimizating resource allocation, promoting green and environmentally friendly new energies, controlling investment in coal-fired power, shutting down low efficient small coal-fired thermal power plants and suspending coal-fired power projects, the Group continuously optimizes the installed structure, increases clean energy ratio, responds to climate change and practices green and low carbon development.

CR Power optimizes resource allocation and prioritizes developing clean energy. In 2017, there were 124 pre-reviewed investment projects of CR Power, of which 72 were clean energy projects, accounting for 58%. Among capital expenditures, clean energy accounted for 55% and purchase of wind turbine equipment and PV modules amounted to 4.88 billion RMB. In the whole year, a total of 997,000 kilowatts of wind turbines and 145,000 kilowatts of photovoltaic generators were put into operation. The total installed capacity of wind power, hydropower and photovoltaic power generators reached 6.184 million kilowatts, accounting for 17.4% of the total installed capacity of CR Power generators, up 3.3% from 2016. Among them, the installed capacity of and the capacity under construction of wind power, photovoltaic power and hydropower were 5,629,000 kilowatts and 2,137,000 kilowatts, 275,000 kilowatts and 71,000 kilowatts and 280,000 kilowatts and 107,000 kilowatts, respectively.

By the end of 2017, installed capacity of CR Power's renewable energy generators was

6,184,000 kW

Its proportion in total installed capacity was

17.4 %

CR Power Qinghai Dachaidan Wind Farm

Total generated capacity of renewable energy was

13.6 billion kWh

Equivalent to saving standard coal of

4.152 million tons

Reducing emissions of carbon dioxide by

CO_2 10.35 million tons

In 2017, generated capacity of renewable energy increased steadily compared with that in 2016. Generated capacity of wind power increased by 20.6% to 11.357 billion kWh; photovoltaic power by 113.68% to 280 million kWh and hydropower by 3.11% to 1.963 billion kWh. The total generated power of renewable energy was 13.6 billion kWh, equivalent to saving 4.152 million tons of standard coal and reducing carbon dioxide emissions by 10.35 million tons.

Installed capacity of renewable energy
(Unit: 10,000 kw)

Developing Carbon Sink Projects

CR Vanguard actively participates in reclamation of degraded pastures in Tibet. As of the end of 2017, by participating in "Qinghai-Tibet Plateau 10,000-mu Greening Plan", the company has donated 350,000 square meters of planting area, which it can absorb more than 4,000 tons of carbon dioxide each year, effectively improving the desertification of Qinghai-Tibet Plateau and promoting local climate stability and ecological balance.

Donating

350,000

square meters of grass

Green Operation Strengthen R&D and Application of Environmental Protection Technology

The Group has firmly established green business philosophy and implemented it in the whole process of production and management of enterprises at all levels. By implementing energy saving and emission reduction, the company continuously reduces pollutant emissions and resource consumption. Through green procurement, it popularizes the concept of environmental protection to relevant parties, encourages partners to protect environment and achieve green operation. In 2017, the Group did not encounter relatively large or more serous environmental pollution incidents.

In 2017, the Group's comprehensive energy consumption of 10,000 RMB of industrial output decreased by

2.53 %

Compared with 2016, comprehensive energy consumption of 10,000 RMB of operating income decreased by

2.25 %

Compared with 2016, comprehensive energy consumption of 10,000 RMB of added value decreased by

0.55 %

Improving Energy Efficiency

The Group strives to improve energy efficiency and reduce resource consumption by adjusting industrial structure, eliminating backward production capacity and implementing technological transformation. In 2017, the Group's comprehensive energy consumption of 10,000 RMB of industrial output, operating income and added value decreased by 2.53%, 2.25% and 0.55% respectively compared with 2016. The energy efficiency continues to improve.

CR Cement

The production line is equipped with 45 sets of waste heat generator sets to promote efficient use of resources. In 2017, the grid-connected power was 2,047 million kWh, equivalent to saving about 624,900 tons of standard coal and reducing carbon dioxide emissions by 1,557,800 tons.

CR Power

The company invested 776 million RMB to upgrade steam turbine optical axis and compression heat pump of coal-fired units to save energy and increase efficiency. Besides, it expanded the heating area, optimized operation and constantly reduced coal consumption, thus saving 260 million RMB of fuel cost for the whole year and achieving energy conservation, consumption reduction and efficiency enhancement for thermal power plant operations.

CR Snow Breweries

Six factories in Henan, Jilin, Shenyang etc. have built wastewater biogas utilization systems, which use beer wastewater to produce biogas and combustion of biogas to produce steam for heating. In 2017, a total of 1.75 million cubic meters of biogas was recycled, generating over 20,000 tons of steam, saving 1,250 tons of standard coal and reducing carbon dioxide emissions by 3,116 tons.

Biogas Recovery and Utilization System of CR Snow Breweries Shenyang Plant

Continuously Reduce Pollutant Emissions

The Group organizes enterprises at all levels to implement energy efficient projects, apply advanced technology for environmental protection, upgrade relevant facilities, strengthen operation, maintenance and management, and continue to reduce discharge of waste gas, wastewater and solid waste. In 2017, total emissions of sulfur dioxide, nitrogen oxide, chemical oxygen demand and ammonia nitrogen decreased by 12.07%, 5.98%, 6.98% and 5.24% respectively, and the emission reduction effect is remarkable compared with 2016.

Compared with 2016, in 2017 SO_2 emissions reduced by

12.07 %

NOx emissions reduced by

5.98 %

COD reduced by

6.98 %

NH_4+N emissions reduced by

5.24 %

Conduct Co-disposal of Wastes Developing Circular Economy

The Group strengthens R&D and application of environmental protection technologies, participates in social waste treatment, develops circular economy and transform factories into "city symbiosis", so as to achieve transformation of the whole Group.

CR Power Hezhou Power Plant Comprehensive Utilization Project of Marble Waste Slurry

The project has overcome many technical difficulties and successfully replaced limestone powder used in desulfurization with marble waste slurry, which produces plaster and then supplies it to CR Cement for recycle and reuse. Therefore, the company established a new industrial chain of "calcium carbonate enterprise - CR Power - CR Cement" that connects upstream and downstream and benefits multiple parties. In 2017, the waste slurry processed was about 100,000 tons, which effectively controlled the "Milk River" problem, alleviated environmental pressure of Hezhou calcium carbonate industry, and meanwhile reduced production cost of the power plant by 10 million RMB and generated a comprehensive income of 70 million RMB. Hezhou power plant has become the first thermal plant nationwide that applies marble waste slurry in wet flue gas desulfurization system. The project has promoted Hezhou CR circular economy integrating into the social cycling innovation, contributed to regional economic development and ecological protection and extended operation space of power enterprise.

CR Cement Co-disposal of Solid Waste Projects

Through years of exploration and research, CR Cement has developed "mechanical biological pretreatment + hot plate furnace combustion" to dispose of domestic garbage, "sewage plant internal drying + cement kiln combustion" to dispose of city sludge and "mechanical crushing and pretreatment + pumping to kiln for combustion" to treat industrial hazardous wastes, which has effectively solved the problem of land occupation and secondary pollution by solid waste disposal and truly realized harmless disposal of solid wastes. In 2017, CR Cement newly built and put into operation three domestic garbage treatment projects in Baise of Guangxi, Midu of Yunnan and Fengqing of Yunnan, as well as Treatment Project of Cement and City Sludge by Zhujiang Guangdong and Treatment Project of Industrial Hazardous Waste by Changjiang Hainan. These projects can treat 410,000 tons of domestic garbage, 90,000 tons of city sludge and 30,000 tons of industrial hazardous waste. In 2017, it handled 135,600 tons of city sludge and 80,400 tons of urban and rural domestic waste.

Promote the Purchase and Use of Environmentally Friendly Raw Materials

CR Vanguard promotes new complete biodegradable shopping bag in its subordinate supermarkets. The new shopping bag has been certified by international professional organizations such as VINCOTTE of Belgium, TÜV Rheinland of Dutch and BPI of the United States that it contains no polyethylene, can be decomposed naturally and will not cause any pollution. By the end of 2017, the brand supermarket named Ole' has used more than 19.98 million "zero pollution" bags.

CR Power

The company has introduced new technologies and invested a total of 1.181 billion RMB to transform six coal-fired units into ultra-low emission creator. By the end of 2017, 55 units (installed capacity of 22.792 million kW) have completed ultra-low emission conversion, accounting for 91% of the installed capacity of coal-fired power plants, which significantly reduced emissions of sulfur dioxide, nitrogen oxides and soot. For management of sewage permit, all thermal plants have obtained pollution discharge permits by the end of July 2017, implemented arrangements of local government, conducted off-peak production and launched emergency response to heavy-duty weather.

CR Cement

The company explores and practices application of industrial waste in cement production. By incorporation of industrial waste such as desulfurization gypsum, fly ash, steel slag and waste rock, it turns waste into treasure develops "green building materials" and achieved efficient and comprehensive utilization of resources. In 2017, all cement plants consumed over 21.47 million tons of industrial waste.

CR 999

The Ya'an factory has introduced production mode of green circular economy. It ferments waste slag into organic fertilizer, and uses the latter in producing Chinese medicinal materials, which realizes recycling of traditional Chinese medicine residues. From August 2017 when it was launched to the end of the year, about 1,000 tons of drug residues were treated and about 400 tons of organic fertilizer were produced, which saved the cost of drug residue treatment, reduced the cost of organic fertilizer purchase and produced good social and economic benefits.

Organizing Environmental Protection Activities Promoting Recovery and Governance of Ecology

CR Group will conduct environmental protection activities on a regular basis, face impact of constructions on the surrounding ecological area, and achieve win-win of economic development and ecological environment through various activities, funds investment and restoration measures.

CR Power

Sanqingshan Mountain Wind Farm is committed to "Returning Sanqingshan Mountain Blue Water and Green Mountains. It has invested 5.3 million RMB accumulatively, air planted about 260,000 square meters grasses, grown nearly 20,000 kinds of plants and reclaimed about 420,000 square meters of plants, and thus making the wind farm a local scenic spot and achieving coordinated development of engineering construction and ecological environment.

CR Cement

The company seeks to build a green mine. It has organized reclamation of mines and dumping sites and have delivered initial results. In 2017, Guigang Factory, Bucheon factory and Luoding factory passed on-line review of provincial green mine.

Sanqingshan Mountain Wind Farm Before Greening

After the Greening

Improving Water-saving Management

CR Breweries adheres to water-saving concepts of source reduction, process control and cascade utilization. By re-sorting out plants' water system and reviewing their water balance and heat balance, the company has improved management of graded water usage and recycled water usage inside and outside the workshop, reduced production loss, implemented multiple upgrades, such as efficient cleaning technology of production process CIP, improvement of packaging bottle washing machine spray, recycling of water from packaging workshop sterilization machine and bottle washing machine and multi-stage recycling of condensed water, which reduced the company's overall water consumption by 8% year-on-year and the annual wastewater discharge by about 3.5 million tons. Among them, plants such as Yantai and Lu'an were awarded "Water-saving Enterprise (Unit)" by competent departments of provincial governments.

Reducing Greenhouse Gas Emissions

To support national low-carbon pilot in Guangdong Province and fully implement green responsibility of CR Group, CR Power Haifeng Power Plant is building the world's third and Asia's first multi-threaded CO_2 capture test platform based on its Unit No.1. During generation process, de-dust flue gas enters amine absorption capture system and membrane separation capture system in parallel and captured CO_2 can be used in food or industrial fields after being compressed and purified. CR Power Haifeng Power Plant CCUS (carbon capture, use and storage) test platform is significant for low carbon use of fossil energy, effective response of global climate change, CCUS new technology verification and research and promote the localization of carbon capture technology. The project is expected to put into operation by the end of 2018 and annual capture capacity of CO_2 can reach 20,000 tons.

Advocating Green Supply Chain

Enterprises at all levels of the Group promote green procurement, packaging and transportation, deliver the value of green and sustainable development to related parties and drive partners to jointly fulfill social responsibility.

C'estbon

The company uses environmentally friendly raw materials and green packages during production, vigorously promotes green transportation, and reduces packaging waste and pollutant emissions. The original bottle supplier uses paper packaging boxes for transportation, which are susceptible to pollution and cannot be recycled. By replacing the carton with iron frame plastic box and the bottle packaging plastic bag with plastic tray, it achieves recycling of transport packaging. In addition, the factory replaced the original diesel forklifts with new energy-saving batteries and gas forklifts gradually so as to reduce pollutant emissions.

New Battery Forklift Used by C'estbon

Iron Frame Outer Packaging of C'estbon Bottle

Green Office Enhance the Awareness of Environmental Protection

Enterprises at all levels of the Group advocate "everyone doing his part in saving energy and green sharing". They encourage employees to enhance sense of responsibility and awareness of environment, start from the details to save electricity and water and promote paperless office and video conferencing mode, so as to create sound and green office atmosphere.

Video Conference Main Venue of CR Group 2017 EHS Conference

Promoting Paperless Office

CR Group continues to promote IT systems construction, improve business online processing and popularize paperless management in all areas. By the end of 2017, all units of the Group have established and applied OA system, where over 70 million approval document were transferred and over one million copies of documents were sent and received, saving 150 million paper sheets, effectively improving the company's basic management and employee productivity, reducing internal communication costs and thus achieving energy saving and emission reduction.

The Group planned and constructed unified mobile office platform "CR Work", which realizes mobility and integration of administration, employee service, communication and cooperation. Approval efficiency is 20% higher than that of 2016. By the end of 2017, CR Work access to 92 apps of administration, human resources, knowledge management, financial management and profit centers, covering 110,000 employee members of the Group and with over 75% average monthly activity.

Main Interface CR Work APP

By the end of 2017
Files sent and received through the OA system for more than

1 million copies

Saving paper

150 million sheets

Apply Video Conference Mode

The CR Group video conference system includes 26 video conference rooms in Hong Kong, Beijing, Shenzhen and CR University and 3 SASAC video conference rooms, which can be connected with 300 video conference rooms of subordinate enterprises. In 2017, CR Group headquarters held 757 video conferences, up by 20% compared with 2016, saving about 15 million RMB of travel expenses.

