

CHINA RESOURCES (HOLDINGS) CO., LTD

# Social Responsibility Report 2019

SHOOTING  
FOR THE  
BETTER



## Shooting for the Better

China Resources (CR) is an enterprise that is closely linked with people's daily life: clothing, food, housing, transportation. People's expectation of a better life is the driving force behind us, as well as an important mission on our shoulders. During the 13th Five-Year Plan, CR has always been making hard efforts to achieve that mission, and the mission of "leading business progress and creating a better life for all" has been integrated into our DNA, every year, every day, every minute. We remain true to our original aspiration and keep our mission firmly in mind. CR, always shoots for better.



# Content

## 14 Combating COVID-19

STORY 1

16 **CR Vanguard:  
Always by your side, to provide the support you need**

STORY 2

20 **CR Medical:  
Working in Wuhan Jinyintan Hospital with the white coat as my armor**

STORY 3

24 **CR Pharma Comm:  
Medicines can wait, but people can't**

## CR ABCs

- 4 Remarks
- 8 CR Profile
- 10 Brand Tree
- 12 2019 Highlights

## Appendix

- 149 About the Report
- 150 Key Performance Indicators for 2017-2019
- 151 Report Index
- 153 Report Rating
- 154 Readers' Feedback

# 01

## 46 Economic Responsibility

- 48 Concept and Vision
- 48 Our Performance
- 49 Improving Corporate Governance and the Management Level
- 54 Sticking to Integrity and Compliance, and Strengthening the Prevention of Corruption
- 57 Leading High-quality Development, and Creating Value for Shareholders
- 60 Optimizing Regional Layout, and Actively Participating in National Strategies
- 61 Our Commitment

# 02

## 62 Employee Responsibility

- 64 Concept and Vision
- 64 Our Performance
- 65 Protecting the Rights and Interests of Employees, and Enhancing Their Sense of Happiness
- 70 Enriching the Content of Training, and Strengthening the Employees' Innovation Capability
- 73 Caring about the Employees, and Giving Them a Sense of Belonging
- 77 Our Commitment

# 03

## 78 Customer Responsibility

- 80 Concept and Vision
- 80 Our Performance
- 81 Providing High-quality Products and Services, and Narrowing the Gap between Supply and Demand
- 85 Protecting the Rights and Interests of Customers, and Ensuring Fair Trade
- 87 Improving Customer Satisfaction, and Exceeding Customer Expectations
- 91 Focusing on Innovative Development, and Creating More Social Value
- 95 Our Commitment

STORY 4

28 **CR Gas:  
Always ready to respond to the call, and to win the fight**

STORY 5

32 **CR Land:  
Helping maintain the normal functioning of the city, and working jointly with all parties to defeat the epidemic**

STORY 6

38 **CR Microelectronics:  
Sending the "Chinese chip" to the frontline**

STORY 7

42 **Epidemic Prevention and Poverty Relief: Not one less**

# 04

## 96 Environmental Responsibility

- 98 Concept and Vision
- 98 Our Performance
- 99 Pursuing Green Development, and Establishing a Long-term Environmental Protection Mechanism
- 101 Conducting Green Operation, and Promoting the Ecological Development of Business
- 105 Creating Low-Carbon Workplace, and Cultivating Environment-Friendly Behaviors
- 107 Our Commitment

# 05

## 108 Partner Responsibility

- 110 Concept and Vision
- 110 Our Performance
- 111 Developing Strategic Cooperation, and Realizing a Win-win Result
- 113 Levelling the Playing Field, and Safeguarding the Virtuous Development of the Industry
- 114 Promoting Responsibility Fulfillment on the Supply Chain, and Creating a Responsible Industrial Environment
- 116 Enhancing Relations with Media and Strengthening Information Disclosure
- 121 Our Commitment

# 06

## 122 Public Responsibility

- 124 Concept and Vision
- 124 Our Performance
- 125 Supporting the Government's Administration, and Advancing the Development of the Greater Bay Area
- 127 Creating a Charity Platform for Public Welfare, and Make Full Use of It
- 130 Strengthening Training and Supervision of Safety in Production
- 132 Conducting Community-building, and Creating a Harmonious Neighborhood
- 133 Our Commitment

# 07

## 134 Responsibility Management

- 136 Responsibility Stems from Missions, and Responsibility Leads the Future
- 136 Concept and Vision
- 136 Social Responsibility Model
- 137 Identification and Management of Major CSR Issues
- 138 Strategy
- 141 Organization
- 142 System
- 144 Culture
- 146 Participation

## Remarks



Wang Xiangming  
chairman of China Resources Group

## Continuing Rural Revitalization and Upgrading the CR Hope Village

The year 2020 is a decisive year to overcome poverty and build a moderately prosperous society in an all-round way. It is an important milestone for our party to lead our people of all ethnic groups to realize the great rejuvenation of our Chinese dream. By standing in a new historical position, I would like to talk about few insights and thoughts focusing on how to accurately understand China's rural issues, correctly grasp the strategic significance of national rural revitalization, and how to carry out long-term construction and development the CR Hope Village.

### I The origin of rural problems

The rural problem is not an unique issue to China. It is a worldwide problem with a long history. The essence of this issue is a product comes from the process of modernization, the comprehensive embodiment of the unbalanced development of the "dual structure" of rural and urban, agriculture and industry, rural and urban residents. Poverty and backwardness are its most prominent characteristics.

**1. The imbalance between urban and rural areas is a common challenge for all mankind.** Industrialization and urbanization are the only path for a country to transform from traditional agriculture and rural society into a modern country. After the industrial revolution, cities have developed rapidly, and large scale of industrial production and urban operation require huge number of materials for living and production. Rural areas naturally become the main sources for those materials and through "supplementing labor with agriculture"

and providing "scissors gap" for the prices, cities and industries have developed rapidly. However, a large number of rural population resources are flowing out, the gap between the rich and the poor, the rural environment is depressed, and the boundaries and characteristics of urban-rural dual structure are very distinct.

In the 20th century, as the west gradually entered the mature stage of industrialization and urbanization, the developed countries carried out large-scale and systematic rural construction movement in order to adjust this imbalance, including village renewal in Germany, farmland consolidation in Holland, rural reform in Switzerland and France, and rural town construction in the United States. After the rise of East Asia in the 1970s, Japan also carried out the village construction movement and South Korea carried out the new village movement. Through a variety of measures in developed countries, agricultural modernization has been fully developed, rural infrastructure has been greatly improved, and urban and rural income has been maintained at a reasonable level, which has initially alleviated the trend of urban-rural dual imbalance.

However, this issue still has not been well solved worldwide, especially in Latin America, where one-sided development of industry and cities has led to agricultural and rural areas falling into difficulties, economic and social turbulence and wandering, and finally falling into the "middle-income trap". In 2016, after ending the Millennium Development goals with "poverty reduction" as the core, the United Nations once again made "poverty eradication" as the top priority of the 17 sustainable development goals till 2030. Urban rural imbalance, especially poverty in rural areas of less developed countries, is still one of the biggest challenges of human society.

**2. The unique exploration and practice of the Communist Party of China.** Since its birth, the Communist Party of China has made it clear that the elimination of poverty and the transformation of backwardness have been regarded as major revolutionary objects and goals. It has gradually explored a development road in line with China's national conditions. During the struggle period of early revolution, the Communist Party of China carried out the land reform, education, medical care and minimum social security and assistance in the Central Soviet Area and the border region of Shaanxi, Gansu and Ningxia, showing the rudiments of contemporary development-oriented poverty alleviation and security poverty alleviation. After the founding of the people's Republic of China, the Communist Party of China immediately launched a large-scale and systematic social transformation, including land reform, mutual aid and cooperation and basic industrialization with the purpose of eliminating poverty and changing the backward state. After the reform and opening up, China has carried out the reform of market economy system. Deng, Xiaoping put forward the conclusion that "poverty is not socialism", creatively put forward the idea of "the rich first pushing those being rich later", and put forward the concept of "well-off society" for the first time. Since then, China has launched the "three-step" strategy of modernization.

Since the 18th National Congress of the Communist Party of China, China's modernization process has entered a new stage. Adhering to the people-centered development thought and the establishment of the new development concept, the Party Central Committee has put poverty alleviation and the "three rural" issues in a more prominent position. General secretary Xi, Jinping has made many important remarks, pointing out that we need to do "share development focuses on solving the problem of social equity and justice", "To ensure that all the rural poor get rid of poverty and join the whole nation in a well-off society". He also pointed out that even if the urbanization rate of our country reaches 70%, the rural population will still be more than 400 million. If those 400 million rural population are left behind in the process of modernization, we would see our country divide into "one side of prosperous city and the other side of poor countryside.", which is not in line with the ruling purpose of our party and the essential requirements of socialism. It is impossible for such modernization

to succeed", he said, etc. With the introduction of a series of policies to benefit and strengthen agriculture and poverty alleviation, the investment in agriculture, rural areas and farmers has been increased, urban and rural planning has been promoted in an orderly manner, and the mechanism of promoting agriculture by industry and driving rural areas by city has gradually formed, and the condition of China's rural areas has changed significantly. By the end of 2019, the mileage of rural roads has reached 420,050,000 kilometers, which increased 160,800 kilometers comparing with the end of the previous year; 98% of the administrative villages in China are connected with 4G network, and 98% of the poor villages are connected with broadband internet; the income growth of rural residents is faster than that of urban residents, and the per capita income ratio of urban and rural residents is further reduced to 2.64 in 2019, which was decreased by 0.66 comparing with 2009. The number of poor population of rural area in China has reduced from 98.99 million at the end of 2012 to 5.51 million, with a total reduction of 93.48 million; the number of poverty-stricken counties decreased from 832 to 52; the incidence of poverty decreased from 10.2% in 2012 to 0.6%, with a cumulative decrease of 9.6 percentage points, which created a miracle in the poverty alleviation of the world history.