Problems and Challenges

CR Group has crossed diversified industries and a wide range of enterprises. Management of its subsidiaries varies from each other and the awareness of environmental protection, energy conservation and emission reduction of some enterprises is relatively weak. In particular, enterprise with low energy consumption does not pay enough attention and faces problems such as inadequate management system, insufficient organization and professionals and backward environmental protection equipment. Synergy among industries and industrial chains has not been fully delivered and the recycling of resources needs to be continuously improved. In addition, various energy-saving and emission-reduction indicators of high-energy-consuming businesses such as thermal power and cement have already led the industry and it is hard to further improve the indicators.

Our Promise

1.

The Group will optimize industrial structure, focus on low-energy and low-pollution projects, improve the proportion of cleaning energy, promote the mode of circular industrial park and achieve sustainable development.

2.

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.

3.

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.

4.

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

Words from Stakeholders

CR Power Xuzhou Power Plant Ultra Low Emissions Reconstruction Project

"In the past, our clothes were dried in the yard, and they easily got dust. The furniture in the house was covered with a layer of dust if not rubbed for 2 days. Sometimes, the cars were spotted after raining. But now things have changed. I don't know what measures the power plant has taken, but it's obvious that air quality near the power plant is good and clean. We are benefiting."

——Ms. Xia, a villager near the power plant

Waste Co-disposal Project of CR Cement Binyang Plant

"CR Cement considers both national and company realities and developed its own technologies to deal with domestic garbage. There is no secondary sorting or odor overflow. It truly realizes zero discharge of waste gas, waste residue and waste water. It is so good! Return blue sky and clean water to localities is benefiting from long-term perspective. CR not only built this project in Guangxi, but also built and promoted it in other provinces, truly fulfilled its social responsibility as a state-owned central enterprise and set a good example for the industry and the society. I hope that other cement companies and all walks of life in the whole society learn from CR to follow national strategies and concern, protect and beautify the environment. Both economic benefits and environmental protection should be achieved so as to benefit the society, the people and the later generations."

——Shen Yueyue, Vice Chairman of the National People's Congress

CR Power Sanqingshan Mountain Wind Farm

"We have good mountains, good water and good air here. It is not only famous for lychee and longan, but also the wind turbines on the hills. The wind turbines bring vitality to our village economy and become a beautiful landscape on the mountain. Every year, many people came to visit and also brought us good sales results of agricultural products."

——Villager at Sanqingshan Mountain

Editor: Wang Jihua
Writters: Wang Jihua and Wang Wenjian

05 Mutually Beneficial Win-Win Cooperation Stems from the Responsibility to Partners

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Philosophy and Goal

For CR, each step forward is the result of the close collaboration with partners. The era of the internet provides new opportunities for value creation and capture for every participator of the commercial ecosystem, where competition and cooperation could both promote new business progress. CR attaches great importance to communicating and cooperating with governments, suppliers, customers, research institutions and other partners to discover and take new opportunities, promote the healthy development of the industrial chain and strive for win-win collaboration through understanding their priorities and expectations for CR. In the future, we will continue to hold good business ethics, safeguard market rules, contribute new ideas to promote business development, maintain a good relation between government and businesses and jointly build a favorable environment for doing business together with our partners for shared development.

Materiality Analysis of Topics Concerning Partner Responsibilities

1.Open and transparent procurement
2.Fighting against supply chain commercial bribery
3.Guaranteeing the basic rights and interest of suppliers
4.Urging suppliers to fulfill their responsibilities
5.Strengthening the cooperation between businesses and governments
6.Taking active response to public opinion
7. Improving media relations

Our Performance

Negative Media Coverage Reduced by

20 %

Compared with that of 2016

Contract Legal Compliance Rate Reached

100 %

Participated in more than

20

Investment Attraction and Promotion Activities Held by the Government

In 2017, Group Leaders Arranged Visits for

64 delegates

Signed

3

Provincial Strategic Agreements

Our Actions

Strategic Cooperation

Upholding the principle of mutually-beneficial win-win cooperation, CR Group strengthens its communication and cooperation with governments, businesses and research institutions to establish a cooperation platform integrating resources and strengths from all sides for shared development and prosperity.

Strategy sharing mechanism and platform

In 2017, CR improved the regional chief representative work mechanism, established the communication platform between businesses and local areas and the inter-regional resource sharing platform, formed an internal communication and resource sharing mechanism among different business operations in major investment destinations to promote the coordinated development of different operations. Through inviting local government delegations from the mainland to visit CR headquarter and arranging high-level leaders to visit provincial and municipal governments, CR has been actively building strategic cooperation platform with local governments that supports local industrial upgrade, structural optimization, urban construction and business expansion, increase tax revenue and create local jobs while promoting the development of its own business operations. Through win-win cooperation, CR promoted the strategic cooperation with outstanding businesses and research institutions to give full play to the potential of all sides, offer business insights, realize resource sharing and jointly create a favorable environment for doing business.

Strengthening the cooperation between the government

In 2017, CR received 64 delegations in its headquarter, including 13 provincial and ministerial delegations and 39 municipal delegations, arranged more than 30 visits to more than 20 provinces including Beijing, Tianjin, Jiangsu and Guizhou, and attended more than 20 investment promotion activities held by the government. Besides, CR also signed 3 provincial strategic agreements (Jiangxi, Shanxi and Zhejiang) and 7 municipal strategic agreements (Zhanjiang, Qingdao, Taian, Rizhao, Heze, Yibin, Jing'an District in Shanghai). All these efforts helped CR to build a good relation with the government and promoted the development of CR business in local areas.

By the end of 2017, CR Group has assigned 21 regional chief representatives in 19 provinces, who, under the guidance and coordination of the headquarter, played a positive role in coordinating the relation with local governments and promoting business expansion.

In the discussions, research and project negotiations held during visits, CR established strategic cooperation partnership with several governments, took the opportunity to sign major cooperation projects, found solutions to major development bottlenecks, business and operation challenges and historic problems. New cooperation projects include Xiong'an New District, Big Health Program in Jiangxi, straw power generation in Heilongjiang, gas development in Dalian, the three centers in Xi'an and Hangzhou Health Town.

Cooperation with businesses

As an enterprise with diversified business operations, CR makes full use of its advantage in different fields to cooperation with well-known brands with rich resources in other areas in procurement, marketing, investment, soft power and new business models while integrating internal resources. Through win-win cooperation, CR was able to give full play to the potential of all sides and realize resource sharing.

3rd December, Chairman Fu Yuning and General Manager Luo Xi visited Zhang Qingwei, Chairman of the CPC Committee of Heilongjiang, and Lu Hao, Provincial Governor of Heilongjiang

The development of platform for the cooperation among businesses, universities and research institutions

In 2017, CR Group further strengthened resource sharing with external research institutions, integrated "human resource, capital, information and technology" for innovation and learned from the experience of all sides to improve its own capabilities in R&D.

CR Land cooperated with Tsinghua University, Xiangtan University, Tongji University, China Academy of Building Research and other universities and research institutions to conduct a series research on technological innovation. The research output will be applied in newly developed technical standards of the industry and related associations for the growth of the whole industry.

CR Pharmaceutical has established strategic alliance for innovation with more than 20 leading scientific and research institutions. In 2017, CR Pharmaceutical jointly established labs and R&D centers with Tsinghua University and Nankai University, jointly applied for 8 patents for new medicine and the national science and technology fund with partners and launched 5 collaborative R&D projects to promote research in antitumor drugs, antibiotic drugs and traditional Chinese medicine.

CR Chemical established the Research Institute on New Chemical Material. An Innovation Management Committee and an Expert Committee was established to be in charge of the Polyester Material Center, the Advanced Material Center and the New Macromolecular Material Center as well as the Information Sharing Platform.

On 12th April 2018, CR Group and Tencent signed strategic cooperation agreement at 2018 China "Internet Plus" & Digital Economy Summit. CR's rich experience in multiple industries and Tencent's advantage in mobile internet, bid data, artificial intelligence and other new technologies will promote deep integration and innovative development of the two sides in the internet industry, realize value creation in smart retailing, smart cities and healthcare, and nurture new cooperation in emerging industries and digital economy.

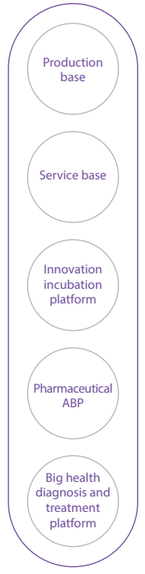
In April, 2017, High-level leaders of CR Group led teams of related profit centers to visit multiple central enterprises in Beijing and made arrangement for promoting strategic cooperation. Profit centered actively participated in related activities and started strategic coordination negotiations with five sister central enterprises in Beijing in the form of work teams. On 25th November 2017, CR Group signed strategic cooperation agreement with China Aerospace Science and Technology Corporation (CASC) after several rounds of discussion. The two sides will carry out in=depth practical cooperation in technology, financial services, healthcare, talent development, management and international business operation to promote structural transition and upgrade and foster a new model for win-win cooperation among center enterprises.

CR Life Science Park

As a "Mass Innovation and Entrepreneurial" Base of CR Group, CR Life Science Park is established to develop an international platform to nurture new growth magnets in life science in relation to the advantage of CR industrial chains. Related research outputs will be commercialized through incubation and strategic cooperation with related businesses in the Park to establish a sharing economy integrating capital and R&D. Moreover, the Park will also promote the industrialized development and popularization of advanced technologies, products and services to provide more reliable choices for the general public to life a "high-quality, healthy life".

CR Life Science Park is affiliated to Zhongguancun Science Park. Situated at the center of Daxing Bio-medicine Base CBP, it occupies an area of 640 mu with a planned floor space of 800,000 m2. Known as the Pharmaceutical Valley in China, CBP is base to more than 500 high-tech, cutting-edge projects chaired by G20 pharmaceutical companies and companies included in the "Shi Bai Qian" program. The innovation incubation zone covering an area of 43,000m2 and the main part of the investment promotion demonstration center planned for Phase 1 has finished construction and is expected to be put into operation in October, 2018.

Recently, CR Life Science Park signed cooperation agreement with traditional Chinese medicine master Wang Qi to establish a joint venture and work together to set up a Traditional Chinese Medicine Library, a Traditional Chinese Medicine Hospital and a Traditional Chinese Medicine Research Institute to establish a comprehensive platform integrating businesses, research institutions, universities concerning traditional Chinese medicine and the application of research outputs.



Promoting Fair Competition

Brand promotion and business advertisement promotion

CR is engaged with many industries and areas supplying goods of daily use for the general public. These industries have highly competitive, open and prosperous markets. Therefore, CR companies have always been serious, careful and responsible in carrying out brand promotion activities and deploying advertisements. Our partners mainly include national television media, credit-worthy industry-leading newspapers and authoritative online platforms. At the same time, CR strictly follows The Advertisement Law in advertisement production to give consumers a true description of our products and services, avoid using exaggerated expressions to mislead consumers and promote fair competition and legal promotion.

In the food industry, CR follows the latest rules, regulations and standards such as Food Safety Law and Food Label Management Regulations to abandon old food labels and identify the nature, ingredients and other information required on the package, so as to give consumers a better understanding of the nature and quality of a product through its label. In this way, CR is able to realize legal and effective promotion and safeguard fair marketing.

Strengthening the standard management of authentic software

To implement the requirement issued by the State Council on strengthening the management of software assets and IPR protection and promote the standard management of software assets throughout the Group, CR issued CR (Group) Software Assets Management Regulations on 25th Jan, 2017. The document identified the top leader of each company as the responsible person for the standard management of authentic software, and clarified detailed requirements in software deployment, installation, usage, asset management and disposal and supervision and inspection to ensure the quality, upgrade and maintenance of software throughout the Group.

In 2017, The Information Management Department of CR Group organized seven companies including CR Enterprise, CR Land, CR Vanguard, CR Cement, CR Power, CR Gas and CR Microelectronics to renew operation system and software contracts, which consolidated the outputs of the standard management of authentic software. It also oversaw all Cr companies to get authentic software through centralized procurement, and further secure the use of authentic software through standardized procurement and the preinstallation of authentic software. Besides, the Information Management Department also organized on-site visits to CR Microelectronics and CR Chemical to promote central procurement, raise employees' awareness of using authentic software and consolidate the foundation for the use of authentic software throughout the Group.

Respecting Intellectual Property Rights (IPR)

CR attaches great importance to IPR protection, makes full use of IPR to protect and promote corporate brand construction and independent innovation, and constantly improve the development, use and management of IPR through institutional optimization, patent application and anti-infringement efforts.

Promoting Responsibility Fulfillment along the Supply Chain

Promoting responsibility fulfillment along the supply chain to promote value recognition

CR Group extensively integrates the social responsibility fulfillment into daily operation and management as well as the process of procurement to ensure responsible procurement, business transaction and operation and safeguard the rights and interests of both sides. At the same time, CR also includes environmental protection, energy conservation and emission reduction and public interest into its contracts. Following the principle of "being responsible", CR Group conducted systematic auditing on procurement of subsidiary companies and constantly updates CR Group Bidding and Procurement Management Regulations, requiring all subsidiary companies to improve their own bidding and procurement rules and regulations according to the latest version of the Regulations.

CR Power

CR Power carefully selects quality suppliers, promotes responsible procurement and overseas the social responsibility fulfillment by supply chain partners through implementing an assessment and evaluation system covering multiple dimensions including product and service quality, responsibility fulfillment capability, labor and human rights protection, occupational health and security, environmental protection, fossil and cultural relics preservation and credit rating. For example, CR Power includes EHS Management Agreement and Forest Fire Prevention Responsibility Agreement in its contracts as appendix and regarding bank credit rating as the bases for evaluating tenders. Tenders listed as having lost credit by "Credit China" website or credit information sharing platforms of governments of all levels will be disqualified. Besides, CR Power also includes quality system certificates, environmental management system certificates and occupational health management system certificates as components of the commercial documents to be supplied by tender and clearly identify in the document samples that disqualified tenders will receive negative review, so as to promote responsibility fulfillment.

CR Cement

CR Cement implements strict supplier qualification assessment and evaluation, including operation qualification, industrial certification, employee qualification, quality system and onsite inspection, including mine and warehouse management and the condition of equipment and facility. Related rules and regulations are included in the contracts. Suppliers with production operations in factories are required to sign Safety and Environmental Protection Agreements.