**3. Experience and insights of the CR Hope Village project of China Resources.** As an enterprise founded by our party, it is our duty and responsibility to share the worries of the party, fulfill the responsibilities for the country and benefit the people. Since 2008, China Resources has donated more than 800 million Yuan to build nine CR Hope Villages in the old revolutionary base areas and poverty-stricken areas throughout the country with three more towns are under planning and construction. We have participated in the targeted poverty alleviation counties of Guangchang and Haiyuan, benefiting a total number of 3,036 households and 11,463 people. It has influenced and driven more than 100,000 people around the towns to get rid of poverty and become well-off. This has become a miniature and typical example of focusing on "three rural issues" of our party and winning the war of poverty alleviation. By building 12 towns for 12 years, China resources has gathered some insights and experiences in the process of participating in poverty alleviation and rural construction. First, it should follow the unified command and advance orderly according to the overall deployment of national rural construction. From 2004 to 2020, the No. 1 central document has been continuing focusing on the "three rural issues" for 17 years. During the period of poverty alleviation, the detailed assessment objectives were even set. As a sustainable development project, the CR Hope Village project of China Resources will, at different stages, optimize and adjust in time according to the focus of the policy, ensure the unity of pace with the central government, and effectively serve the overall development of the country. Second, we should base on the actual situation of the countryside, respect the will of the people, and make targeted developments according to the location and conditions of the area. From the town development process in Baise to Haiyuan, we have cultivated the characteristic planting and breeding industry and the paper-cut embroidery handicraft industry; in the town of Jinggangshan, we have introduced hotel, air B&B and other service industries according to the local rich tourism resources; in the town of Hong'an, which was just completed the construction today, we have not only introduced the shared farm of CR Hope Village and Milan Flower Hotel, but also developed a street of intangible cultural heritage, realizing the integrated development of primary, secondary and tertiary industries and created a "village and farming complex", hoping to optimize and upgrade the town into a new level. Third, we need to respect the law of urban and rural development, make scientific planning, and stress comprehensive management and development. The CR Hope Village project not only pays attention to the industrial prosperity, but also creatively puts forward the comprehensive development ideas of "environmental transformation, industrial assistance, organizational restructuring, and spiritual remodeling", as to comprehensively improve the region and embark on a new path of comprehensive development poverty alleviation.

### II The future of rural construction in China

The report of the 19th National Congress of the Communist Party of China put forward the strategy of Rural Revitalization for the first time, which has become a major historical task for building a moderately prosperous society in an all-round way and building a modern socialist country in an all-round way. It is also the general grasp of the work of "agriculture, rural areas and farmers" in the new era.

**1. Accurately grasp the essence of the National Rural Revitalization Strategy.** China's modernization construction has made remarkable achievements. However, compared with the rapid industrialization and urbanization, the biggest imbalance in China's development is the imbalance between urban and rural development, and the biggest inadequacy is the inadequate development of rural areas. The problem of "one leg is long and one leg is short" is still prominent. The strategy of Rural Revitalization clearly points out that without agricultural and rural modernization, there will be no modernization of the whole country. The general goal of implementing the strategy of Rural Revitalization is to realize the modernization of agriculture and rural areas. The general policy is to give priority to the development of agriculture and rural areas. The general requirement is five sentences and 20 words: prosperous industry, livable ecology, civilized rural culture, effective governance and rich life. The Central Committee has clearly pointed out that rural revitalization is not only an economic issue, but also includes six major construction contents, including economy, politics, culture, society, ecological civilization and Party building, which is a comprehensive revitalization of industry, talents, culture, ecology and organization. In terms of objectives and tasks, the central government has made arrangements according to three time nodes: by 2020, important progress will be made in rural revitalization, poverty alleviation will be successfully completed, and institutional framework and policy system will be basically formed; by 2035, decisive progress will be made in Rural Revitalization and agricultural modernization will be basically realized; by 2050, Rural Revitalization will be comprehensive with full realization of strong agriculture, rural beauty and farmers wealth. From this point of view, promoting and realizing rural revitalization is more long-term and complicate. It is the CPC's reconsideration and action on how to grasp the global problem of social benefit distribution when building a well-off society in an all-round way. It is also the first practice of the Communist Party of China to consolidate its "original intention" and "mission" on the road of national modernization in the new ruling stage, and will become our new challenge to achieve China's ultimate modernization following the lead of our party.

**2. Make effective connection between poverty alleviation and Rural Revitalization.** By the end of this year, China will successfully complete the task of poverty alleviation and solve the problem of absolute poverty that China, which has not solved for thousands of years. This is historic and also an important contribution of China to the cause of poverty reduction in the world. The solution of absolute poverty means the beginning of relative poverty. Poverty is still an important problem that plagues the Communist Party of China to achieve the Centennial goal. Establishing a long-term mechanism to solve the relative poverty will be the key and difficult point to promote the Rural Revitalization Strategy in the future. General secretary Xi, Jinping pointed out at the Symposium on the decisive battle against poverty, that we should continue to promote the effective link between comprehensive poverty alleviation and rural revitalization, promote the smooth transformation of poverty reduction strategy and work system, and integrate into the strategy of rural revitalization, and establish an institutional mechanism of combining the long with the short and treating both the root and the root cause. From poverty alleviation to rural revitalization, from "support" to "vibration", even with the differences in implementation time, object and poverty target, the goals are consistent and both of them are pointing to achieve common prosperity. Comprehensive poverty alleviation is the bottom line requirement and hard task to ensure building a well-off society in an all-round way. It solves

the problem of absolute poverty in rural areas, makes up for the most prominent short board of rural revitalization, and lays a solid foundation for the implementation of Rural Revitalization Strategy. Rural Revitalization is a major strategic measure to start the new journey of building a socialist modern country in an all-round way, and is beneficial to the consolidation and promotion of the achievements of comprehensive poverty alleviation. It has stimulated the endogenous power of farmers to increase their income and become rich, and formed a long-term mechanism to stabilize and reduce poverty. In order to establish the effective link between poverty alleviation and Rural Revitalization, we need to set up a transitional period for them to establish effective working system, policy measures and evaluation mechanism. Especially under the influence of the Novel Coronavirus pneumonia epidemic, we are now facing new stress for successfully accomplishing the task of eliminating poverty and consolidating the good results of poverty alleviation.

**3. Give play to the decisive role of the market and better play the role of the government.** The central government has made clear that the top-level design of rural revitalization, which requires local governments to formulate implementation plans according to their own actual situation and solve the landing problems. From the realization path, we can understand the Rural Revitalization from two aspects: "getting rich" and "minimum guarantee". "Getting rich" refers to the development of leisure agriculture and rural tourism through large-scale capital investment. This will change the appearance of rural areas in a relatively short time, increase farmers' income, narrow the gap between urban and rural areas, and take the market as the leading factor; "minimum guarantee" means that the focus of Rural Revitalization must provide basic production and living conditions for the relatively vulnerable groups, which account for the vast majority of farmers, and promote more steady progress for the modernization for China led by the government. Whether rural revitalization is to achieve the goal of "getting rich" or "minimum guarantee", we need the joint participation of all social parties. We should give full play to the guiding role of the government and prevent market failure. Social forces and market forces should also actively participate and play a greater role. Enterprises are one of the important forces. For our central enterprises, in the stage of poverty alleviation, we provide more free assistance to the poor areas, with relatively large investment in various aspects but insufficient economic benefits; in the stage of rural revitalization, enterprises need to convert their thinking from "short-term campaign" to "long-term operation", consider introducing market-oriented mechanism, starting from market decision-making, evaluate the input-output ratio, and integrate and incorporate the advantage rural industries, unique products of the areas and other resource elements into the enterprise industrial chain, put efforts to create market competitive advantages of rural industry, which will not only promote rural development, but also create economic benefits for enterprises. This will create and realize a more sustainable win-win situation.

**4. The importance of Rural Revitalization in building a new pattern of internal circulation.** In recent years, the construction of a new development pattern with the domestic big cycle as the main body, and the domestic and international dual cycle promoting each other has attracted extensive attention. The construction of "double cycle" is an important research and major deployment made by the central government according to the latest situation in China and overseas. It is related to the adjustment and optimization of China's economic cycle, covering the adaptation and improvement of production system, distribution system, factor resources, social security and other aspects. From the demand side, to break through the domestic cycle and build a strong domestic demand system lies in improving the income of residents, including labor income and asset income; having a sound social security system to make people's consumption free of worries; improving the efficiency of resource allocation and continuously reducing the price of consumer goods, so that people can consume, dare to consume and afford to consume. From the rural point of view, at present, farmers' income from farming and working is relatively

low; there are many restrictions on property income such as rural land and homestead; there are some obstacles in the flow of urban and rural factor resources; there is a certain gap between rural and urban areas in terms of social security standards, education and medical care and other public services. As a result, China's huge rural consumption market cannot be started, which also affects the allocation efficiency of the supply side and the willingness of social capital to invest in the countryside. It can be said that the countryside has become a weak link in the expansion of China's domestic demand system, but it is also a great opportunity in the future. The rural economy and the work of "three rural" are on the same page when both issue are considered in the domestic circulation. Through promoting the Rural Revitalization Strategy, focusing on increasing farmers' agricultural income, improving farmers' consumption ability, improving rural social security system, and strengthening infrastructure investment and commercial system construction, are not only the essential meaning of Rural Revitalization Strategy, but also the value of effectively forming a new pattern of internal and external dual cycle development.

### III Upgrading of CR Hope Village project of China Resources

Compared with the ideas and requirements of the National Rural Revitalization Strategy, we should clearly realize that there is still a big gap in our project: the investment is mainly self-made, lacking the introduction of social funds; the industry has certain benefits, but the scale cannot meet the larger market demand; it has driven a group of people out of poverty or even become rich, but its influence and driving range are limited; and it has explored a more mature poverty alleviation Mechanism and experience, but there is still a lack of clear strategy to implement the requirements of Rural Revitalization in the future; at the same time, the existing urban and rural system constraints on the further development and upgrading of the CR Hope Village.

At present, China is in an important period when the 13th Five-Year Plan is concluded and the 14th Five-Year Plan is formulated. The impact of the epidemic situation is still fermenting. There are many uncertainties in the domestic and foreign economic society. The Rural Revitalization will meet many new challenges along with the opportunities. I with our CR Hope Village project can make a profound review of its past experience and practices at this point, effective linking poverty alleviation and rural revitalization, and make a long-term plan to upgrade our concept, value and platform to build the 2.0 version of the CR Hope Village align with the second node of the Revitalization Strategy of national hometown and village in 2035 in the period of the "14th Five-Year Plan" or even longer.

**1. Concept upgrading, from sharing to symbiosis.** In the stage of poverty alleviation, the CR Hope Village project of China Resources will take various measures to "share" the achievements in the local area, which is a public welfare behavior under the political task; in the Rural Revitalization stage, it needs to optimize the concept, consider more from the perspective of the market, and change from "sharing" development achievements to creating "symbiotic" value. In the symbiotic relationship, one party provides the other with the help of survival, and at the same time obtains the help of the other. China Resources hopes that the CR Hope Village project must adapt to the characteristics of high strategic goal, wide range, large investment and long duration of national rural revitalization, and achieve greater development through market behavior while holding the heart of public welfare. Based on the concept of mutual benefit and symbiosis, the idea of comprehensive development and regional advantageous resource elements are embedded into the industrial chain and value chain of China Resources, such as the establishment of the Elder Town, the Town of Traditional Chinese medicine, characteristic breeding base, straw power generation base, etc. Through the sustainable commercial profit and environment-friendly development mode, the two-way flow of urban and rural resource elements can be realized, and the value of rural areas can be truly reflected. At the same time, it will play a supporting role in the market expansion and industrial

transformation of China Resources, and realize the symbiotic and common development of the government, residents and enterprises.

**2. Upgrade the value and improve the level of the town.** According to the national definition of characteristic town of China, it is different from administrative town and industrial park. Based on a certain resource endowment or industrial foundation, the town's large industry is constructed in the differential positioning and field segmentation, forming a new space with strong industry, function convergence, small but beautiful shape, and new but dynamic mechanism. For example, Suzhou Embroidery Town in Suzhou high tech Zone takes the development of Suzhou embroidery industry as the core to realize the integration of Suzhou embroidery industry. The town contains about 120 enterprises, attracting nearly 10000 jobs and receiving 1 million tourists annually. The CR Hope Village project of China Resources is quite similar comparing to the leading characteristic towns in the frame setting, but there are still many gaps in terms of employment promotion, income increase, standardization and scale, quality and brand. For rural revitalization, to create CR Hope Village version 2.0, first of all, we need to refer to the experience and practices of other characteristic towns, especially the idea of characteristic towns with characteristic industries as the core, based on industrial advantages, improve the scale and market influence of industries, and improve the volume and level of CR Hope Village. Second, the revitalization of the countryside can not only talk about the rural economy. In addition to improving the industrial level, the CR Hope Village version 2.0 should also make up for the shortcomings and deficiencies in ecology, rural customs and governance in the region according to the specific requirements of the National Rural Revitalization Strategy. People pay more and more attention to the loss of rural talents, the fragility of ecological environment and health conditions, and the decline of rural culture in some areas. The CR Hope Village version 2.0 should continue to invest resources in these fields to realize the coordinated development of industry, talent, culture, ecology and organization. Finally, China Resources hopes that the CR Hope Village can become a typical example of poverty alleviation, and version 2.0 will also become an active explorer of Rural Revitalization. At present, there are still some problems in the system and mechanism that affect rural development in China, such as land system, household registration system, social security system, financial investment system and financial policy. The version 2.0 will also make bold attempts, apply policies actively, innovate development space, carry out practical exploration and put forward policy suggestions for the country to overcome these problems to explore new urbanization and rural governance modernization.

**3. Upgrade the platform and open up when running the town.** Through continuous practice, the CR Hope Village has gradually formed a development mode dominated by China Resources Group, coordinated by China Resources charity foundation, participated by multiple profit centers with the introduction of multiple external support resources. In the future, we wish the CR Hope Village 2.0 can play a larger role and create greater value, and it needs to have a broader platform thinking, "open up when running the town", build a stage for capital, industry and brands, and attract more social forces and market forces to participate. The development of platform economy is not only in line with the current characteristics of China's rural situation, but also a new business model emerging in recent years, such as logistics Town, e-commerce village, live broadcast base, etc. In terms of funding, we can learn from the operation mode of industrial funds. In addition to the investment of China Resources Group and China Resources charity foundation which can be used as start-up or seed funds, we should consider guiding more social funds to continue to invest in order to solve the huge source of funding needs for Rural Revitalization. In terms of industry, rural industry alone includes nine categories: modern characteristic agriculture, agricultural productive service industry, agricultural socialized service industry, rural traditional characteristic industry, agricultural product processing industry, leisure agriculture, rural construction industry, environmental protection industry and cultural industry. In the future, the transfer of urban

industry to rural areas and the emergence of new economic formats will be more abundant. Although China Resources Group contains many industries, the rural areas are widely distributed, the resource elements are different, the industrial types are diverse, and we may not be able to match well. Therefore, it is necessary to cooperate with other enterprises to stimulate the entrepreneurial enthusiasm of local people, maximize their comparative advantages, and truly stimulate and activate the rural value.

"In a large country with 14 billion of population, implementing rural revitalization is unprecedented and with no predecessors' great pioneering work, and no experience that can be copied or used." General Secretary Xi, Jinping pointed out that implementing the strategy of Rural Revitalization is a long-term and arduous task. We must follow the law of rural construction, focus on the long term, plan and then make the move, and persist in scientific planning, quality and construct steady. We should focus on stage tasks, find out the breakthrough points, set priorities, do one thing after another, do it year after year, make contributions for a long time, and accumulate small victories for great achievements. ".

For China Resources Group and the CR Hope Village project, we also need to aim at big goals, formulate effective strategies, and play the big game of Rural Revitalization step by step. Looking to the future, if the CR Hope Village can be upgraded on the concept, value and platform, and when the country basically realizes socialist modernization around 2035, also will be the time the China Resources celebrating its Centennial birthday, it will be a great achievement for China Resources to form about 30 CR Hope Villages and become a model of Rural Revitalization and development with strong industry, rural beauty and rich farmers. This will also be the greater contributions to the modernization of the party and the country made by our company and our employees. Let's work together for this beautiful wish!

# CR Profile

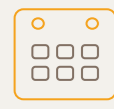
## Nature of CR Group



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



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



Founded in 1938

## Scale and Strength



80<sup>th</sup> ranking in Fortune Global 500



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



A total asset of 1.6180 trillion yuan

## 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, and new products like MarrsGreen, Lowen white beer and Lovibond dark beer were introduced in 2019. Now it is operating 70 beer factories in China.

### CR Ng Fung



Operating 8 large-scale rice processing plants, 5 large-scale slaughtering and meat processing centers, 1000+ fresh meat direct-sale stores and 4000+ distribution outlets in Chinese mainland. It is one of the largest Chinese food distributors in Hong Kong, occupying an important position in the Hong Kong market with its fresh meat, frozen meat and food with Chinese Characteristics.

### CR C'estbon



One of the earliest Chinese companies specialized in producing bottled water with the second largest sales volume nationwide. The major band is the "C'estbon" series.

### CR Power



Business covering 30 provinces, autonomous regions, municipalities directly under the central government and SARs; one of the leading comprehensive energy service providers in terms of efficiency and profitability; being elected for the 13th time as one of the Platts Top 250 Global Energy Companies.

### CR Land Limited



One of the most influential comprehensive real estate developers in China's Mainland with operations in 80 cities at home and abroad; a Hong Kong listed company being included as a HIS constituent stock.

### CR Cement



One of the several Chinese enterprises with the ability to deal with household wastes, municipal sludge and industrial wastes. It is also the largest and most competitive cement, clinker and concrete producer in South China, with one of the largest cement and concrete production capacities in China. In 2019, it has made new breakthroughs in aggregate, prefabricated construction, man-made stone materials, etc.