During the contract period, CR employees in charge of procurement shall keep track of the moves of suppliers to ensure that suppliers follow laws and regulations in operation. Besides, random visits to customers are also requires to get informed of the latest development in business operation, so as to ensure social responsibility fulfillment by both sides.

Advocating credit operation Fighting against commercial bribery

The procurement system of CR Group requires all suppliers to observe the Sunshine Declaration and include procurement documents as appendix of contracts. It requires regulated treatment of complaints and tip-offs against illegal and inappropriate behavior in the process of procurement and penalty to related companies or individuals with inappropriate acts according to their severity. CR has also established an inspection department to be responsible for the treatment of complaints and tip-offs concerning procurement.

Auditing departments of all levels regards business operations concerning supplier management such as bidding and procurement and project construction as the priority of auditing to crack down on lower-stream commercial bribery, the selection of unqualified tenders and forged bidding and biased decision, and supervise business units of all levels to establish a long-term mechanism for bidding and procurement control and management through improving organizational structure, optimizing institutions and systems and launching online systems to improve standardized and regulated procurement management.

By August, 2017, CR Information Management Department and 22 SBU/level 1 profit centers have set up bidding and procurement work leadership teams to strengthen the integrated control and management of biding and procurement. Business units of all levels launched and revised more than 200 related rules and procedures to gradually improve the procurement and bidding system. All profit centers are actively incorporating the procurement management module in their business system to regulate warehouse management, fixate the procurement approval procedures and increase the transparency of procurement information to prevent risks in calling for tenders.

CR Medical
"Tradition + Internet", "Sunshine Procurement" achieve win-win situation

CR Medical promotes sunshine procurement through integrating traditional and online bidding. In traditional bidding and procurement, suppliers introduce their products and services one by one. The assessment and evaluation process strictly follows corporate rules and regulations with the supervision of inspection departments. The results of the bidding are released to the public to ensure openness, fairness and justice. In this way, CR Phoenix is able to safeguard the basic interests of suppliers and reduce procurement cost without compromising the quality of medical products and services. At the same time, CR Phoenix has also been exploring online bidding. Through publishing bidding announcements, records, candidates and notifications on online bidding platforms, CR Phoenix could ensure that suppliers and the general public supervise every step of the bidding process so as to make it more open and transparent. The rate of open and transparent procurement for qualified suppliers has been increasing on an annual basis and has reached 100% in 2017. The responsible procurement rate has also reached 98.2%.

In 2017, The rate of open and transparent procurement for qualified suppliers has reached

98.2 %

100 %

of individuals against rules and regulations were given light penalties and warnings.

Emphasizing supplier management

CR Group urges SBU/BU to strengthen supplier management, set up management systems and dynamic quantitative assessment mechanism for suppliers and implement rated management of suppliers. In this way, social responsibility fulfillment by suppliers is included in daily management. The results of the dynamic quantitative assessment will be used to optimize supply chain and suppliers with outstanding performance in the assessment will become long-term, stable partners of CR. Now, profit centers such as CR Power and CR C'estbon have all established their own pool of qualified suppliers.

Supplier management by CR Snow Breweries

CR Snow Breweries carries out effective selection, certification and assessment management for suppliers in different stages to improve the management and service of suppliers and prevent food safety risks, so as to ensure that the procured materials and goods are up to standard and establish stable, controllable, safe, effective and mutually beneficial supply channels.

The selection of potential supplier candidates	After initial selection, 11 suppliers were selected from 50 candidates (40 packaged product suppliers and 10 raw material and additive suppliers) according to the "potential supplier candidate selection criteria"
Onsite evaluation and certification of suppliers	Onsite evaluation and certification of 45 raw material and additive suppliers and packaged product suppliers have been conducted according to supplier evaluation certification criteria, in which 32 were listed as "qualified".
Assessment and evaluation of the cooperation with suppliers	Assessment and evaluation of the cooperation with suppliers are conducted on a monthly basis. The evaluation system is consisted of 7 indicators: qualification rate, promptness, accuracy, the rate of orders being refused, behaviors violating rules and regulations and quality deficiency
Comprehensive evaluation of suppliers	Comprehensive evaluation of 339 suppliers were conducted in 2017, in which 209 were rated as "good"(62% of the total), 119 were rated as "qualified" and 11 were rated as "unqualified" (3.2% of the total)

Helping suppliers to develop together

CR Group is actively promoting the transition in the relation between SBU/BU and suppliers from competition to win-win cooperation to guide suppliers to improve management and product quality, establish effective evaluation and incentive mechanisms, lead suppliers to jointly build supply chains and give full play to the role of supply chains in value creation.

1.Broccoli certification base
2.Apple certification base

1. 2.

3.
4.

3.Certificates for brands owned by Dada Food
4.Certificates for brands owned by Gangqi Food

In the cooperation with coal suppliers, CR Power helped suppliers to adopt mechanical coal allocation and install automatic coal sampling machine and guide suppliers to better manage the transfer of goods at ports so as to significantly increase the accuracy of quality inspection at ports. These efforts improved the quality control and port management of coal suppliers and reduced the loss of CR Power from low quality coal, so as to realize win-win cooperation.

CR Vanguard has been committed to helping suppliers to develop and improve for years. With stringent supplier selection and evaluation systems, CR Vanguard is able to cooperate with high-quality suppliers to provide better products and services for consumers. In 2017, CR Vanguard established and developed 2 new OEM certified factories and set up 48 agricultural product certification bases. Moreover, CR Vanguard works together with suppliers to develop product quality and safety improvement plans in production, processing and cattle raising to constantly improve the quality and safety of products sold in CR Vanguard.

Strengthening the Relation with Media to Promote the Release of Information

Improving public opinion management through telling stories

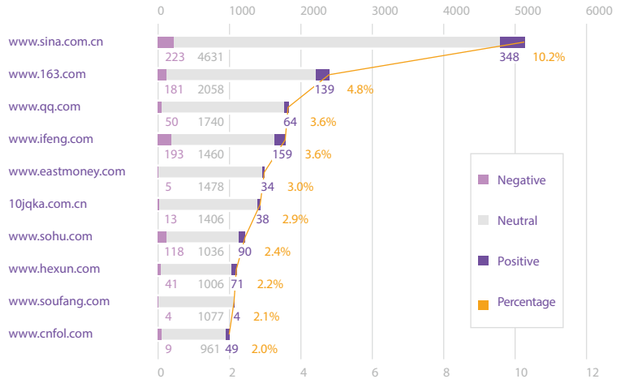
In 2017, media coverage of CR Group stayed stable with 463,000 pieces of online information. The awareness of and response to public opinion have been improved overall. Negative public opinion reduced by 20% from 2016 levels, accounting for 8.8% of the total. Negative public opinion was most seen in consuming goods, healthcare and real estate. The argument around the shares of Vanke, CR leaders' presence during the "Two Sessions", Dr. Fu's words on the 20th anniversary of the returning of Hong Kong to China and CR Land's new expenditure into the long-term rental apartment market were hotspot topics of media coverage.

With negative media coverage stayed stable, CR Group began to strengthen the promotion of the positive image of CR Group. CR actively communicates with mainstream media in a friendly manner and uses all channels, technologies and platforms to promote positive energy and tell the story of CR.

In 2017, focusing on hotspot topics such as "the 20th anniversary of Hong Kong's return to China", "Guangdong-Hong Kong-Macao Greater Bay Area" and "Xiong'an New District", CR Group invited the media to the headquarter and affiliated companies for interview and research on the one hand, and made its own voice heard through its official new media platforms on the other hand for increased attention on CR brand.

To adapt itself to the strategy of global expansion, CR Group launched overseas public opinion inspection in 2017 that covers 15 countries and regions to improve the efficiency of information capture and analysis and support the efforts of profit centers in expanding international business operations.

Media coverage of CR Group in 2017 (TOP 10)



The 20th Anniversary of Hong Kong's Return to China

2017 was the 20th Anniversary of Hong Kong's Return to China. As a Chinese invested enterprises in Hong Kong with a history of 80 years, CR Group began to engage in related activities from the beginning of the year. In early 2017, CR arranged an exclusive interview with Dr. Fu Yuning for the central media delegation. In the interview, Dr. Fu introduced CR's contributions to development of the economy and people's wellbeing in Hong Kong.

In early 2017, CR took the lead to collect and compile materials on the role of Chinese invested enterprises in the history and development of the wholesale industry in Hong Kong to prepare for the "Chinese Invested Enterprise Serving Hong Kong Exhibition", which was a great opportunity to review CR's efforts in serving economic development and people's wellbeing in Hong Kong in the past 80 years.

Shortly before July 1st, CR Group invited more than 10 central media to the headquarter for a face-to-face communication with Dr. Fu Yuning. From supporting the three freight trains to transport goods to Hong-Kong to using financial services in Hong Kong to support industrial development, then to reshaping the Hong Kong business to participate in the building of the Guangdong-Hong Kong-Macao greater Bay Area and the strategic reflections on the engagement in the development of "the Belt and Road" Initiative, the interaction with the media promoted the positive image of CR as a responsible Hong Kong-based enterprise supporting the development of the local economy and the governments of the Hong Kong SAR.

Joining Hands with the Media for Win-win Cooperation

In 2017, CR Group continued to follow the principle of "honesty, openness and respect" to interact with the media and the principles of journalism to state the facts and get its voice heard. At the same time, CR also strengthened brand promotion through establishing multi-layer virtuous interaction with traditional media, new media, we-media and overseas media, invited the media to CR to enlarge our circle of friends.

The Media's Visit to CR

From 13th to 15th September, 15 Chinese mainstream media, including xinhuanet, Journal of the Chinese People's Political Consultative Conference, The Paper and Phoenix Satellite Television participated in the "Visiting CR" event on invitation. The delegation visited CR Hongshuihe Cement Factory, Guangxi Baise CR Hope Town and The Mixc, Nanning for a closer look at the efforts and achievements of CR in fulfilling social responsibility and promoting commercial development.

Making multiple efforts to promote the positive influence of CR Group

In 2017, CR Group took an active part in activities of Hong Kong business circle to introduce the history, development and reality of CR and show the positive brand image. CR sponsored and participated in "Hong Kong, Asia's World City" event and improved the international reputation of CR through mutual visits and business exchanges.

Chairman Dr. Fu Yuning delivering a keynote speech at HKTDC events

To celebrate the 80th birthday, CR organized a series of brand promotion activities under the theme of "enriching lives, nurturing dreams, including outdoor and all-media advertisements, the production of documentaries and the launch of new group image and promotion video to improve brand reputation and give stakeholders a better understanding of the development and unique characters of CR.

At the same time, as the official WeChat platform of CR, "China Resources" is expanding its influence rapidly. In 2017, the platform released a series of articles on multiple hotspot issues, covering the 80th birthday of CR, the 20th anniversary of Hong Kong's return to China, the Guangdong-Hong Kong-Macao Greater Bay Area, Xiong'an New Area, the 19th CPC National Congress and the international expansion of CR. In 2017, "China Resources" official WeChat platform launched more than 270 articles, with a total of 3.427 million readers, increasing by more than 37% from 2016 levels. Encouraged by the headquarter, CR companies began to use new media platforms to strengthen information release and promote the image of CR as an enterprise caring for the wellbeing of the public.

In 2017, "China Resources" official WeChat platform launched more than

270 articles

A Total of

3.427 million readers

With an increase of more than

37 %

from 2016 levels

In November, 2017, 2017 China Resources Shenzhen Nanshan Half Marathon started at the China Resources Headquarters, also known as the Spring Bamboo. The Marathon, jointly organized by Chinese Athletic Association, the government of Nanshan District, Shenzhen and CR Group, attracted the participation of 16,000 people. During the Marathon, "Running for the 80th Birthday of CR" Carnival was held in CR Shenzhen Bay Sports Center, on which CR BUs and Hope Town Project team showcased their own brand images as a manifestation of the development and progress of China Resources in recent years and a gift for the 80th birthday of CR.

Challenges and Improvement

At the Group level, problems still exist: the duties and responsibilities of supply chain management departments are not clearly defined; the long-term risk prevention mechanism is not well-developed and the system for the implementation of major decisions is yet to be improved, besides, the strategy sharing mechanism and platform has not formed synergy and the business-university-research institution cooperation platform failed to achieve substantial progress. With the influence of CR continues to expand, partners also expect that CR could shoulder more responsibilities with greater influence. Such an expectation poses huge challenges for CR in promoting win-win strategic cooperation with local governments, businesses and scientific research institutions in a responsible and efficient manner, urging responsibility fulfillment along the supply chain and in the industry in an environment for doing business that still needs to be improved and cooperating with the media in a friendly and candid manner.

Our Promise

1.

We will continue to improve our strategic cooperation with local governments and businesses, promote substantial progress in the development of the business-university-research institution cooperation platform and strive for more innovations in the building of the industrial cooperation platform.

2.

We will further promote social responsibility fulfillment along the supply chain, carry out our social responsibility commitments along the supply chain and implement the supplier responsibility fulfillment evaluation system throughout CR.

3.

We will strengthen the monitor of negative public opinion to analysis the expectations of the society, identify our mistakes and weaknesses and strengthen social responsibility risk management.

4.

We will continue to cooperate with the media actively and honestly to effectively communicate with the society and promote the image of CR as a responsible enterprise.

Words from Stakeholders

As a patriotic central enterprise with a glorious history, China Resources has been linking its own success with the destiny of the country and the people since it was established in 1938. With time passing by, the commitment to promoting the wellbeing of the country and the people has become a responsibility of CR that is even regarded as the significance of its existence as a business institution. The lofty pursuit of CR impresses every Chinese.

Responsibility, significance and pursuit are all manifestations of the value system. CR learns from past experience through constant reflection and finally found its own "Way". The "Way" is created by people, and that's why CR is people-oriented. It's professional and pragmatic attitude is shown in every detail of its business operations. CR interacts with the media under the principle of "honesty, openness and respect" and states the facts and expresses its opinions with a market-oriented approach. With great insight, CR sponsored the "Noon Story" of Jiemian, which fully shows that people orientation only comes from independent thinking.

2018 marks the 80th anniversary of the founding of CR, we strongly believe that CR will continue to create a better life for us.

—— Huawei, President of Jiemian Cailian Press

On the occasion of the 80th anniversary of the founding of CR, it is a great honor for us to be able to cooperate with such a big enterprise with rich culture, responsibility and warmth.

I still remember the first time I went to CR for a meeting. When CR staff found that my colleague was suffering from a cold, they immediately brought her with hot water and pills, which really made me feel warm. Later, I was invited to visit Hezhou Ecological Park and CR Hope Town. It was from there that I really begin to understand the CR spirit of "taking concrete actions to assist local development". The "Ten Towns in Ten Years" Program initiated by CR in 2008 has changed the life of more than tens of thousands of people. CR's commitment to social responsibility fulfillment is rarely seen among large enterprises.

—— Angie Wong, Leo Burnett

Editor: Yu Feng
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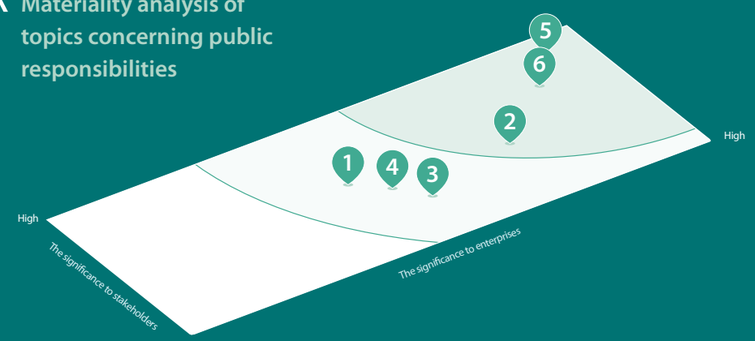
Philosophy and goals

With business operations at home and abroad, China Resources, a state-owned enterprise, central enterprise and Hong Kong-based enterprise, has extensive social connections and influence. CR has always been regarding promoting the harmonious development of the society as a major goal of social responsibility fulfillment. Bearing the goal in mind, CR is engaged in promoting regional business prosperity, improving communities and the wellbeing of the people and creating a good environment where everyone enjoys life and work. CR constantly strengthens its connection with all sides and devotes itself to building a bridge between the government, the society, the vulnerable, volunteers, local residents and communities. In developing its own business, CR has never failed to meet the expectation of the government and the public on social responsibility fulfillment. In the future, we will continue to upgrade our products and services, adopt innovative ways to communicate with the government, the public and the communities and actively participate in discussions of major social issues such as consumption upgrade and community construction to make the public feel safer and more satisfied.

Materiality analysis of topics concerning public responsibilities



1. Participating in poverty alleviation
2. Participating in social common weal
3. Integrating into communities
4. Paying taxes according to laws
5. Enhancing safety production
6. Providing more education on safety production

Our Performance

41,140

New Employees were Hired during the Period Covered by the Report

In 2017 CR Paid

59.1 billions of tax RMB

An year-on-year Increase of

15.87 %

Investment in Safety Production
(billion RMB)

2017	*1.33*
2016	*1.04*
2015	*0.71*

Total Donation in the Past 3 years
(Yuan RMB)

2017	*195,468,192.24*
2016	*67,299,678.69*
2015	*94,234,677.65*

Our Actions

Supporting the Government

As a central enterprise founded in Hong Kong, CR regards supporting the government and responding to national strategies as its duty. It has been committed to safeguarding the prosperity of Hong Kong through improving the corporate image of CR in Hong Kong, expanding its influence, contributing to social and economic development in Hong Kong and building up a communication platform between Hong Kong and the Mainland for integrated development between the two sides.

Reshaping the Hong Kong Business Serving the Development of National Strategies

CR reshaped its business strategies in Hong Kong from a political standpoint, identified the principle of "connecting China and the world with the base in Hong Kong, taking advantages of all resources to benefit Hong Kong and the people", and increased its investment in Hong Kong-based business operations.

CR improved its business landscape in Hong Kong with real estate properties and logistics as the priority. It has acquired 4 real estate property and logistics projects in Hong Kong, launched the early-phase planning of Cheung Sha Wan project, and participated in the development of Guangdong-Hong Kong-Macao Greater Bay Area in big health, environmental protection and scientific R&D to nurture new growth magnets and form industrial advantages to promote the integration of Hong Kong into the national development plans.

CR Land began to investment in real estate projects in Hong Kong in September 2016. Up to now, it has participated in the bidding for 2- project, including 18 marketing projects and two self-holding projects, thus kick starting the real estate business of CR Land in Hong Kong.

Taking an Active Part in Hong Kong Affairs Improving Corporate Image in Hong Kong

CR has been actively promoting cooperation with hi-tech and startup enterprises in Hong Kong. Chairman Fu Yuning and other senior executives have visited Hong Kong Science Park (HKSP) for multiple times for in-depth discussion on scientific and technological project investment, the construction of scientific and technological ecosystem, information sharing between internet data centers in Hong Kong and the Mainland, the construction of a scientific and research center, the development of industrial fund and cooperation in the establishment of funds in bio-industry, so as to achieve win-win development, promote the development of CR business in Hong Kong and make related projects part of CR's plan to reshape its business operations in Hong Kong.

CR held the first CR Forum under the theme of "New Era, New Opportunities". More than 60 celebrities and senior executives from banks, investment banks, lawyer firms, accountant firms, architecture firms and consultancies (including 6 GBM, GBS and JP winners) were invited to the Forum, on which CR effectively increased its influence in Hong Kong through promoting the spirit of the 19th CPC National Congress.

CR attended the 21st Beijing Hong Kong Economic Cooperation Symposium jointly held by Beijing Municipality and Hong Kong SAR on invitation. As a bridge platform for extensive cooperation and exchange between Beijing and Hong Kong, the Symposium promotes practical cooperation between the two sides and supports the building of "four centers" in Beijing and the integration of Hong Kong into the national development blueprint through thorough discussion on issues such as scientific and technological innovation, the development of sub city centers, expanding openness, cultural and emerging industry development and the governance of big cities.

Organizing charity activities in Hong Kong Serving the well-being of the people

CR actively participates and supports charity activities in Hong Kong, organizes charity activities such as "Walk for a Million" to help the vulnerable and the poor and promote economic and social development in Hong Kong.

2017 Walk for Millions

CR organizes its staff to participate in the "Walk for Millions" charity event every year and donates to social service foundations in Hong Kong to provide financial aid to families living in poverty. In 2017, CR donated 100,000 HK dollars to "Walk for Millions", which will be used to improve and develop "family and children charity services".

CR Organized "20+80 Happy 100" Carnival

On 7th October 2017, CR held "20+80 Happy 100" Carnival at the seaside activity space in Hong Kong in celebration of the 20th Anniversary of Hong Kong's Return to China and the 80th Birthday of CR. Qiu Hong, Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong SAR, Vice Director of the Committee of the Basic Law of the Hong Kong SAR and other government officials attended the event on invitation. More than 6,000 CR employees and their family members spent a happy day together. The Carnival is a manifestation of CR's achievement in the past several decades, its performance and commitment to social responsibility fulfillment in the past 80 years and its positive brand image. It also increased the sense of pride and belonging of CR employees and their families.

Actively Promoting Communication between Hong Kong and the Mainland Enhancing Connectivity and Integration

CR actively promotes exchange and communication between young people in Hong Kong and the Mainland to enhance education on patriotism and help Hong Kong youth to have a better understanding of the Mainland and the development of Chinese invested enterprises in the Mainland.

"Approaching the Desert" Volunteer Activity

CR organized 31 young employees based in Hong Kong to visit Ningxia and participate sand control in "Baijitan National Nature Reserve" in Ningxia, that allows Hong Kong youth to have a better understanding of China's efforts in promoting environmental protection and sand control and enhanced awareness of environmental protection, green development and ecological civilization.

"I SEE I KNOW" Helping Hong Kong Youth to Understand the Mainland (Guangxi)

In July, 2017, CR organized 47 young employees from different Hong Kong-based central enterprises to go to CR Hope Town in Baise for volunteer activities, so that Hong Kong youth could have a direct understanding of China's rapid development and business operations of Chinese invested enterprises in Hong Kong.

1. "Approaching the Desert" Volunteer Activity
2. "I SEE I KNOW" Hong Kong Youth Tour in the Mainland (Guangxi)

1. 2.

Safety Production

CR strictly observes National Safe Production Law and other laws and regulations, upholds the principle of "never sacrifice life for profit, never cover up safety risks with economic benefits", and constantly improves institutional construction and organizational capabilities to implement safe production inspection, promote the application of new technologies to increase the level of safety and safeguard the sustainable development of business operations.

Safety Performance

A total of

148,954

potential safety risks have been found in 2017

142,995

have been fixed

Accounting for

96 %

of the total

Death rate in a thousand people
‰

2017	0.014
2016	0.012
2015	0.0075
2014	0.0308
2013	0.027
2012	0.0313

Investment in safety production
RMB (billion)

2017	1.33
2016	1.04
2015	0.71
2014	1.18
2013	1.02
2012	1.27

Emergency drills
time

2017	29,113
2016	17,658
2015	14,876
2014	14,869
2013	12,544
2012	9,451

Certified Safety Engineer
people

2017	1464
2016	1340
2015	1066
2014	997
2013	800
2012	540

Strengthening safety production management

Constantly improving the organizational capabilities and institutional construction in safety production

In 2017, safety production management, supervision and guarantee organizations in CR companies of all levels were established with 1,464 certified safety engineers. CR launched and implemented China Resources EHS Responsibility System and China Resources EHS Accidents Accountability Regulations as the long-term mechanism safeguarding the effective fulfillment of EHS responsibility.

Improving emergency control mechanism

CR upholds the principle of "prevention first and combining prevention with emergency control". Companies of all levels organize emergency drills while improving safe production emergency control plans to constantly improve the capability of handling emergencies. In 2017, 29,080 emergency drills have been organized with a participation of 1,529,195 person/time.

1. CR Chemicals Changzhou, held "119 Fire-Fighting" series activity, in which more than 70 employees experienced the six steps of fire-fighting, including putting on life-saving vest, using a fire distinguisher, and assembling the fire hose.

2. CR Gas Handan Company organized a gas pipe leakage emergency control drill

1. | 2.

1. | 2.

1. Chairman Fu Yuning went visited Beijing Jiangong Hospital affiliated to CR Phoenix
2. 2017 Huachuang executive training on safety management

Safety production performance

Training for employees
hour

2017	5,115,113
2016	3,802,463
2015	3,380,530
2014	1,963,116
2013	1,927,864

Training for stakeholders
hour

2017	2,173,906
2016	1,234,035
2015	460,604
2014	533,064
2013	600,498

Taking multiple measures To identify safety production responsibilities

In 2017, CR promoted the establishment of a safe production responsibility list for different positions under the support of "responsibility system, responsibility commitment and bi-directional incentive", in order to use a positive list to promote responsibility fulfillment, regular supervisions to ensure implementation and a negative list to identify res zones. CR established the accountability and incentive mechanism and required safe production commitment by all to integrate safe production responsibility into occupational responsibility and operation rules, so as to achieve the organic integration of responsibility and business operation. Besides, CR also required the signing of safe production commitment agreement by employees of all levels to promote the comprehensive fulfillment of safe production responsibilities.

Information monitoring and surveillance system Significantly improves safety production technologies

CR companies of all levels used the information monitoring and surveillance technology to establish an information surveillance system. CR Gas Wuxi Company developed SCADA system, cloud emergency repair system and potential risk treatment system, in which the cloud emergency repair system alone could save cost of loss by 10 million RMB. CR Snow Breweries developed ammonia refrigeration online surveillance and accident warning system, CR Land launched fire emergency surveillance system, CR Microelectronics Shanghai Company developed VESDA early fire alarm system and poisonous gas leakage alarm system and established an emergency control surveillance center, CR Cement Jiangmen Company installed dashboard camera in vehicles and launched GPS vehicle dispatch surveillance system.

Strengthening safety production risk inspection and control

In 2017, CR prioritized safety inspection in key industries such as coal mining, non-coal mining, gas and construction sites as well as key venues and companies with risk control blind spots such as liquid ammonia, tailing warehouse, ammunition warehouse and densely-populated venues. CR conducted random inspection in 47 local companies, found 365 problems and 352 potential safety risks and offered 506 suggestions for improvement.

Promoting safety production education in different forms

CR adopted a problem-oriented approach to make education and training more targeted and up-to-date through organizing different training programs for employees of different levels on different positions and resource sharing.

In 2017, CR organized **2** rounds of safety production training for manager

Training Manager **216** people

Organized **4** rounds of safety production training for local company employees

Covering Basic Enterprise **484** companies

Managers, managerial staff and electronic and fire-fighting professionals **1,405** people

Organized **8** rounds of safety production training for new employees

covering **1,556** people

The training courses include transportation, production, residential and travel safety and environmental protection knowledge to improve the safety awareness of new employees

CR companies offered **5.115** million hours of safety production training for employees in total in relation to their actual need

Offered **2.174** million hours of safety production training for stakeholders

Charity

Public Welfare

CR's involvement in charity covers disaster relief and poverty reduction, financial aid, education promotion, environmental protection and other public welfare activities related to its business operations. In 2017, CR gave priority to two areas in poverty alleviation: 1) building CR Hope Towns in old revolutionary bases and poverty-stricken villages; 2) undertaking tasks in targeted poverty alleviation assigned by the State Council to assist poverty alleviation in Haiyuan, Ningxia and Guangchang, Jiangxi.

Public Welfare Management

Organization

The Department of Social Responsibility of the General Office of CR is the administrative authority for charity and public welfare efforts of CR. It coordinates and operates charity and public welfare activities in the headquarter and affiliated companies on the platform of CR Charitable Fund.

Administrative System

China Resources launched and updated Measures on Charity and Public Welfare Activity Administration in China Resources, which aims at guiding CR companies of all levels in an integrated manner to effectively carry out all kinds of charity and public welfare activities based on related laws and regulations.

Principles on Donation

CR Group and its affiliated companies need to follow the principle of being consistent, integrated, effective and acting according to one's ability in carrying out charity and public welfare activities.