### CR Gas



The largest municipal gas operation in China; its portfolio is consisted of 244 gas projects in 25 provinces, autonomous regions and municipalities, serving 37 million households.

### CR Pharmaceutical



China's leading medicine group, focusing on the development, manufacturing, distribution and retailing of medicine and health products and ranking the 3rd in the industry. It owns 4 listed companies, namely CR Sanjiu, CR Double Crane, Dong-E E-Jiao and CR Jiangzhong, the business of which covers 28 provinces, municipalities and autonomous regions, ranking the 3rd among all pharmaceutical distributors in China.

### CR Capital Management



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

### CR Vanguard



Its business covers 240 cities in 30 provinces, autonomous regions, municipalities directly under the central government and SARs in China, operating 3192 stores. It is one of the largest retailers in China, ranking the 1st on the "China Top 100 FMGC Chain" for many consecutive years.

### CR Healthcare



The pioneer, explorer and practitioner for China's medical reform, specializing in investing in and operating the health industry. It owns 155 healthcare facilities (including 12 3-A hospitals) and more than 23,000 beds, and is the largest shareholder of CR Phoenix Healthcare Holdings Co., Ltd. (1515. HK).

### CR Microelectronics



One of the largest and most influential comprehensive microelectronic enterprises in China; the only company in China that owns a complete semi-conductor chain, and now it is planning the first 12-inch production line in China that is fully domestic-funded.

### CR Chemicals



The annual output is 1.625 million tons of bottle-grade PET chips; ranking the fifth in the world and the third in China in terms of productive capacity. HUALEI has become a well-known brand in the PET chip industry, ranking 1st in the Chinese market in terms of market share for many consecutive years.

### CR Property



Mainly in the Chinese mainland, Hong Kong and Thailand, its properties include office buildings, shops, residences, hotels, apartments, etc.

### CR Life Science



Focusing on precision medicine, biological technology and digital medical care, aiming at building an open global platform on life science.

### CR Env Protection



Focusing on water protection and waste recycling, aiming to become a world-class environmental enterprise with core technology; owning 23 wholly-owned or held companies in China.

## Corporate Culture

Mission	Leading business progress and creating a better life for all.		
Vision	Becoming a global enterprise with accumulating public trust and popularity.		
Value	Integrity first; People-oriented; Performance-driven; Innovation constantly.		
Philosophy	Make it solid	Make it stronger	Make it bigger
	Make it good	Make it longer	
Spirit	Pragmatism	Professionalism	Synergy
	Dedication		

## CR Strategic Orientation During the 13<sup>th</sup> Five-Year Plan Period

	Leading business progress and creating a better life for all					
Strategic goal	Be the leader of the market, realizing six specific goals through transformation and upgrade					
Business	Healthcare	Energy Services	Consumer Products			
	Urban Construction and Operation		Technology and Finance			
Regions Selected	Rooted in Hong Kong; Rely on the Mainland; Open to the world					
Development Mode	Business operations and capital are engines; Globalization and Internet are two wings					
Major strategic measures	Developing emerging industries; fostering new growth points;	accelerating overseas development; improving regional layout;	accelerating overseas expansion; improving the assets' quality;	promoting innovation; 推动 绿色发展	strengthening organizational construction; boosting the team's morale;	reshaping corporate culture and implementing it.
	Resource allocation			excellent operation		
Organizational capacity	innovative development			risk control		



Brand Tree



# 2019 Highlights



CR has improved its industrial structure and sorted out different types of assets.



CR ranks the 80th in the Fortune Global 500 in 2019.



CR launched the White Paper on 9+2 Urban Planning of Guangdong-Hong Kong-Macao Greater Bay Area.



The Brand "CR" ranks 78th on the World Brand Lab's "the World's 500 Most Influential Brands" list.



CR has won multiple awards for its excellent performance in IT, fulfilling social responsibilities, corporate governance, etc., showing the Group's high-quality development.

## Ten Major Events



CR has conducted pilot reforms in state-owned investment companies, entering a stage of reform of SOEs.



CR received the Central's 3rd inspection tours and completed the 1st training themed "remaining true to the first aspiration and keeping the mission firmly in mind".



CR has started the 14th Five-Year strategic plan, aiming at a higher goal.



The 5M Research Institute of CR was officially established, and its achievements have attracted the world's attention.



China Resources University upgrade the platform to facilitate CR's transformation and innovations.

## Key Performance



Total asset  
**1.6180**  
trillion yuan



a year-on-year growth of  
**12.4**  
%



Total profit  
**72.6**  
billion yuan



a year-on-year growth of  
**9.8**  
%



Revenue  
**654.6**  
billion yuan



a year-on-year growth of  
**7.6**  
%



Net profit  
**51.1**  
billion yuan



a year-on-year growth of  
**13.3**  
%



CR has been awarded as a Class-A enterprise in the 2019 Annual Review of Heads of Central Enterprises for Business Performance by SASAC of the State Council.

## Achievements and Awards

1.	CR Group has ranked 1st in terms of CSR Development index among China's top 300 enterprises (including Top 100 SOEs, Top 100 private enterprises, and Top 100 foreign enterprises.)	Corporate Social Responsibility Blue Book (2019), Chinese Academy of Social Sciences
2.	CR Hope Town selected as a case study in <i>Basic Materials on Corporate Social Responsibility (second Edition)</i>	Chinese Academy of Social Sciences
3.	CR Group won the 14th People's Corporate Social Responsibility Award - Enterprise of the Year	People.cn
4.	CR's 2018 Social Responsibility Report was given a 5-star rating by the CSR Expert Committee, and won the 2019 Golden Bee Excellent CSR Report	Chinese Expert Committee on CSR Report Rating/ China Sustainability Tribune
5.	CR Group's documentary "Run Wu Geng Xin" won the second prize of National Party Member Educational TV Film by the Organization Department of the Central Committee; and won the "20th China Video List - Documentary of the Year" in 2019, by New Weekly.	Organization Department of the Central Committee/New Weekly
6.	The Brand "China Resources" ranked 12 <sup>th</sup> in "China's 500 Most Valuable Brands" and 78 <sup>th</sup> in the "Top 500 Global Brands" selected by World Brand Lab in 2019; CR Group was selected as the 100 Model Brands of China in 2019	World Brand Lab/CMG
7.	CR was awarded as the Excellent Central Enterprise for Information Reporting	SASAC of the State Council
8.	CR's data center was recognized as national A-level	CQC
9.	CR's projects "Exploration and Practice of CR's Soft Science on the While Business and Value Chain" and "the New Model Featuring Borderless Management of CR Gas" both won the first prize for State-owned Enterprise Management Innovation Achievements in 2019.	Chinese Institute Of Business Administration\ Chinese Academy of Fiscal Sciences\State-owned Enterprise Management Magazine
10.	CR's 11 micro-video works won a series of awards in the national "Construction Project Archive of Micro-Videos"	National Achieves Administration of China/NDRC
11.	42 employees of CR Group won Excellence Awards for Training on Management Capabilities in State-owned and Central Enterprises	Mass Work Department of SASAC/ School of Education, Tsinghua University
12.	12 units of CR won the title of "Advanced Collective of Central Enterprises", and 21 individuals won the title of "Model Workers of Central Enterprises"	Ministry of Human Resources and Social Security/ SASAC of State Council
13.	CR was awarded the honorary title of "Enterprise with Outstanding Contribution to Energy Conservation and Emission Reduction" in 2016-2018; won the "Green Enterprise Innovation Award", the Platinum Award for "Excellent Environmental Safety and Health Award", the Gold Award for "Superior Environmental Management Award", and Leadership Award for "Corporate Green Governance Award" by the Hong Kong Green Council, and was named the "Award-winning Institution for Consecutive Years (at least 9)", CR Enterprise, CR Snow, CR Power, CR Land, CR Sanjiu, CR Jiangzhong, CR Property, etc. also won awards.	SASAC/ Hong Kong Green Council

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# 2020

## Stories Combating COVID-19

Faced with the outbreak of COVID-19 epidemic, on January 24, 2020, CR group set up a leading group to deal with the epidemic, consisting of the Chairman of China Resources Group like Dr. Fu, and leaders of different divisions including the Group office, HR, EHS, Mass Work Dept, CR Chem-mat, CR Medical, etc. Later, CR also initiated the Group's emergency plan for public health events and made a quick response, including establishing a strict prevention and control information delivering/communicating mechanism, and a "CR Group Daily Report" system, calling on employees in all divisions and at all levels to jointly fight against COVID-19.



# STORY

## CR Vanguard Always by your side to provide the support you need



**Chen Hongxia**

Manager of the Fruit and Vegetable Division,  
CR Vanguard Shajing Store in the West District,  
Shenzhen

In the March of 2020, Chen Hongxia's story was reported in the CR Corporate Culture column: she was named one of "CR's Coolest Ladies". Her friends and colleagues all sent congratulations to her, even her daughter, Xiaonan, also texted her, "Thanks for your hard work, Mom." Chen was deeply touched, "Though we are not working at the frontline, we've done our part to make sure that people's basic needs are met." That is a shared belief among all CR Vanguard workers.

Food is the paramount necessity of the people. That is always true.

Chen Hongxia, Manager of the Fruit and Vegetable Division of CR Vanguard's Shajing Store in Shenzhen felt this deeply in recent days. Having been working in the industry for 7 years, she never saw a "better" sales trend in the past than that during this year's Spring Festival. Usually, people won't take those fruits or vegetables which are slightly flawed. However, things are quite different after the COVID-19 outbreak: once the fruits and vegetables are put on the shelves, they will be taken away quickly.

Hongxia and her husband live and work in Shenzhen, but their only daughter is studying in a college in Wuhan, their hometown. Since joining CR Vanguard 13 years ago, Hongxia, outgoing and confident, has become good friends with her colleagues and they give her a nickname, Sister Xia. Faced with the unexpected epidemic, though she worried about her family and friends in her hometown Wuhan, she still chose to stick to her post.

During that special period, Hongxia often felt quite anxious. Especially in lunar January, the shelves of fruits and vegetables were always empty and they couldn't find more suppliers to restock them. Later, the supply was no longer a problem, but Hongxia began to feel anxious in a different way: they lacked of labor. Tons of products needed to be unloaded, sort out and put on the shelves. Hongxia and her colleagues worked almost around the clock, doing everything hands-on. Finally, the sales volume of the Fruit and Vegetable Division increased by 128%, and the customer flow was up by 70%. According to Hongxia, "You can make an incredible contribution if you can

repeat a simple move many times and do it carefully."

Li Hongzhou, General Manager of CR Vanguard in West District and Head of Shajing Store, Shenzhen, supported Hongxia's efforts. Li was also from Hubei Province, and as a veteran, he felt the heavy responsibilities on his shoulders and quickly responded to the call of the state to ensure people's livelihood. As vegetables are not easy to keep for too long, they sold out quickly and there left a large gap between the demand and supply. In some big stores, the demand was even 10 times higher than usual. In order to secure the supply, several colleagues responsible for purchasing almost "lived" in wholesale markets like Haijixing, aiming to bring all the fruits and vegetables they can get back to stores. Besides, Hongzhou also asked his colleagues to put plates in the section of fruits and vegetables, reminding people that there are ample supplies and there is no need to panic.

During this special period, all workers of the stores and partners of CR were united as one. Hongzhou was deeply touched by what he saw: even when the attendance rate was lower than 60%, everyone was motivated, including expectant mothers; colleagues of functional departments in the headquarter and volunteers of local communities came to offer help; couriers sacrificed their mealtimes to deliver hundreds of takeaways to customers every day...everybody was doing his/her part to provide customers with satisfying services, and to maintain the normal work of the city.



During the fight against COVID-19, the sales volume of the Fruit and Vegetable Division increased by

**128**  
%



and the customer flow was up by

**70**  
%



▲ CR Vanguard secured store supply



▲ Li Hongzhou with his colleagues on the frontline

To ensure the hygiene of the workplace and stores, Li Hongzhou required the stores in West District to conduct 4 rounds of disinfection each single day, and all customers must wear a facial mask and report his/her temperature before entering the stores. However, back then, the biggest challenge was there weren't enough face masks in the market. Li coordinated with the suppliers while encouraging the workers to buy masks by themselves, and he also resorted to local Labor Unions and Bureau of Commerce. Besides, the Group also sent several batches of face masks to the stores, helping them solve the shortage problem.

"Stabilizing prices and securing supplies" is a solemn promise made by CR Vanguard to its customers. To tide over this difficult time together, Xu Zhijiang, Assistant General Manager of CR Vanguard, actively coordinated different departments and major suppliers and established a special approval system for the payment to suppliers of epidemic prevention materials, and medium and small suppliers of fresh products. During that special period, most customers chose to purchase daily necessities online via Vanguard App, JD.com etc. As a result, online orders grew dramatically. Faced with this new situation, Xu Zhijiang responded quickly and coordinated all related parties to work together to satisfy the customers' increasing demands. According to statistics, during the epidemic, CR Vanguard has served 900

person-time online, and the total sales volume exceeded 1 billion yuan. Since late January, Xu Zhijiang has also been helping sort out the products, and in this process, he could also understand the change of supply and demand in time.

In order to help peasants to sell their agricultural products that were unsalable due to road closures, CR Vanguard adopted the "one-stop" mode to connect the production bases and the sales side directly, delivering vegetables and fruits from Sanya, Carrots and mushrooms from Shenyang, strawberries and green peppers from Huai'an and artemisia from Nanjing to the dining tables of different households all over the country. Hundreds of tons of vegetables were saved from being wasted, solving the problem for both peasants and customers.

More than 3,200 stores and logistics units didn't stop for a day, more than 100,000 employees held fast to their positions, 8.74 billion yuan's livelihood supplies were provided and the total sales volume was 8 times of that in the same period last year. That was Xu's summary of their achievements during the epidemic. Some new trends have emerged, but to Xu, the nature of the retailing industry and of the competition between different players remained the same. In the future, CR Vanguard will continue to give full play to its advantages, and explore new possibilities to solve the pain points of the traditional mode, thus enhancing

its competitiveness and improving its capability to deal with emergencies.

Wuhan will be lifting its lockdown soon. "I can't wait to go back to see my mother and my daughter. I will buy them a lot of good food. They must have suffered a lot during the lockdown." Hongxia said. Thousand miles apart, Xiaonan, Hongxia's daughter, was also helping fight against COVID-19 in her own way. She and her classmates used all their "lucky money" and allowances, 6,000+ yuan in total, and to buy face masks, goggles, etc. for several hospitals in Wuhan and Macheng. Hongxia was very proud of her little girl, who has shown a high sense of social responsibility and is willing to spread kindness to the world.

May the epidemic end very soon and everybody can get back home. It is the common wish of all.



During the epidemic, over

**3,200**

CR Vanguard stores and logistics units opened as usual



More than

**100,000**

employees held fast to their positions

## Contributions of CR in Big Data-based Consumption

### CR Snow

Donating

**10**

million yuan to Wuhan Charity Federation



Donating

**5**

million yuan to the Red Cross in Dongxihu District of Wuhan

CR Snow has altogether donated

**130,000**

yuan's worth of health protection equipment, daily necessities and cash to government-appointed agencies and departments of health and epidemic prevention



### CR C'estbon

As of March 3, CR C'estbon has altogether donated

**39,148**

boxes of drinking water to 279 hospitals and agencies in China,



equivalent to about

**1.8454**

million yuan

### CR Ng Fung

Donating

**2.2075**

million yuan's worth of supplies to the governments of, and epidemic prevention and control headquarters and hospitals in Hubei, Zhejiang, Jiangxi and Shenzhen;

Ng Fung Li Hong in Sichuan donated

**500,000**

yuan to Hubei via the Red Cross of Hanyuan County, as it used to help with the construction of Hanyuan County;

all the employees voluntarily donated

**50,000**

yuan

### Pacific Coffee

Donating coffee, fruit juice and snacks to 91 grassroots units in the medical system, transportation system, communities and the public service sector, equivalent to about

**144,000**

yuan



▲ Since the outbreak of the epidemic, CR Enterprise, as a central enterprise stationed in Hong Kong, has assumed its responsibilities and attached great importance to ensuring the sufficient supply and stabilizing the price of people's daily necessities, taking the need to meet the primary living demand of people in Hong Kong as a priority.

▲ Profit center of CR Enterprise work hand in hand and take various measures to support Hong Kong. On the one hand, efforts have been made to resume work and increase supply according to the changing situation in the market, and on the other hand, multiple measures have been adopted to ensure transportation and meet the basic needs of people in Hong Kong for daily items.



# STORY

## CR Medical Working in Wuhan Jinyintan Hospital with the white coat as my armor



**Huang Ping**

Head Nurse of the General Surgery, CR & WISCO General Hospital

Huang Ping joined the Chinese Communist Party in Wuhan Jinyintan Hospital. She had an idea: when she returned home after the quarantine, she would take her husband and her son to visit this hospital again, letting them see where she saved numerous lives in the fight against the terrible virus. "I hope that my personal experience can teach my kid something." She thought.

From January 23<sup>rd</sup> to March 31<sup>st</sup>, 2020, it was a long period of time. The epidemic has finally got under control, and Huang Ping, Head Nurse of the General Surgery in CR & WISCO General Hospital finished her 69-day work in Wuhan Jinyintan Hospital and started her quarantine before returning home. 69 day, she had never left her 8-year-old son for so long in the past.

At the beginning of 2020, it was like the "Pandora's Box" was opened. The sudden outbreak of the epidemic hit the pause button for Wuhan, and Wuhan Jinyintan Hospital, a common infectious disease specialist hospital, was noticed by the public in an unexpected way.

Huang Ping was from Honghu, Hubei Province. To her, Wuhan is the place where she studied, worked, got married, gave birth to her son... arguably, each of the most important moments of her life is related to this city. This is her second hometown.

On January 22, the CR & WISCO General Hospital put out a call to fight against the COVID-19 epidemic. Huang Ping was the first one in the hospital to respond. Just before the Chinese New Year's Eve, she led a team of 8 medical workers to Wuhan Jinyintan Hospital, the first designated hospital on the frontline. After receiving a

simple training on how to put on and take off the medical protective clothing, they entered the isolation wards and started to work.