2015-2017

Financial Calculation of Donation from CR

Income from donation
Yuan (RMB)

2017	***167,595,000.00***
2016	*73,664,616.60*
2015	*100,873,598.71*

Donation spending
Yuan (RMB)

2017	***195,468,192.24***
2016	*67,299,678.69*
2015	*94,234,677.65*

Cost of management
Yuan (RMB)

2017	***317,372.54***
2016	*507,252.37*
2015	*93,273.09*

Administrative cost
Yuan (RMB)

2017	***172,314.20***
2016	*37,222.30*
2015	*76,914.90*

Other expenditure
Yuan (RMB)

2017	***669,434.24***
2016	*208.9*
2015	*1,018,767.12*

Being Consistent

Aligning with the corporate culture and being consistent with the strategic goal of CR

Being Integrated

Resources for the organization of charity and public welfare activities need to be allocated and used in an integrated and centralized manner

Being Effective

Public welfare activities need to make full use of mass media to inform the public of the importance of charity and facilitate the creation of a good corporate image

Acting According to One's Ability

Donation budgets need to be in line with the net profit and net profit growth of related companies

Public Welfare Projects of CR Brand

In recent years, CR organized a series of brand public welfare activities in relation to the development of business operations to promote integrated operation of public welfare projects and brand development. "CR Hope Village" in promoting the development of new villages and "Haiyuan Model" in targeted poverty alleviation could not only allow CR to make full use of its diverse resources, but also improve the reputation and influence of CR brand through facilitating the national strategy of poverty alleviation. Now, public welfare brands have become core brands for CR to carry out its social responsibility.

"100 Library Plan" of CR C'estbon, Ancient Building Photography Competition of CR Snow Breweries, Open to Public Month of CR Power and "Nanshan Half Marathon" of CR Land have been widely recognized by the public with positive influence.

CR Hope Village: Ten Villages in Ten Years, Embarking on a New Journey

Since 2008, CR has totally built up 7 CR Hope Villages, respectively in Baise, Guangxi province, Xibaipo, Hebei province, Shaoshan, Hunan province, Gutian, Fujian province, Zunyi, Guizhou province, Jinzhai, Anhui province and Jinggangshan, Jiangxi province. Haiyuan Hope Village in Ningxia province has started construction in 2017 and Jianhe Hope Village in Guizhou, Hong'an Hope Village in Hubei and Yan'an Hope Village in Shanxi have also moved on to the stage of planning and design.

Ten villages in ten years, CR has donated more than RMB 620 million, directly benefiting 10,370 people from 2,679 households and helping more than 100,000 people in surrounding areas to speed up poverty alleviation and step onto the road to prosperity.

Jinggangshan CR Hope Village Finished Construction

On 26th June, 2017, Jinggangshan CR Hope Village was put into operation. Situated Luofulinchang District, Jinggangshan, Ji'an city, Jiangxi province, Jinggangsha CR Hope Village covers two natural villages: Pingtou and Tushan. The construction and renovation of more than 140 residential buildings in two natural villages were finished in just 10 months. Moreover, CR has also build public facilities such as Milanhua Hotel, kindergarten, nursing home and hospital outpatient building, renovated public buildings such as barns, hospital inpatient buildings and ancestral halls and improved roads and landscape in the village with unprecedented speed.

Jinggangshan Hope Village is the first CR Hope Village featuring Milanhua Country Hotel. With the hotel as a major brand, CR will help local villagers to develop rural tourism programs to realize sustainable development.

Yan'an CR Hope Village Started Construction

Yan'an CR Hope Village is the 11th CR Hope Village donated by CR. Located in Mafang Village, Nanniwan county, Baota district, Yan'an city, Shanxi province, 50km away from Yan'an, the project has a planned area of 270 mu covering 563 people in 167 households in one natural village. In December 2017, the project team set up in the village and started the planning and design of the town.

CR people will regard Yan'an as a starting point to re-discover its original aspirations for a new journey. We will learn from and reflect past experience with the rejuvenation of the rural areas as the guidance to revise the plan of CR in developing rural areas and build Yan'an CR Hope Village into the 2.0 version of CR's efforts in building rural areas.

1. Dr. Fu Yuning communicating with villagers of Yan'an Hope Village
2. Milanhua Hotel in Jinggangshan CR Hope Village

1. 2.

Targeted Poverty Alleviation

The State Council Leading Group Office of Poverty Alleviation and Development and State-owned Assets Supervision and Administration Commission of the State Council assigned Guangchang, Jiangxi and Haiyuan, Ningxia as the task for CR to carry out targeted poverty alleviation. According to Five-Year Plan of the Development of Haiyuan Under Targeted Poverty Alleviation by CR, by the end of 2017, CR has donated RMB 355 million in total and built up a breeding base with a beef cattle stock of 10,000. It is one of the largest breeding bases in Northeastern provinces with the most advanced modern facilities. In 2017, the forage and livestock integrated beef cattle raising base had 6,933 actual cattle stock and 1,173 beef cattle ready for slaughter. The first batch of 78 beef cattle has been shipped to Hong Kong, which marks a good start for the project to open the Hong Kong market and an important step for the sustainable and circular development of the project.

By the end of 2017, CR has donated to Haiyuan for

355 million RMB

CR built up a breeding base with a beef cattle stock of

10,000

The forage and livestock integrated beef cattle raising base had actual cattle stock of

6,933

Beef cattle ready for slaughter is about

1,173

Establishing the "Cow Foundation Bank" 1+N Model

The "Cow Foundation Bank" 1+N Model is an extended model for poverty alleviation that takes "Cow Foundation Bank" as the threshold to integrate government and social resources and establish industrial chains through corporate operation and management with the support of established CR business projects. Currently, CR has launched a variety of poverty alleviation models derived from the 1+N Model, such as "Cow Foundation Bank" + "Poverty-Stricken Villages without Collective Economy" and "Cow Foundation Bank" +"Poverty-Stricken Households without Strong Labor". In the future, CR will continue to explore for more variations on the basis of the 1+N Model.

Cow Foundation Bank	+	Poverty-Stricken Villages without Collective Economy	=	Collaborative breeding with village-level collective economy
Cow Foundation Bank	+	Poverty-Stricken Households without Strong Labor	=	Custody breeding for farmers unable to breed beef cattle by their own

Guangchang, Jiangxi province

1."Joint Efforts for Common Prosperity" Pilot Zone Project

According to *Cooperation Framework Agreement on Aiding Guangchang to Develop the "Joint Efforts for Common Prosperity" Pilot Zone Project by* CR, CR selects one poverty-stricken village in Guangchang each year to help the village with residential building renovation and infrastructure construction. By December, 2017, the development of "Joint Efforts for Common Prosperity" Pilot Zone Project have been completed in Xigang Village, Toupo Town and Yangfang Village, Chishui Town. Now, CR has decided to build the third pilot zone project in Liujiabao Village, Ganzhu Town, with the construction work to be started in early 2018.

2.Launching the "Emergency Aid" Project to Help Guangchang with Basic Poverty Alleviation

CR also launched the "Emergency Aid" Project. After carrying out field research in the "Joint Efforts for Common Prosperity" Pilot Zone" in Yangfang Village and Xigang Village, CR found that some poverty-stricken households suffering from illness or disability are in need of help. Therefore, CR decided to give financial support to these household every 6 months, with the amount being decided according to the actual need of each household. By December, 2017, CR has provided RMB 82,000 of financial aid to 42 poverty-stricken households in the two villages.

Farmers in Haiyuan Beef Cattle Breeding Base are actively buying cattle on credit

Shan Jijing, Member of the CR Board of Directors, is visiting "Joint Efforts for Common Prosperity" Pilot Zone Project in Guangchang

Organizing Volunteer Activities to Encourage Everyone in Participating in Charity and Public Welfare

CR encourages all companies to make full use of their resources to participate in charity and public welfare activities and encourage all employees to become volunteers to make their own contributions to the society. With workers unions and charity foundations as the platform, CR has established multiple volunteer teams with a variety of volunteer activities being organized.

CR Gas "The Smurfs" Volunteer Service Team

In 2017, "The Smurfs" Volunteer Service Team of CR Gas creatively launched the volunteer service project of "Small Hands joining Big Hands, Becoming Ambassadors for Gas Safety Promotion". Through holding lectures in campus and inviting primary school students to visit CR Gas, "The Smurfs" extended its reach to more than 1,000 students. Through organizing demonstration experiments and drills in Baizun Marketing Center and using pictures and videos to promote gas safety knowledge to teachers and students, CR Gas effectively realized the goal of "gas safety education starts with children".

Kunming Children's Hospital "Social Worker + Volunteer" Service Model Optimizes greater Power of Charity and Public Welfare

Kunming Children's Hospital established the Social Work Department in May, 2014. As an independent administrative and functional department of the hospital, it aims at providing professional services to children unable to get treatment due to poverty, their parents and relatives and reducing the pressure of handling doctor-patient relations on doctors and nurses. Up to now, the Social Work Department has provided aid for the treatment of 16 diseases, including congenital disease (intervention, operation), leukemia, cheilopalatognathus and congenital hydrocephalus through raising RMB 25 million from the society for more than 3,000 patients. At the same time the Department also organized "Nurses On Campus" activity, reaching a population of 500,000.

In July, 2016, The Social Worker Department became the first and only medical volunteer team in Yunnan providing government procured services. The "Social Worker + Volunteer" Service Model won Silver Medal in the Third National Volunteer Service Project Competition in 2017.

Up to now, the Social Worker Department of Kunming Children's Hospital has raised

25 million RMB

from the society

Helped more than

3,000 people

Organized "Nurses On Campus" activity, reaching a population of

500,000 people

1.CR Gas "The Smurfs" Volunteer Service Team is explaining gas safety knowledge to students

2. Kunming Children's Hospital organized volunteer activities

1. 2.

Facilitating the Development of Communities

CR upholds the principle of openness in corporate development, makes joint efforts with local communities for shared development, organizes volunteer activities, invite governments, stakeholders, media and the general public to visit local businesses to enable the public to learn about CR, get familiar with its business operations and support the development of CR in the local area to create a good environment for doing business.

Openness and Integration Fostering a Harmonious Environment for Production and Development

CR Power Feng Run Project held "80th Anniversary of CR---Green Power Plant Exploration" activity

CR Power Tangshan Feng Run Company held "80th Anniversary of CR---Green Power Plant Exploration" activity, inviting 14 media including Xinhua News Agency, www.china.com.cn and Tangshan TV as well as 60 customers, teachers and students to visit CR projects to have a better understanding of how power companies operate. The activity aims at dispelling the misunderstanding of the general public on thermal power plants and promoting the good image of CR in pursuing green development and carrying out social responsibility for mutual understanding and trust.

CR Power Fengrun Project organized "80th Anniversary of CR, Exploring Green Power Plant" Activity

1. | 2.

1. Employees of CR 24 City Project helped the local community with firefighting

2. CR Land team leaders were highly recognized by CR Oak Tree Community residents for holding an old man jumping of the building with bare hand.

Lending a helping hand Building good relations with local communities

At 15:30, 12th April, 2018, a fire was spreading along a shack 5 meters away from the North Gate of a residential community near CR 24 City Project in Dalian. The fire spread rapidly and quickly pose a huge threat to residents of the community. After spotting the fire, colleagues of CR 24 City Project called 119 immediately and triggered the emergency plan to organize workers of the construction company on site to help with firefighting. Their actions effectively protected local residents and property and avoided greater loss.

On 4th April, CR Land an old man in his 70s climbed out of the window on the 4th floor in CR Land Oak Tree Residential Community in Shenyang. A neighbor found out the situation and immediately called the property service center. After receiving the call, Bai Lijin and Su Mingqiang, team leaders of the order maintenance team of the property center rushed to the scene and helped the old man to calm down. Several minutes later, the old man, who was suffering from psychiatric disorders, threw himself out of the window. Bai Lijin and Su Mingqiang immediately held out their hands to hold the falling man without hesitation and successfully avoided a tragedy. Their deeds were highly recognized by residents of Oak Tree Community.

Making joint efforts with local communities Promoting the development of the local economy

Turning mountains in to solar panels and turning barrel land into precious treasure The PV project in Lanxian County located at the poverty-stricken area in Lvliang City, Shanxi province is jointly invested by CR Power and the government of Lanxian County in Shanxi Province. It is also the first modern energy demonstration base integrating PV power generation, highly-efficient modern agriculture and animal husbandry established by CR Power. The PV Power Station makes good use of the space under the PV power generation system to realize the deep utilization of land that not only ensures green and zero-pollution power generation, but also fulfills the need for farming and husbandry. Moreover, the PV Power Plant prioritize benefiting local residents in profit distribution. Each household will get a financial support of RMB 3,000 a year for 20 years consecutively. Local farmers will also get compensation for land occupation. Some of the compensation will be given to related villagers by the village committee and the rest will be kept as collective construction fund. The PV project that turns the mountain into solar panels makes the barrel land into precious treasures.

Challenges and Improvement

While speeding up the development of business operations and expanding its influence in Hong Kong, CR still has much space for improvement. We still need to explore how to carry out corporate social responsibility in Hong Kong and how to innovatively and effectively fulfill social responsibility in a sustainable way in the context of globalization and the rapid development of the internet. Besides, the content and form of volunteer activities needs to be further enriched and there is still much to do in promoting local employment, creating growth magnets, driving economic development and realizing win-win cooperation.

Our Promise

1. Answer the call of local governments and actively cooperate with local governments in administration

2. Promote the development of business operations with competitive edge in Hong Kong and look for new growth magnets

3. Identify the social pain point and issues inciting social conflicts in Hong Kong to promote social responsibility fulfillment in Hong Kong with clearly priorities.

4. Improve the development of volunteer organizations of all levels to form synergy

5. Comprehensively improve the awareness and capability of social responsibility fulfillment to jointly build harmonious communities through strengthening the communication with local businesses, governments and the general public of the investment destinations and listen to the voice of all sides

Words from Stakeholders

In 2017, CR made full use of its resources to take steady steps to develop the "Cow Bank" Model that built up the foundation for beef cattle raising in our county and created a replicable pattern in poverty alleviation with targeted efforts in industrial development and infrastructure construction. Besides, CR also expanded the scale of the forage and husbandry industry in our county, sponsored the building of CR Hope Town, established two new wind power projects to increase tax revenue and provided financial aid to 300 college students. These concrete and innovative actions with positive effects significantly promoted poverty alleviation in our county.