Even during this special period, Huang didn't stop writing her diary. Besides, she also wanted to record this special fight against the terrible epidemic. On the New Year's Eve, she wrote, "...It takes nearly 15 mins to put on the protective clothing. My own clothes get wet, then dried, then wet again... my glasses always steam up, and my nose hurts due to the facial mask. I can't breathe easily, and for many times I want to take off the mask and take a deep breath..." In addition to special medical care, the tasks like feeding the patients, assisting them with going to the toilet, changing sheets, washing their bodies, etc. were all on them now. Wearing the heavy protective equipment, they stayed in the wards for 8-10 hours per shift, and sometimes they had to deal with emergencies. Once, her protective clothing was almost scratched when she was trying to save a patient short of breath. But most of the time, they felt quite secure as the primary protection in the hospital was in place, enabling them to work without additional worries.

During the 69 days, Huang Ping worked for nearly 50 days, and their team took care of over 3,000 patients. Behind these figures, Huang Ping could still "see" the faces that she was so familiar with: the man in his fifties who was crazy about Tik Tok - he could take his own dancing videos before he was discharged from the hospital, and he was always optimistic and cheered other patients up; Grandpa Wu, a polite and gentle old man, everybody loved him, but he never wanted to bother others... every doctor and nurse tried their



During her 69 days stay in Jinyintan Hospital, Huang Ping worked for almost

**50** days



The medical team took care of

**3,000+** patients

best to take care of the patients, but some of them were cured, and some of them were buried in the past spring.

Huang's team members, Wang Xuan, Zhuo Rujuan, Li Dan, Shu Mingke, Yan Huihui, Wan Zhen and Mao Yajun, also offered her much support. They often cheered up each other, but in most cases, crying out loud was the only way to release pressure. Wang Xuan and Huang Ping lived in the same dorm. On the first day they arrived in Wuhan, Wang lost her way in the hospital after work. At that time, her cellphone was out of power and it was raining, and suddenly, she heard someone sobbing in the dark. In just a second, anxiety, fear, stress, she was hit by those complicated feelings and burst into tears. Later, a security guard found her and sent her back to the hospital entrance. She cried her way back to the hotel. However, after that night, Huang Ping felt something was changed in Wang Xuan: she was stronger and more mature. The CR&WISCO General Hospital sent colleagues to visit them several times, bringing with them a lot of supplies, and doctors and nurses in other hospitals were quite "jealous" of them. That was one of the moments that Huang and her colleagues felt cared, and "cured".



▲ Huang Ping was the first one to answer the call of the hospital

According to President of CR Medical, Cheng Libing, during the epidemic, the CR & WISCO General Hospital and the Second Hospital of WISCO sent 324 medical workers to Wuhan's Jinyintan Hospital, the 9th Hospital of Wuhan, mobile cabin hospitals, etc. Besides, over 20 doctors and nurses of CR Medical from Huaibei, Taian, Beijing, Xuzhou, etc. also voluntarily went to Wuhan. In total, there were 81 people signing for the support team to Wuhan.

Cheng Libing was born and grew up in Beijing. He experienced SARS in 2003 and was extremely sensitive to the epidemic. On January 16, he studied the situation of the epidemic in Wuhan, and established the emergency response work group for epidemic prevention and control on January 21. When the epidemic gradually spread from Wuhan to the whole country, all 110 medical institutions under CR Medical actively engaged in epidemic prevention and control. The CR & WISCO General Hospital and the Second Hospital of WISCO were recognized as designated hospitals in Wuhan, serving as a crucial part of the anti-epidemic medical force in Qingshan District. Huang Fei, a doctor from the CR & WISCO General Hospital, got infected at the early stage, and as long as he recovered, he donated his blood to treat other patients. Huang Ying, Director of Baiyu Street Health Service Center affiliated to the Second Hospital of WISCO, and Wang Lin, a nurse in the center, needed to not only conduct work on epidemic prevention and control in local communities, but also to disinfect dead bodies of suspected patients. You can only imagine how much pressure they were under. However, they never stepped back. Out of Wuhan, CR's employees can also be seen in every corner of the cities, Beijing, Anhui, Shandong, etc. Many CR hospitals were selected as designated hospitals, and all medical institutions above level-2 set fever clinics. In addition, the company took advantage of the Group's supply chain and guaranteed the sufficient supply of anti-epidemic materials including masks, protective clothing, goggles, etc.

"As a professional medical company, we must protect our doctors and nurses while saving the patients' lives." Cheng Libing said determinedly. CR medical provided over 1,300 medical workers in the CR & WISCO General Hospital and the Second Hospital of WISCO with  $\gamma$ -globulin injection services, as well as free CT and NAT test. The good news is that though some of the medical workers got infected, they have all been cured and discharged now after treatment.

During the epidemic, in order to prevent gathering and cross-infection, many patients with other diseases were unable to go to the hospital for treatment in time. Considering this situation, CR Medical built a 24-hour free video diagnosis and treatment platform innovatively, and launched it in the Xuexi Qiangguo App. On the platform, over 340 doctors from more than 20 departments took turns on duty, and accepted over 4,400 patients online. Thought the innovative mode featuring "Internet+", patients can communicate face-to-face with their doctors in time, which greatly helped relieve the public's anxiety.

"CR Medical has played a major role in combating the epidemic". This is the comment from Dr. Fu Yuning, then-Chairman of China Resources Group. We've lost a lot in this global pandemic, but at the same time, we've also learned a lot. To summarize the lessons that we've learnt and find new opportunities in the post-epidemic era is key for the success of an enterprise. To Cheng Libing, the corporate culture is very important in a hospital funded by social capitals, and we must stick to mission of saving people's lives and pass on the belief from one generation to the next. Besides, it is because of CR's integrated advantages as a major central enter that CR Medical can resist risks and coordinate various resources during the epidemic. New medical modes generated in this special period, such as "Internet+" and long-distance diagnosis have attracted people's attention, and CR will continue to improve those emerging systems in the future. "If the epidemic reoccurred 17 years later, I hope that our young employees then also wouldn't hesitate to go to the frontline and do a good job." Cheng Libing said



As the first group of people that got infected, Huang Fei donated his blood to treat other patients as soon as he recovered.

sincerely.

Huang Ping was given the Labor Medal of Hubei Province before the Labor Day.

## Contributions of CR in Big Data-based Healthcare: CR Medical and CR Healthcare

### CR Medical

324

medical workers of the CR & WISCO General Hospital and the Second Hospital of WISCO were sent to supports hospital in Wuhan, including Jinyintan Hospital, the Ninth Hospital, mobile cabin hospitals, etc.

CR Medical has donated

667,200

yuan's medical supplies and daily items,

including  
4,900  
masks

1,400  
protective clothing

32,000  
pairs of gloves

315  
goggles



Together with Xuexi Qiangguo App, CR Medical introduced the first free video diagnosis and treatment platform, "Run Cloud-based Healthcare Platform", on which the public can get professional medical advices. The doctors residing on the platform are all authorized by CR Medical. On the one hand, those doctors can offer professional medical advices to the public on line, and on the other, the offline medical institutions of CR Medical will provide extensive tests and treatment. In this way, the online and offline are combined organically, and the concept of "one doctor for one patient" is achieved.

### CR Healthcare

Since January 26, 2020, when the first group of medical workers went to Wuhan, CR Healthcare has altogether sent 72 medical staff from Fuxin Mine General Hospital, Fuxin Mine General Hospital, Bengang General Hospital, Iron Coal General Hospital, Shenyang Coal General Hospital, and Pingkuang General Hospital to the frontline in Hubei Provinces in 5 batches, and they served in Union Jiangbei Hospital, Wuhan Maternal and Child Health Hospital, Wuhan University Zhongnan Hospital, Mobile Cabine Hospital of Hongshan Gymnasium, Wuhan Leishenshan Hospital, Wuhan University People's Hospital, Wuhan Fifth People's Hospital, Wuhan Jihe Hospital, Xiangyang First People's Hospital, Suizhou Zengdu Hospital, Guangshui First People's Hospital and other hospitals.



As of late March 2020, the medical team of CR Medical in Hubei has received



1,888  
infected patients

including  
150  
cases with severe illness

1,499  
patients have been cured and discharged

Besides, CR Medical also organized two fund-raising activities, collecting about

415,000  
yuan



from  
4,798  
people to donate to the regional working committees in Beijing, Liaoning and Jiangxi.



# STORY 3

CR Pharma Comm  
Medicines can wait,  
but people can't



**Wang Yong**  
General Manager of CR Pharma  
in Hubei Province



"The cold days of winter will end, and the spring will come soon." Wang Yong said determinedly.

In winter, people's demands for all kinds of anti-infectious drugs will increase, and this year was no exception. "Before the Spring Festival, the demand for Banlangen and anti-infective drugs had begun to increase significantly." Wang Yong keenly sensed the increasing market demand. To ensure there was sufficient supply before the holiday, he requested the procurement and sales center to increase supply reserves, and then required the function departments like finance and quality control to provide necessary support.

On January 20, 2020, experts confirmed the "person-to-person" transmission of the virus. Medical supplies for prevention and control was in great shortage, and to secure supply and stabilize prices became the top priority. On January 23, Wuhan entered a "wartime" state and the accesses to/out of Wuhan was shut down. A large number of patients rushed into the hospitals, and all kinds of medicines and medical supplies like masks, protective clothing and were taken in a short period of time. Luo Xiong, General Manager of the Procurement Center of CR Pharmaceutical in Hubei, told us that so many calls came in at the day that his mobile phone "almost exploded" .

At that time, there were only about 20 workers on duty in the company, and that was far from enough. In the name of the company, Wang Yong issued a proposal entitled "Call of Duty" to all employees, calling on everyone to return to work and defend Wuhan and Hubei together! As soon as the proposal was issued, the workers responded positively one after another in chatting-group of WeChat. After just a few days, more than 800 people from CR (Hubei) Pharmaceutical returned to work. Wang Yong said he was deeply touched by the CR people.



▲ On January 25, 2020 CR Hubei Jinma Pharmaceutical Co., Ltd. delivered interferon, Lianhuaqingwen capsules and other drugs to Xinhua Hospital and Zhongnan Hospital

"Those colleagues who were responsible for delivering drugs would inevitably be exposed to the risky environment, but none of them quailed. At that critical moment, the strong-minded CR people were filled with courage."

Luo Xiong's cellphone rang all day during that period. The tremendous demands for an-epidemic supplies made him feel extremely anxious: they needed to secure the normal supply of daily medicines and medical supplies for all hospitals in Hubei, and to ensure the delivery of medical supplies for prevention and control to Huoshenshan Hospital, Leishenshan Hospital and other mobile cabin hospitals. Operation of railways, airports, waterways and highways stopped; the distribution vehicles of CR could neither get in or get out; major suppliers were on holiday and their workers couldn't get back to work... Wang Yong thought, they had to build a new supply chain of medical supplies in the shortest possible time.

"The task was hard and we were pressed for time, so everyone left the office and went to the frontline. We made numerous calls to coordinate different parties, and at the time, we were uploading, unloading and moving the supplies." Wang Yong said. In Hubei Province, the hardest-hit area, it was a great challenge to secure the medical supplies. At this critical moment, there is no doubt that Party members and leaders should rush to the forefront. Wang Yong and other members of CR (Hubei) Pharmaceutical's management level set themselves as example for others, working

about 10 hours each day, as commanders, as coordinators, and sometimes even as dispatchers, drivers and porters.

As the epidemic developed, medicines like Arbidol and Lianhuaqingwen which proved to be effective in treating patients infected with COVID-19 were in huge demand. Arbidol, a drug produced by Jiangsu Simcere Pharmaceutical, was manufactured in Hainan, and its daily production capacity was only 8,000 boxes, 60%-70% were offered to Hubei. However, at that time, Wuhan was under a lockdown and all flights were suspended. Then how to successfully transport medicines in urgent demand to Wuhan? "We first flined the medicines to Nanjing, and then transported them to Wuhan with large trucks. In this way, it took us only 1-2 days to send the medicines to the frontline." Wang Yong said. But the inter-provincial traffic permit was not permanent, and they needed to apply a new one every time. Everybody was keeping alert, racing against time to ensure the successful delivery of medicines to the frontline.

Yiling Pharmaceutical, which produces Lianhua Qingwen, and CR Pharmaceutical Commercial are close strategic partners. In the face of such a severe epidemic, the two parties established a high-level communication and coordination mechanism quickly, and seamlessly matched supplies and demands 24 hours a day, 7 days a week. Wang Yuqian, Manager of Yiling Pharmaceutical in Hubei Province, told us that although they had sufficient stocks before the Spring Festival, the surging demand across the country has brought great pressure on them and they had no capacity to distribute drugs. "CR Pharma quickly arranged more than 10 large trucks, of which 3 were responsible for transporting their own goods, and the rest were to help us deliver drugs to our partners." Wang Yuqian recalled that on the first day of the Lunar New Year, 3 large trucks loaded with Lianhuaqingwen capsules arrived in Wuhan, and Wang Yong led a team to pick up the goods directly at the warehouse. One truck was 13 meters long, and the three trucks were nearly 40 meters together when lined up. Each truck carried 850 boxes of medicines, and it took 20+ people more than half a day to just unload the medicines.

"The medicines can wait, but people can't." on February 2, Wuhan Huoshenshan Hospital was officially delivered and began to receive patients the next day, which meant that more medical supplies would be needed. "We received the demand of Huoshenshan Hospital on the afternoon of January 30, and we had less than a day to deliver the supplies to the frontline, including the time of purchasing, packaging and delivering." Wang Yong recalled. His colleagues urgently coordinated resources in Henan Provinces, and managed to transport the medical supplies by air to Wuhan at 10 p.m. on the 30th.

On the afternoon of January 31, 5 members of the distribution team delivered nearly 3 million yuan's medical supplies with 2 large trucks to Huoshenshan Hospital on time. At that time, the Huoshenshan Hospital had not yet been completed, and heavy equipment was all on the road. It was quite difficult to find the location of the equipment warehouse and medicine storehouse. The distribution team had to move forward slowly while asking construction workers they met on the road. It took them an hour to reach the equipment warehouse, which was also under construction. It was not until 10 p.m. that they completed the handover. Then, the distribution team members started to help with building drug shelves, and they worked until 6 a.m. the next day. At noon, all the drugs were eventually put on the shelves of the warehouse. The whole process lasted for almost 24 hours.

As of March 31, CR Pharma Comm has supplied about 251.4 million anti-epidemic drugs and equipment in the market (pieces/box/unit), totaling up to 3.2597 billion yuan, including 87.49 million masks, 7.143 million pairs of clinical gloves, and 153,000 sets of protective clothing. The subsidiaries of CR Hubei Pharmaceutical have provided emergency supplies to more than 500 medical institutions, disease control centers, and local health and family planning commissions in Hubei province. To Wang Yong's comfort, even though they were in the center of the epidemic, none of the employees of CR Hubei Pharmaceutical and of its subsidiaries was infected. "The headquarter in Beijing sent the first batch of anti-epidemic supplies to us immediately after the outbreak, including N95 masks, protective clothing and disinfection supplies", Wang Yong said, and their partners also sent a lot of drugs like Jinpingfeng granules and VC produced by CR Double Cranes, as well as Dong-e E-Jiao and hundreds of boxes of milk and fruits. "We feel that we are not alone. We are fighting as a united organization."

"CR is a responsible state-owned enterprise. In the face of difficulties, CR will stand by your side to provide continuous and professional services." Chen Wei, Assistant General Manager of CR Pharmaceuticals, experienced SARS in 2003, and he knew clearly when major epidemics or public health emergencies occur, the whole country must unite as one.

In the post-epidemic era, CR Pharma is thinking about a critical topic: how to meet the urgent needs of customers when medical resources are in short supply? "In the past, we only engaged in the supply chain and distribution, but now we're considering to extend to the production side. When thousands of units send their urgent demands at the same time, the value of commercial enterprises are highlighted - we can quickly coordinate and allocate resources across the country to provide professional and value-added services efficiently." According to Chen Wei, the company will seek breakthroughs on the following two aspects: firstly, the quarantine and "working from home" experience have changed people's lifestyle to a certain extent, and in the future, the company will consider digital transformation and contactless services, for instance, enabling data-sharing from the moment a customer makes an order to the final payment and delivery, there is still a lot of room for improvement in this regard; secondly, the epidemic has also highlighted the importance of establishing long-term strategic partnerships. It is necessary to maintain new customer relationships on the basis of sharing benefits and value in the long run.

CR Pharmaceutical donated medical supplies to medical workers on the frontline in Wuhan



On January 31, 5 distribution team members delivered 3 million yuan's medical supplies to Huoshenshan Hospital with 2 trucks

## Contributions of CR in Big Data-based Healthcare: CR Pharma

CR Pharma mainly produces 60 core drugs and supplies for epidemic prevention and control, including anti-virus and anti-cold drugs, small-volume injections, infusion, clinical gloves and examination gloves. From January 1 to April 12, 2020, CR Pharma produced 6.15 million pieces of epidemic prevention and control drugs and equipment, and a total of 7.91 million pieces of medicines and equipment were shipped, with a total value of 2.674 billion yuan, including 1.44 million pieces of Banlangen, Ganmaoling and cough syrups, 13,000 Shengmai and Shenfu injections, and 185,000 injections of levofloxacin mesylate, ribavirin and ganciclovir.

### CR Pharma Comm

Employees of the headquarter and directly managed units in Beijing donated

198,162.04

yuan to the designated account of the SASAC,

794,638

yuan's anti-epidemic materials

including

16,320

masks



12,000

examination gloves



### CR Double Crane

Donated

3,607,035.92

yuan's anti-epidemic supplies including masks, gloves, protective clothing, etc.

### CR Sanjiu

Donated

2,071,718

yuan's anti-epidemic supplies including masks, gloves, protective clothing, etc.



### CR Dong-E E-jiao

Donated

1,606,780

yuan's compound E-jiao syrup to the frontline.

CR Zizhu donated

10,000

examination gloves

with a total value of

10,800

yuan

### CR Jiangzhong

Donated

1,445,845

yuan's Banlangen granules, Pudilan anti-inflammatory tablets, lactic acid bacteria tablets and other medicines.



CR Care donated

52,200

pieces of anti-epidemic medical supplies like masks

with a total value of

522,936

yuan

### CR Pharma Safeguarding the Supply of Anti-epidemic Medicines and Equipment

During the Spring Festival, 140,000 employees of CR Pharma continued to work hard instead of taking a vacation. CR Pharma Comm coordinated with its suppliers to secure the supply of all types of medicines and equipment. CR Hubei Pharma was the first to deliver 3 million yuan's medical supplies to the newly-built Huoshenshan Hospital; before Leishenshan Hospital was completed, the CR Hubei Pharma's storage and logistics center delivered 1,600 emergency medical supplies there. In addition, to further secure supplies of medicines and equipment, CR Sanjiu, CR Double Crane, CR Jiangzhong, CR Zizhu all canceled the vacation and called their workers back to resume production.