——Mu Hua, Director of the Poverty Alleviation Office of Haiyuan,NingXia province

Great changes have taken place in Luofu since CR began to aid the development of Jinggangshan. CR renovated roads and buildings in the villages, build public facilities and improved the living environment of our village. The newly built kindergartens and nurseries solved the problem of education for the children and old-age care. The countryside tourism project---Milanhua Hotel not only created new jobs for local residents, but also brought new opportunities to the development of hotels and countryside tourism in Luofu.

—— Chen Lanhua, Resident of Jinggangshan CR Hope Town

Editor: Yu Feng
Content; Yu Feng, Fan Lele, Yu Zheng, Wei Yongchen, He Liang, Li Xiaofeng, Yang Chen

20+80

Responsibility Stems from Mission Responsibility Leads the Future

In the process of development, CR realized that becoming a global enterprise with accumulating public trust and popularity needs not only success in business performance. The experience of world first-class enterprises has shown that only through maximizing the economic, social and environmental value it creates could an enterprise achieve sustainable growth. For all these years, CR has been committed to improving social responsibility management, regarding social responsibility fulfillment as an important way to consolidate the foundation of corporate development and improve the core competitiveness of enterprises. In the context of the new era, CR will closely follow the trend of the times, actively respond to and implement policies and requirements of the State-owned Assets Supervision and Administration Commission of the State Council on corporate social responsibility fulfillment by central enterprises, integrate social responsibility fulfillment into corporate management and constantly promote innovative practice in social responsibility management.

Mission Vision Value Philosophy

Mission

Leading the Business Progress and Building a Better Life Together

Vision

Be a Global Enterprise with Accumulating Public Trust and Popularity

Value

Integrity first, performance driven, human oriented, innovation constantly

The philosophy of social responsibility

Fulfilling economic responsibility to create value for CR, being responsible to shareholders through maximizing enterprise value

Fulfilling employee responsibility to build a people-oriented CR, being responsible to employees through providing decent work and life

Fulfilling customer responsibility to build up customer satisfaction, being responsible to customers through wining their trust

Fulfilling environmental responsibility to build a green CR, being responsible to the environment through promoting green and ecological civilization construction

Fulfilling partner responsibility to achieve win-win cooperation, being responsible to partners through developing a win-win development model

Fulfilling public responsibility to build a harmonious CR, being responsible to the public through promoting harmonious social development

Social Responsibility Model

Economic Responsibility

Value creation stems from being responsible for shareholders

Public Responsibility

Social trust stems from being responsible for the public

Employee Responsibility

People orientation stems from being responsible for employees

Partner Responsibility

Win-win cooperation stems from being responsible to partners

Environmental Responsibility

Beautiful life stems from being responsible for the environment

Customer Responsibility

Business progress stems from being responsible for customers

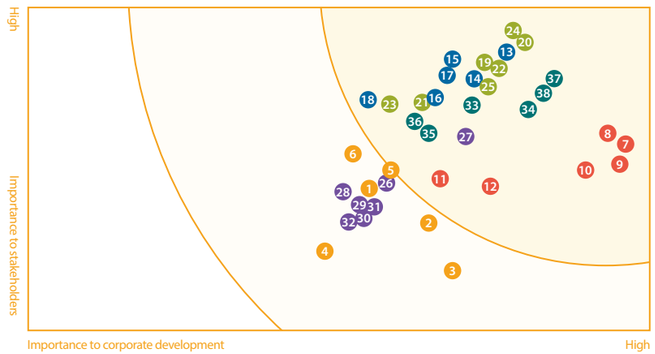
Strategy

Core Topics of CSR Identification and Management

To ensure the effective social responsibility fulfillment in all areas, CR has been making efforts to improve the management of topics. CR collects social responsibility topics through multiple channels in the preparation of the report and define core topics of concern for stakeholders through identifying and analyzing topics and focusing on core topics.

To better understand the opinions of stakeholders, CR carries out a stakeholder demand survey and social responsibility topic questionnaire. In 2017, CR delivered the questionnaire through the WeChat platforms of the group and Chinese Academy of Social Sciences to stakeholders. 2768 valid questionnaires were collected. The topics were analyzed and summarized based on the results of questionnaires, and a model was established accordingly to identify topics highly concerned by stakeholders and highly relevant to the sustainable development of the group. These topics will be prioritized when the group and its subordinate enterprises disclose information.

Matrix Analysis of Materiality Topics



Topics and Indicators

Economic Responsibility

1. Promoting high-quality development
2. Strengthening transformation and innovation
3. Improving operation performance
4. Deepening the reform of SOEs
5. Fighting against corruption
6. Protecting the rights and interests of shareholders

Employee Responsibility

7. Protecting the rights and interests of employees
8. Promoting occupational health management
9. Promoting the growth of employees
10. Streamlining the channel for development
11. Aiding employees with financial difficulties
12. Enriching the life of employees

Customer Responsibility

13. Product quality management
14. Innovation in product services
15. Customer information security
16. Streamlining the channel of communication
17. Handling customers' complaints
18. Advocating responsible consumption

Environmental Responsibility

19. Improving environmental management system
20. Promoting green production
21. Combating climate change
22. Building an environmental-friendly enterprise
23. Protecting biodiversity
24. Providing green products
25. Green office

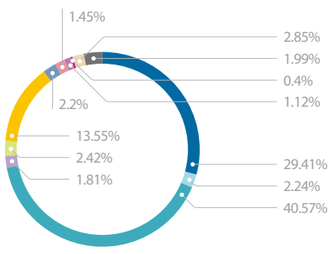
Partner Responsibility

26. Open and transparent procurement
27 Preventing commercial bribery
28. Safeguarding the rights and interests of suppliers
29. Promoting responsibility fulfillment by suppliers
30. Strengthening cross-industry cooperation
31. Actively responding to public opinion
32. Improving media relations

Public Responsibility

33. Participating in poverty alleviation
34. Promoting charity and public welfare
35. Integrating into local communities
36. Paying tax by law
37. Implementing safe production
38. Strengthening safety education

People who have completed questionnaires



Number of people	
814	Customer
62	Manager
1,123	Employee
50	Supplier
67	Partner
375	Community residents
61	Government official
40	People working in the media
31	People working in CSR-related areas
11	NGO employees
55	Employee of peer enterprises
79	Others
Total 2,768	

CSR Strategic Plan

CSR Plan During the 13th Five-year Plan Period

CR made plans for efforts in social responsibility furing the 13th Five-year Plan Period from a strategic perspective and published the *CSR Plan During the 13th Five-Year Plan Period (hereafter referred to as The Plan)* as a framework document guiding the group to reform its CSR in the next 5 years on the basis of the requirement from the State-owned Assets Supervision and Administration Commission of the State Council on the fulfillment of CSR by central enterprises, the diversified business operation of CR and its current performance in social responsibility fulfillment. CR has also revised *Measures for the Management of Social Responsibility* and published *Social Responsibility Handbook* to interpret *The Plan*, making detailed requirements for organizational guarantee, planning and promotion, indicator system, evaluation, performance assessment, communication and budget support for social responsibility fulfillment.

To achieve the overall goal of the CSR Plan During the 13th Five-year Plan Period, CR decided to promote the implementation of *The Plan* in three stages.

Stage I (2016)	Stage II (2017-2018)	Stage III (2019-2020)
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.	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.	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".

Through launching the strategic plans mentioned above, CR is committed to increasing its awareness of social responsibility from the top to the bottom, improving social responsibility management, promoting social responsibility fulfillment and encouraging the integration of social responsibility into corporate strategy to facilitate CR's efforts to become a model and leader in social responsibility fulfillment among central enterprises and realization of the great vision of "becoming a global enterprise with accumulating public trust and popularity".

Annual Plan and Overall Target of Social Responsibility Fulfillment in 2017

CR is committed to promoting progress in shareholder 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 into corporate strategy. 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.

- Organize regular social responsibility work conference and training on corporate level
- Prepare for and release the 2017 Corporate Social Responsibility Report and organize 3-dimensional promotion activities in relation to the celebration of the 80th birthday of CR
- Constantly promote the integration of CSR management and practice
- Complete the construction of Haiyuan CR Hope Village
- Start the construction of Jianhe CR Hope Village
- Launch the Hong'an CR Hope Village Project
- Launch the Yan'an CR Hope Village Project
- Improve the daily operation of CR Charitable Found
- Continue to promote poverty alleviation in Guangchang and Haiyuan based on the Five-Year Plan
- Social responsibility promotion and industrial communication

Promoting the Integration of CSR into Corporate Development Strategy and Daily Operation

CR identifies social responsibility fulfillment as the internal driver for sustainable development to integrate CSR into daily operations and comprehensively improve the ability of CR in social responsibility fulfillment through organizing BU/SBU to release social responsibility reports. On the basis of consolidating existing achievements, CR further promoted the integration of social responsibility into corporate strategy and decision-making, organizational construction, daily operation and management, supply chain management, community joint construction to make responsibility fulfillment an intuitive action of enterprises.

Promoting the integration of social responsibility in four aspects

Incorporating social responsibility as an important factor in making strategies and decisions to fully understand and meet the expectations and demands of stakeholders and realize maximum comprehensive value, such as providing suggestions for the establishment of procurement management systems.

Integrating social responsibility 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.

Promoting social responsibility among suppliers, distributors and partners with compliance, safety and environmental protection, employees' rights and interests, transparent operation, fair competition as core topics; increasing the willingness of suppliers in responsibility fulfillment to achieve CSR fulfillment with joint efforts.

Giving priority to community construction, respecting local culture, religious beliefs and customs and strengthening responsibility communication and promotion.

Shaping Influential and Sustainable CSR Brands

CR successfully established the good image of an enterprise willing to make sacrifice and become the pioneer in facilitating the rejuvenation of rural areas and building a beautiful China through carrying out a series of charity and public welfare projects such as "CR Hope Town", "Targeted Poverty Alleviation", "Sponsoring Education" and "Joint Community Building". The unremitting efforts of CR in recent years improved its reputation and image, increased its influence in social responsibility and create greater brand value.

CR is committed to promoting integrated management and brand-based development of chrity and public welfare projects in relation to its own business operations. "100 Library Plan" of CR C'estbon, Ancient Building Photography Competition of CR Snow Breweries, Open Month of CR Power and "Nanshan Half Marathon" of CR Land have been widely recognized by the public with positive influence. "CR Hope Town" in the construction of new rural areas and "CR Cow Bank" in targeted poverty alleviation, in particular, not only make full use of the diversified resources of CR, but also stays in line with the national strategy of winning the battle against poverty. Now, they have become core brands in fulfilling corporate social responsibility.

CR Hope Town Project was identified as an outstanding case in poverty alleviation on the 100 People Forum on CSR of the Chinese Academy of Social Sciences and was awarded one of the "Top Ten Corporate Brand Charity Projects".

CR Hope Town won "Outstanding CSR Case" Award on China CSR Award & Forum 2017 (organized by Southern Publishing and Media and *New Weekly*); the targeted poverty alleviation project of CR in Haiyuan, Ningxia won "Targeted Poverty Alleviation Award" and the "100 Library Plan" of CR C'est Bon won "Best Charity Performance Award".

CR won Charity and Public Welfare Award, Outstanding Corporate Social Responsibility Fulfillment Award, Top Ten Enterprise in Charity and Public Welfare and 2016 Corporate Social Responsibility Report Best Management Award presented by the CSR Research Center of the Economic Division of Economics of the Chinese Academy of Social Sciences.

Organization

Senior Executives
Actively Promotes Social Responsibility Fulfillment

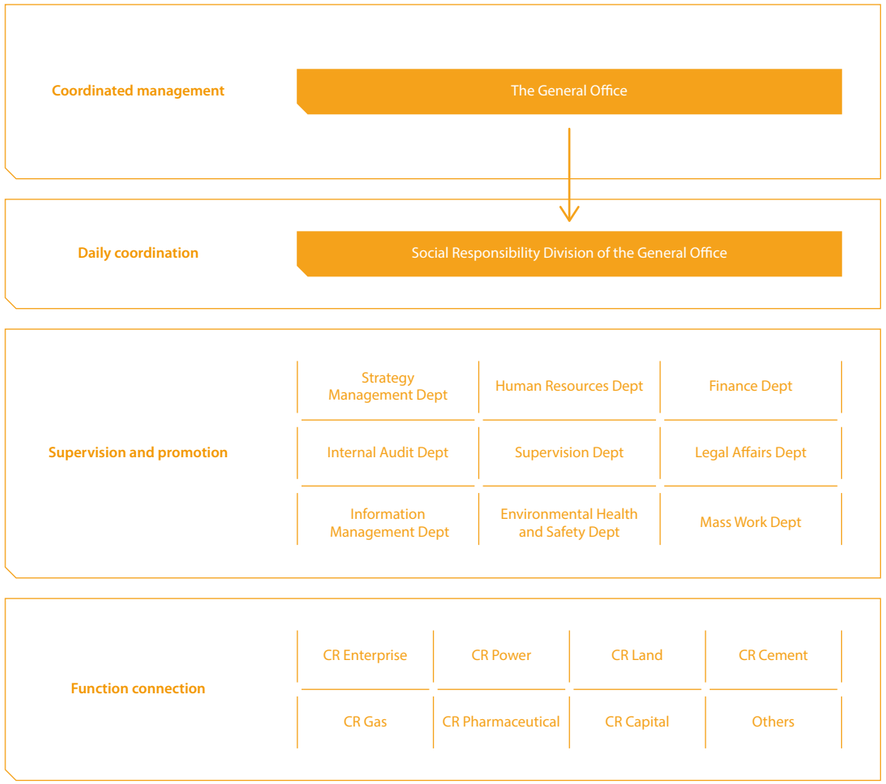
CR Board of Directors and senior executives attach great importance to CSR-related work, and visited towns for targeted poverty alleviation and CR Hope Towns for on-site survey.

Corporate leaders	Time	Destination	Content	Important instructions
Dr. Fu Yuning, Chairman	June 2017	Jianhe CR Hope Town	Attended the launching ceremony of Jianhe CR Hope Town project and conducted on-sire survey in the local area	CR will, by all means, make Jianhe CR Hope Town a successful project. We will increase our investment in Jianhe and make greater contributions to promoting poverty alleviation in Jianhe
	October 2017	Yan'an CR Hope Town	Surveyed the site selection of Yan'an CR Hope Town, heard the introduction of Mafang Village, conducted a field research in Mafang Village and visited local farmers to learn about the actual life of local residents, the challenges they face and their intention for development	
The delegation of corporate leaders led by Dr. Fu Yuning and General Manager Luo Xi	June 2017	Jinggangshan CR Hope Town	Attended the project delivery ceremony and conducted a field research in the town	It took only ten months for the project team to finish the building of the town, setting up a new record in the speed of construction. It is expected that the project could help local industrial development with countryside tourism as the driver according to local circumstance
Ma Lu, Vice General Manager	July 2017	Haiyuan County, one of the project for targeted poverty alleviation of CR	Carried out field research of CR projects in Haiyuan for targeted poverty alleviation	
Shan Jijing, Member of the Board of Directors	March 2017	Baise CR Hope Town	Inspected related work and visited the community service center, cultural activity center, ecological wetland, schools and residential buildings to learn more about the organizational structure of the two work teams of community construction, agricultural industrial layout and all kinds of affairs related to community building and management	
	October 2017	Zunyi CR Hope Town	Carried out on-site survey of related projects in the Hopw Town and held a work conference	
	December 2017	Guangchang County, one of the project for targeted poverty alleviation of CR	Carried out field research in the "Making Joint Efforts for Common Prosperity" Project Demonstration Zone in Yangfang Village, Chishui County and the third "Making Joint Efforts for Common Prosperity" Project Demonstration Zone in Liujiabao Village, Ganzhu County to be constructed with the aid of CR. Organized a work conference with leaders of Guangchang on targeted poverty alleviation in Guangchang	CR will continue to help Guangchang to meet poverty alleviation goals with the principle of "clean poverty alleviation" to make good use of each fund for poverty alleviation and make every poverty alleviation project successful
Guo Tao, Zhang Zhonglin, Xu Qiying, outside directors of CR	April 2017	Jinzhai CR Hope Town	Visited the town to learn about the project construction plan and industrial development of Jinzhai CR Hope Town	Fully recognized CR's active participation in poverty alleviation in old revolutionary bases and social responsibility fulfillment

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, primary 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 proves of social responsibility fulfillment are clearly-defined, providing strong organizational guarantee for systematically promoting the management of social responsibility in CR.

Organizational structure of social responsibility management in CR



Major CSR topics for CR department

Strategy Management Dept	Quality services, consumer management, performing responsibilities in the supply chain, scientific technological innovation, industry- university-research cooperation, macro-environment response
Human Resources Dept	Protecting employees' basic rights and interests, growth and training of employees, democratic management, innovative development
Finance Dept	Protecting shareholders' interests and rights, paying taxes according to law
Internal Audit Dept	Compliance audit, risk management
Supervision Dept	Performance supervision, fighting against commercial bribes and corruption
Legal Affairs Dept	Corporate governance, observing laws and regulations, regulating big shareholders' behavior, protecting lawful rights and interests of minority shareholders and creditors, directors of listed group performing their responsibilities
Information Management Dept	Providing support to CSR information platform, ensuring information security
Environmental Health and Safety Dept	Safety production, environment protection, occupational health, quality and safety of food and medicine
Mass Work Dept	Honesty and legal compliance, caring employees

System

Improving the CSR Management System

In the process of promoting social responsibility management, CR attaches great importance to the construction of the social responsibility management system. It aims at promoting the normalization and regularization of social responsibility work in daily operations and form a comprehensive social responsibility system mechanism through establishing and improving systems and regulations to achieve effective management of all BU/SBU.

Developing the CSR Indicator System

CR developed a comprehensive CSR management indicator system covering corporate strengths, stakeholder relations and external environmental under the guidance of *Directive Suggestions on the Fulfillment of Social Responsibilities by Central Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council, CASS-CSR 4.0 issued by the Chinese Academy of Social Sciences and *Sustainable Reporting Guidelines* (G4) issued by GRI, with reference to advanced sustainable development concepts at home and abroad and the actual development of CR business operations. The improved social responsibility management key performance indicator system is composed of seven fields: responsibility management, economic responsibility, responsibility to employees, responsibility to customers, responsibility to partners, responsibility to the public and environmental responsibility, covering 32 key topics and 119 key performance indicators. The system provides guidance for CR to build a comprehensive social responsibility management system and scientific evaluation tools for assessing the development of enterprises in the long run in a more comprehensive manner outside the operation performance assessment and evaluation system.

CR Social Responsibility System

Categorization	Major Systems
Basic Management	Measures for CSR Management, CSR Work Handbook, Measures for the Management of Charity and Public Welfare Activities, CR Corporate Citizen Construction Directive, CR EHS (Environment, Health, Safety) Management System Construction Directive
Responsibility Implementation and Evaluation	Key performance system for CR social responsibility management, key social responsibility performance indicators of CR
Information Release	CR system for the reporting of important information, CR work system of media promotion
Stakeholder Management	CR human resources policies, rules on the signing of employment contracts, CR managers protocol, CR employment directives, measures on the establishment and improvement of the Workers' Congress system, customer satisfaction rate survey directive
Others	Measures for the management of CR systems, rules and regulations; CR corporate culture construction work directive; measures for the establishment of the honesty and integrity system

Field	Topics	Number of indicators
Responsibility management	Responsibility strategy	4
	Organization and institution	3
	Responsibility communication	4
	Responsibility fulfillment capability	6
	Responsibility integration	4
	Responsibility performance	5
Economic responsibility	Creating value for shareholders	3
	Improving corporate governance	3
	Protecting the rights and interests of shareholders and investors	4
	Operation performance	4
Responsibility to employees	Employees' rights and interests	3
	Democratic management	2
	Occupational health	4
	Employee growth	2
	Caring for employees	4
Responsibility to customers	Stabalizing the market	5
	Quality and safety	3
	Service management	7
	Innovative development	4
Responsibility to partners	Strategic cooperation	4
	Fair competition	2
	Responsibility fulfillment along supply chains	4
	Improving the relation with the media	3
Responsibility to the public	Responsibility to the government	5
	Safe production	3
	Charity and public welfare	3
	Community construction	5
Environmental responsibility	Pollution prevention and control	2
	Sustainable resource utilization	3
	Climate change mitigation and adaptation	2
	Green office	3
	Green operation and management	6

Key performance indicators for social responsibility management

Organizing CSR Assessment and Evaluation

The General Office is committed to realizing the organic integration of social responsibility philosophies and existing systems of CR after a thorough analysis of existing systems to establish a social responsibility indicator system that covers social responsibility promotion performance, economic performance, social performance and environmental performance.

1. Improving responsibility indicator statistics, evaluation and information system. Improving the system of common indicators in social responsibility evaluation on corporate level, and promoting the optimization of individualized performance indicator systems of companies under direct affiliation.

2. Developing effective social responsibility assessment and evaluation methods. On corporate level, The General Office organizes systematic evaluation to social responsibility reports of profit centers with reference to the Social Responsibility Report Five-Star Rating System launched by the Chinese Academy of Social Sciences and release the results of evaluation on the annual social responsibility conference to identify problems, provide suggestions and supervise implementation. At the same time, the General Office also evaluates social responsibility fulfillment by all profit centers and formulates social responsibility evaluation and award systems to encourage good practice and establish models through presenting the "social responsibility award" and selecting outstanding individual in social responsibility fulfillment.

Incorporating "Social Responsbility Award" in the outstanding performance awards system of CR Group

To effectively promote the achievements of CR in social responsibility fulfillment, encourage and motivate CR companies to actively engage in social responsibility practice while creating profit for the Group, normalize and regularize social responsibility fulfillment and promote sustainable corporate development, CR established "Social Responsibility Award" in the 2018 outstanding performance awards system. 23 social responsibility projects from 17 companies competed for the award. Five 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.

Award-wining companies will not only be prised on the annual meeting, but also get extra bonus in the annual performance contract. Gold prize winner will get a bonus of 1 point, silver prize winner will get a bonus of 0.8 point and bronze prize winner will get a bonus of 0.5 point, which is higher than the bonus given for other performance awards. Besides, the General Office also prised outstanding individuals with good performance in social responsibility work from BU/SBU and profit centers.

Social Responsibility Award winners

Gold Prize

- Haiyuan Forage and livestock Integrated Beef Cattle Raising Project of CR Ng Fung

Silver Prize

- Marble Waste Pulp Recycling Project of Hezhou Power Plant, CR Power
- "Internal Coordiination for Jointly Building CR Hope Town, Integrated Efforts with External Partners for Organizing the Half-Marathon, Promoting Social Responsibility Management through Compiling CSR Reports" Integrated Social Responsibility Fulfillment Project of CR Land

Bronze Prize

- DEEJ Donkey Raising Project for Targeted Poverty Alleviation of CR Pharmaceutical
- Coordinated Solid Waste Treatment Project of CR Cement

Culture

To realize effective social responsibility fulfillment in all strategic BU/SBU, CR gradually established a CSR culture guided by social responsibility and sustainable development and driven by the mission of CR. CR introduced the concept of social responsibility to different BU/SBU and gradually integrated it into the daily work of all CR employees through compiling and publishing social responsibility reports. This could help to realize the common goal of CR and form synergy among CR employees for sustainable development in the future.

Organizing Trainings on CSR

On 19th April, CR held 2018 Social Responsibility Work Conference with the theme of "Responsibility Stems from Mission" in Jinggangshan CR Hope Town. More than 150 guests, including leaders in charge of social responsibility from CR departments and divisions, strategic BU/SBU and first-tier profit centers, staff from the Liason Office, external guests and members of CR Hope Town construction and industrial aid team, attended the conference.

The Conference reviewed CSR work in 2017, proposed the major task and reqirement of social responsibility fulfillment in 2018 and provided interpretations and explanations on the launch of CR *Measures on the Management of Charity and Public Welfare Activities* and the provision of material for the compilation of the *2017 Social Responsibility Report*.

The Conference pointed out that the priority of social responsibility work in 2018 is to compile high-quality social responsibility reports, organize high-quality social responsibility practice and implement high-1uality social responsibility management. It also proposed "Four Criteria" for the evaluation of social responsibility work: being conducive to business development and realization of strategic goals; being conducive to promoting the development of corporate culture and expanding brand influence; being condusive to the implementation of the five development concepts of "innovation, coordination, green development, openness and sharing"; being conducive to the realization of the mission and vision of CR. Related leaders from the General Administration Bureau of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) and experts from Social Responsibility Research Center of the Chinese Academy of Social Sciences, MSC Consulting and Beijing Daliangzao Brand Consulting Company were also invited to give lectures.

On 20th, April CR held CR Hope Town 2018 Work Conference. Project teams of the 4 Hope Towns under construction, industrial aid teams of 7 Hope Towns that have completed construction as well as employees engaged in poverty alleviation in Haiyuan and Lankao Animal Husbandry Bases attended the Conference and delivered work report. The Conference discussed problems in the construction of CR Hope Town and industrial aid and pointed out that CR would strengthen the maintenance and management of CR Hope Towns that have been constructed, improve the quality of the construction and operation of CR Hope Town in the strategy of the rejuvenation of rural areas, further analyzed and enriched the connotation and outlook of CR Hope Town and summarized the spirit of CR Hopw Town to make it an important component of CR spirit.

Participation

Becoming Closer Listening to the Voice of Stakeholders

With social responsibility has gradually become an integral part of the daily operation of CR. CR is becoming increasingly aware of the importance of external stakeholders to corporate development. Therefore, CR attached great importance to external views and insights and the communication with stakeholders.

To promote effective communication with stakeholders, CR build up the bridge for communication with stakeholders and timely and effectively response to the demand of stakeholders on the one hand, and promote CR's understanding of CSR, the performance of CR companies in social responsibility fulfillment to the general public and improve brand influence on the othe hand through compiling and releasing social responsibility reports.

Beoming More Open Actively Promoting Responsibility Communication

CR carried out internal and external social responsibility communication in various ways with the compilation and release of social responsibility reports as the threshold. External communication includes establishing and improving the system of corporate information disclosure, releasing news related to social responsibility and social responsibility reports, organizing media promotion, promoting the communication and mutual-learning between enterprises to constantly promote rhe vision of social responsibility to the general public. Internal communication includes using publications, websites, training and conferences of CR as platforms and channels to promote the philosophy and practice pf social responsibility, so as to help local employees to better understand and recognize the social responsibility philosophy of CR and further promote social responsibility fulfillment.

In the promotion of the content of social responsibility report, in addition to conventional channels, including online release, hard copy delivery and advertisement in journals and newspapers, CR also tried to promote the content of the CSR Report on new media, make brochures and develop H5 WeChat version and AR animations. Besides, CR also released questionnaires to the public, made social responsibility notebooks and other suvenirs and published promotion articles to inform the public of the performance of CR in social responsibility fulfillment. The highly diversified content promotion channels significantly improved readers' experience and brought readers closer.

Attaching Greater Importance to and Actively Participating in Industrial Communication on Social Responsibility

CR actively attended CSR exchange and sharing activities and carried out extensive communication and dialogue with mainstream professional agencies engaged in social responsibility on different core CSR topics. In 2017, CR attended CSR exchange and sharing activities held by the Chinese Academy of Social Sciences, *China WTO Tribune* and the South Korean Embassy in China, as well as CSR activities held by mainstream media such as *New Weekly* and Southern Publishing and Media, including attending the International Symposium on CSR Report in China and China CSR Award & Forum. CR actively communicated with its counterparts to exchange and share its philosophy and practice, learnt cutting-edge concepts and practices and expanded the external influence of social responsibility.

1.CR attended 2017 100 People Forum on CSR of the Chinese Academy of Social Sciences and The First Beijing Responsibility Exhibition and shared its experience with industrial peers on invitation

2.CR attended China CSR Award & Forum 2017 jointly held by *New Weekly* and Southern Publishing and Media

1. | 2.

Challenges and Improvement

In the process of carrying out social responsibility management, CR realized that promoting social responsibility management is a systematic project that needs constant improvement and adjustment. We need to further improve BU/SBU and profit centers' understanding of the compilation of Social Responsibility Report as an effective tool for improving operation management capabilities and promote the transition from regarding social responsibility report as a task to actively promoting social responsibility management, practice and integration for realizing the improvement of the overall capability of social responsibility fulfillment.

Our Commitments

1.

We will continue to promote the construction of the internal mechanism for social responsibility management and optimize the social responsibility management system.

2.

We will consider the expectation of stakeholders while realizing our own development and help stakeholders to maximize their interest and create greater value.

3.

CR will continue to promote the publication and implementation of social responsibility philosophies among employees of all levels.

4.

CR will continue to explore for effective ways to integrate social responsibility fulfillment performance, evaluation and incentive, take concrete measures to promote social responsibility fulfillment and integrate CSR into business operation.

Editor: Yu Feng

Appendix

About the Report

The Report is the tenth 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 responsibility for shareholders, employees, customers, environmental protection, partners and the public. The Report is published in both Chinese and English. In case of slight difference in content, please refer to the Chinese version as the standard.

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, 2017.Some contents may extend to June 30, 2018.

The Cycle of the Report

CRC 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.

Reference of the Report

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; CASS-CSR4.0 issued by the Chinese Academy of Social Sciences; Sustainable Reporting Guidelines (G4) issued by GRI; *CR Social Responsibility Plan during the 13th Five-Year Plan Period, Regulations on the Management of Social Responsibilities of CR, and 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".

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(To help us to reduce the use of paper, it is suggested that you choose the electronc version as long as you can)

Chief Editor: Lan Yi
Vice Chief Editor: Wei Yaodong
Leader of the Editor Team: Yu Feng

Future Plan

Shareholder Reponsibilities	■ Carrying out strategic review of the performance of CR during the 13th Five-Year Plan Period to strengthen strategy and investment management. ■ Speeding up the withdrawal from traditional business operations and expand new growth magnets to accelerate business transition. ■ Improving innovation mechanisms through increasing the investment in R&D and providing stronger support to mass innovation and entrepreneurship. ■ Further improving the construction of technical platforms such as CR Tong, CR Hui and the data center for increased digitalization. ■ Promoting the implementation of national strategies such the development of Guangdong-Hong Kong-Macao Greater Bay Area, Xiong'an New District and the "Belt and Road" Initiative; accelerating the implementation of key projects. ■ Taking advantage of favorable environment in Hong Kong to make full use of domestic and international markets and resources to speed up international expansion.
Employee Responsibilities	■ Actively implementing and leveraging new measures on total payroll management issued by the State-owned Assets Supervision and Administration Commission and new policies on employee shareholding and equity incentive to enrich inventive measures, especially for employees at critical positions; increasing the income of grassroot employees. ■ Establishing an open internal market to provide local employees with the channel for promotion and transition. ■ Improving management and supervision in the process of "cutting surplus industrial capacity" and "tackling the problem of zombie firms and companies with severe financial difficulties" to safeguard the basic rights and interests of employees. ■ Listening and responding to the voices of employees through multiple channels. ■ Actively promoting health management, strengthening early –stage risk preventon and improving the capability of occupation health protection.
Customer Responsibilities	■ Further strengthening the building of the customer management system to form synergy in supervision. ■ Constantly promoting improvement in the quality of products and services with the transition from focusing only on "quantity" to focusing on both "quantity" and "quality". ■ Developing online service platforms and promoting capability construction while improving customer information security and privacy protection. ■ Increasing investment in R&D to promote product and service innovation.
Environmental Responsibilities	■ Optimizing industrial structure, giving priority to the development of projects with low energy consumption and low pollution, increasing the share of clean energy in energy mix and promoting the development of circular industrial parks to realize sustainable development. ■ Improving the promotion and application of new technologies, techniques, equipment and material for energy conservation and emission reduction, increasing the investment in energy conservation and emission reduction, upgrading facilities and equipment with high energy consumption and high pollution, and further improving the efficiency of resource utilization while reducing the intensity of pollutant discharge. ■ Strengthening the supervision and management of energy conservation and emission reduction efforts, implementing measures on pollutant discharge control, and ensuring that the type, intensity and total discharge of pollutant are up to standard. ■ Improving the environmental pollution emergency management system to avoid major environmental accidents.
Partner Responsibilities	■ Further improving the mechanism for the strategic cooperation with local governments and businesses, promoting substantial progress in the development of the industry-university-research platform and innovating industrial cooperation platforms. ■ Further promoting, the publication, promotion and application of the concept of social responsibility along the supply chain, improving social responsibility fulfillment along the supply chain and promoting social responsibility fulfillment evaluation for suppliers throughout the Group.
Public Responsibilities	■ Analyzing the demand of the society based on negative media coverage and public opinion to identify problems in social responsibility fulfillment and strengthen social responsibility risk management. ■ Cooperating with the media in a positive and honest manner, effectively communicating with the public and promoting the image of CR as a responsile enterprise. ■ Resoonding to the calls of the government and actively assisting government administration. ■ Promoting the development of business operations with advantages in Hong Kong and looking for new breakthroughs. ■ Promoting CSR fulfillment in Hong Kong to address social pain points and the aggreviation of social conflicts in Hong Kong. ■ Improving the development of volunteer organizations of all levels to form synergy.
Responsibility Management	■ Further promoting the construction of the internal mechanism for social responsibility management and opetimizing the system of social responsibility management. ■ Considering the expectation of stakeholders while realizing our own development and helping stakeholders to maximize their interest and create greater value. ■ Continuing to promote the publication and implementation of social responsibility philosophies among employees of all levels. ■ Exploring for effective ways to integrate social responsibility fulfillment performance, evaluation and incentive, taking concrete measures to promote social responsibility fulfillment and integrate CSR into business operation. ■ Comprehensively improving the awareness and capability of social responsivility fulfillment and making joint efforts to build a harmonious community through strengthening communications with stakeholders in investment destinations and listening to the voice of the public.

Key Performance Indicators for 2015-2017

Economic Responsbility

	Unit	2015	2016	2017
Total revenue	100 million RMB	4,812,21	5,034.08	5,554.5
Total profit	100 million RMB	439.68	483.38	648.54
Net profit	100 million RMB	298.15	337.82	384.63
Total asset	100 million RMB	9,945.19	11,000.44	12,159.23
Net profit	100 million RMB	298.15	337.82	384.63
ROE	%	10.53	11.02	11.56
ROA	%	5.41	5.49	6.46
Rate of maintenance and appreciation of state-owned assets	%	116.5	109.6	115.2
Rank in Fortune Global 500	Rank	115	91	86

Social Contributions

	Unit	2015	2016	2017
Total number of employees	10,000 people	49.5	40.7	44.84
Newly created jobs	10,000 people	-0.9	-8.8	4.14
Total tax payment	100 million RMB	474.14	510.05	591
Charity donations	100 million RMB	0.94	0.67	1.95

Employee Responsibilities

	Unit	2015	2016	2017
Labor contract signing rate	%	99.39	99.48	99.51
The coverage of social insurance	%	99	99	99
The percentage of female managers	%	19	19	19
Days of per capita average paid leave	Day	8	8	8
The coverage of employee training	%	96	96	96
Per capita investment in training	10,000 RMB/person	0.466	0.479	0.48
Per capita time devoted to training	Hour	40	40	40.3
Average salary	10,000 RMB	6.45	7.45	8.44

Customer Responsibilities

	Unit	2015	2016	2017
Investment in the development of technologies	100 million RMB	11.8	12.65	12.98
Number of new patents	Number	2,825	3,892	4,523

Safety Production and Environmental Responsibilities

	Unit	2015	2016	2017
Death rate per thousand people	‰	0.0075	0.012	0.014
Investment in safe production	100 million RMB	7.1	10.4	13.3
The number of emergency drills	Time	14,876	17,658	29,113
Total investment in environmental protection	100 million RMB	26.4	27.4	25.2
The number of registered safety engineers	People	1,066	1,340	1,464
Investment in energy conservation, emission reduction and technological transformation	100 million RMB	21	24	20.8

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Rating Report

Rating Report on CRC 2017 CSR Report

Upon the request of China Resources (Holdings) Co., Ltd, the "Chinese Expert Committee on CSR Report Rating" invited experts to form rating team to rate the "CRC 2017 CRS Report" (hereinafter referred to as "*the Report*").

I. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0) and *Rating Standard on Corporate Social Responsibility Reporting for Chinese Enterprises (2018).*

II. Rating Process

(1) The panel for process appraisal makes interview to key members of the Report preparation team and examines materials related to the preparation process.

(2) The rating group draws up the rating report based on its appraisal made toward the preparation process and information disclosure of the Report.

(3) The rating report is submitted to and signed by both the vice-chairman of the Expert Committee and head of the rating group.

III. Rating Results

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 Director of the General Office was the vice chief editor responsible for providing detailed guidance. CR identified the functional position of the Report as "improving management with CSR Report, promoting practice with management and increasing integration with practice". In responding to the demand of stakeholders for information disclosure, CR realized the value of the Report in communication and promoted the standardized and regulated management of CSR work through launching CR Social Responsibility Work Management System. Besides, CR also innovatively adopted AR technology in distributing the Report and established a multi-layer, maulti-channel reporting sustem. It identified major topics according to impotant moves of the Group, related national policies, industrial analysis and questionnaires to stakeholders. The Report will be released on the official website and the the annual ocial Responsibility Forum and will be presented in Chinese and English, print and online and AR, achieving outstanding performance in the aspect of process.

Materiality(★★★★★)

The Report systematically disclosed key industrial issues relating to macro policy, optimizing corporate governance, strengthening quality management, promoting product and service innovation, occupational health management, ensuring safe production, strengthening responsible procurement, saving energy and resources, developing recycling economy, decreasing "Three Waste" discharging and governing environment issues around factories, and the information was adequate and detailed, achieving outstanding performance in the aspect of materiality.

Completeness(★★★★☆)

The Report systematically disclosed 89.6% of the core indicators in the industry from the aspects of "value creation stems from the responsibility to shareholders, "people orientation stems from the responsibility to employees", "business progress stems from the responsibility to customers", "beautiful life stems from the responsibility to the environment", "mutually-beneficial win-win cooperation stems from the responsibility to partners" and "social trust stems from the responsibility to the public", achiving leading performance in the aspect of completeness.

Balance(★★★★★)

The Report disclosed detailed negative indicator information such as the "death rate per 1000 people", "personal injury and death accidents", "safety risks", "environmental pollution accidents", "the share of negative media coverage", "the number of unqualified suppliers" and "the number of customer compliants". It also analyzed current problems of high employee turnover rate, the lack of an integrated customer relation management organization, and the failure to bring out the synergy of strategic sharing mechanism and platforms, achieving outstanding performance in the aspect of balance.

Comparability (★★★★★)

The Report disclosed 54 key indicators including "total gross generation", "net profit", "spending on charity donation", "per capita investment in training", "investment in safe production" and "total investment in environmental protection" for three years in arow, and conducted horizontal comparison on the rank on Fortune Global 500, China CSR Development Index, S&P Global 250 and Forbes Global 2000 Listed Companies, achieving outstanding performance in the aspect of comparability

Readability(★★★★★)

The report clearly demonstrates CR's understanding of social responsibility fulfillment and pursuit by concentrating on the main theme "respinsbility stems from mission" from six perspectives: shareholders, employees, customers, partners, environment and society. The chapters are clearly designed to demonstrate CR's understanding of social responsibility fulfillment and pursuit. The Report started with "Ten Major Events of CR in 2017", which focused on the practice of CR in social responsibility fulfillment and illustrated the leading role of CSR fulfillment and its close connection with the trend of the times. The chapter of "Responsibility" is composed of six stories with QR Code being embedded to provide video and image material related to the content of the Report, which makes it more effective in communication and promotion. Sections such as "CR Profile" and "Tremendous Responsibility Behind a Simple Story" inteprete and exand the content of the Report and thus demonstrate the significance of CSR fulfillment, making it more interesting and readable, achieving outstanding performance in the aspect of readability.

Innovativeness(★★★★★)

The Report included the theme activity of "Comprehensively Study and Implement the Spirit if the 19th CPC National Congress" to actively respond to national policies and strategies, pinpoint the highlights of CSR fulfillment by CR and demonstrate the sense of responsibility and duty of a central enterprise. DMA is carried out in every chapter to show core topics and achievement of social responsibility fulfillment in a nutshell, making it easier for staheholders to have a quick review of related content. A quiestionnair is conducted to increase the participation of stakeholders and effectively improve the accuracy of core topic identification. The promotion of the Report is also very innovative. Through sacnnning the QR Code to watch the AR video, the effect of promotion and communication has been significantly improves, achieving outstanding performance in the aspect of innovativeness.

Overall Rating (★★★★★)

According to the assessment of the rating team, the "CRC 2017 CSR Report" was awarded a rating of five-star. It is an outstanding CSR report.

IV. Suggestions for Improvement

The data of industry core indicators shall be increased, so as to further improve the reporting Completeness.

Rating Team

Team Leader: Zhong Hongwu, director of Research Center for Corporate Social Responsibility, Economics Division, Chinese Academy of Social Sciences

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Leader of the Rating Team

Date of Issuing: June 27, 2018

Scan the QR Code to view rating files of CR

中国企业社会责任报告 评级专家委员会 Chinese Expert Committee on CSR Report Rating

中国社会科学院经济学部 企业社会责任研究中心

Readers' Feedback

Dear Readers:

Thank you for taking the timeto read CRC 2017 CSR Report. To improve our work on social responsibility and preparation of the report, we would like to hear your valuable comments and suggestions.

Please answer the following questions and submit to us
(1 is the lowest score and 5 is the highest score)

1. Please identify your stakeholder category

☐ Government employee ☐ Regulatory authorities ☐ Shareholder and investor
☐ Enployee ☐ 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 structre 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?

Scan the QR Code
to give us your
feedback and suggestions
Your suggestions
Are drivers for our
sustainable development

China Resources (Holdings) Co., Ltd