# STORY

CR Gas

Always ready to respond to the call, and to win the fight

## Ye Jialian

Captain of the "Thunder God Assault Team" affiliated to the CR Gas company of Jiangxia, Wuhan



At about 10 o'clock in the morning of February 4, 2020, with the gas valve span open in the Thunder God Mountain hospital, a flicker of orange flame was lit, marking the end of the adjustment and ignition work, which provided much advantage for the hand-over of the hospital. The flame bounced with rejoice, and brought warmth for the people in the bitter cold wind of the winter.

After 6 days and 5 nights of continuous struggle, the "Thunder God assault team" has successfully accomplished the mission, and Ye Jialian, the captain of it, finally got a chance to take a break. As a field-tested veteran in PLA and a 20-year-old party member of CCP, Ye is always initiative and determined in his work. He has also participated both the rescue work in the Flood Fight of 1998 at Jiujiang section of Yangtze river, and the rescue and relief work of disasters during Typhoon season in Zhejiang province. "Where there is problem, there I go to solve them", this is what Ye has remarked. After over 10 years as a member of the CR Gas family, this remark is a reflect of the sense of duty that bestowed every member of CR Gas.

On 25 of January, the government of Wuhan city decided to build yet another hospital named Thunder God Mountain hospital, in order to meet the demand of the fight against the COVID-19 epidemic. The hospital was a second of its kind after the Fire God Mountain hospital, and it would be constructed according to the method of Xiaotang Mountain hospital in Beijing. The construction must be completed in 7-8 days (weekends/holidays excluded), and it was scheduled to be put into operation on 5 February.

The CR Gas Jiangxia, Wuhan undertook this urgent and difficult task, and was determined that whatever the cost is, the team shall complete the construction of the natural gas supply system of the Thunder God Mountain hospital with high quality in time. All personnel assigned with the construction task was ordered to cancel their vacation and return as soon as possible to their vocation. Ye Jialian said "I'm experienced in engineering, transportation and management, aside of that, I'm also a party member of CCP, which makes it an obligation for me to stay and hold the frontline in such a critical time." He accepted the order in the urgent situation, and took up the duty as the captain of "Thunder God Assault team."

Hu Bin is the general manager of the CR Gas Co. of Jiangxi, Wuhan, who is entrusted as the chief commander of the construction project this time. He recalled that on 29 January, 36 members of CR Gas personnel courageously signed their name on the petition letter for the construction project, the letter reads "Brave all dangers, get to the frontline and get the job done". There was no complaint from any participant of the project, who later addressed all obstacles and made it to the construction site. Among them are CCP member, whose spouse are pregnant for over 7 months, and gave up his right to have vacation at home; young commando of construction team, who had not returned home to his parents for almost an entire year; and our fellow female comrades, who bested their male colleagues and plough through the hard work in the frontline. They were so determined to "comply the order and make it back", that by all methods including reference letters and pass document, they managed to storm back to the construction site of Thunder God Mountain hospital in Wuhan and started to work at once.

As Ye Jialian had seen, the Thunder Assault Team that consisted of 7 CCP member and 29 other major employees, is a team that is "ready to assemble at the first call and is capable of fighting and winning".

Even when the hospital had not yet decided to use natural gas or not, the "Assault Team" was on its way to fight the epidemic. The team split into 3 groups. On 27 January, the first groups had checked all the natural gas facilities around the hospital site for possible hitches, all of

which repaired on sight the same day. The second group kept a close contact with the designing institute of natural gas engineering. With 48 hours of non-stop construction, they finished the outer part of pipeline for the hospital, which measures about 1 kilometer in length. The third group got contact actively with the construction headquarters of the Thunder God Mountain hospital and the Zhongnan designing institute of Wuhan. Then they studied the function modules within the boundary of the hospital, which includes the wards, reception rooms, and ICU, and determined the possible supply spot of gas. According to the study, they reserved the tubing materials and equipment for construction in advance, and correspond quickly with other companies within the region and requested reinforcement. The later facts proved that the early construction of outer pipeline has earned precious time for the successful operation of the system.

In the merely 75,000 square meters' construction site of Thunder God Mountain hospital, there gathered several dozens of companies that took part in the fight, counting over 7,000 personnel doing all kinds of work. In busiest hours, the lighting of the site was so bright that no days or nights could be distinguished. Meanwhile, 300 sets of machines, varied in kind, all fired up in its strongest power were ploughing through their work. The construction site was extremely complicated, and tricky problems occurred one after another.

Members of the "Thunder Assault Team" affiliated to CR Gas, fully armed and in urgent preparation for the fight







▲ Members of the "Thunder Assault Team" affiliated to CR Gas, holding an early field discussion about the plan to construct outer part of the gas pipe

In such a situation, Ye Jialian led by himself to eat and rest in the field with his fellow members. They worked for a continuous 24 hours a day in turn. In the late evening of 30 January, it was ordered that the Direct Burying construction should be replaced by method of Directional Drilling construction; the next day at night, another order suddenly arrived that the gas supply should increase by two-fold. Faced with two problems, the members of the assault team had calmly coped with both. Ye Jialian told the truth "In most cases, it would take over a month to finish the construction of pipeline network and its auxiliary parts for such a big hospital. We literally raced with time to make sure that the Thunder God Mountain hospital can get the natural gas successfully. We ended up finishing the construction 2 days ahead of the due, it's been struggling but since it's for the hospital, I deem it worthy."

In addition to difficulties such as tight schedule, narrow working space, strict safety control and shortage in protective gear supply, there is the biggest problem, which is the coordination problem at the site. Other companies' equipment and resources was piling up upon the place where pipeline was to be built; crane machines and excavators could barely move around; and different pipelines got intertwined. On 1 February, when tube trailing was performed in Directional Drilling construction, the ground above the exit point was so narrow, that it was impossible to weld the pipe there. The members of "Thunder God Assault Team" then became the "lifters", who manually carried 50 meters long of gas pipe material over the 2 meters tall steel fences, and carefully brought it to the construction site meter by meter.

To mitigate the shortage of beds in hospitals, many mobile cabin hospitals was constructed in no time and was put into use. In the late evening of 11 February, the CR Gas Co. of Jiangxia, Wuhan was informed that natural gas was needed in Dahuashan cabin hospital. The company held a voice meeting at once and confirmed the plan to adjust the boiler for heat providing in the Dahuashan cabin hospital. Early in the next morning at 8 o'clock, Ye Jialian had just wined up aiding the construction task of Thunder God Mountain hospital and was quarantining himself at home. But he answered the duty call again anyway and led 4 of members of the Thunder God Assault Team to appeared once again in the frontline of the fight against the COVID-19 epidemic. Eventually, the Dahuashan cabin hospital got access to heat successfully.

On 14 February, a sheer temperature drop occurred in Wuhan, making it an extreme weather. The Thunder God Assault Team consulted to the emergency plan yet another time. They patrolled and kept a close monitor for 24 hour a day to the equipment and facilities in Thunder God Mountain hospital. Thanks to the perseverance of the team member, the warmth in the hospital was secured.

When faced with a major public health emergency, it is always concerned that how to secure a safe and continuous gas supply and meet all kinds of emergent need. Ye Jialian believed that the trick is to "always be ready for a rainy day". The breakout of the epidemic came all in a sudden, but CR Gas has a solid base of pipeline infrastructures in Wuhan, and was always strict in its hazard eliminating

and real time maintain work even in normal days. Ye said "I've worked in many departments of CR Gas, served as manager in departments of transportation management and of engineering. I was also in charge of the gas pipe construction for the Military World Games previously, site of which was right next to the Thunder God Mountain hospital. That made me an acquaintance of the pipeline network around the area and thus gave me a peaceful mind set even entrusted with such a great duty in urgent time."

"During such a special period, it's important to coordinated through the entire system and achieve the goal at all cost, whenever there is obstacle." Hu Bin said that Ye was always keeping a close monitor to the storage and allocation amount of equipment, material and accessories. "CR Gas developed a searching system for the reserves, it provides a clear view on the amount of material reserve of the companies. During the period of construction aid, the company gave us a full access to the system, enabling us to search at once whenever there occurred a shortage of some resource. Special privilege was granted as well when dealing with particular events. We could start the construction before we get the license sometime, and register the license later on, which secured with all its might the success of construction."

A major test of the epidemic had not only witnessed the CR Gas members their will to take responsibility and courageous spirit, but more importantly, the company has got more experience in construction management during this urban emergency. Hu Bin said that after the epidemic, CR Gas will make development in remote monitoring, intelligent management and maintenance efforts, contribute to the construction of intelligent cities in all respects, and meet the client's much varied needs of gas.

Members of the "Thunder Assault Team", patrolling around the gas facility in an increased frequency after the temperature in Wuhan plopped on 15 February



## Contributions of CR in Energy Services

### CR Power

To support the fight against the COVID-19 epidemic, secure the normal operation of power and heat in all regions, CR Power generated

46.321

billion kilowatt-hour of electric power



12,700

pairs of gloves



1,935

pairs of protective goggles



and

47,498.7

thousand gigajoule of heat power

More than

7,000

thermometers



Also, the company donated to the society

222,461

masks

516  
tons of fluid disinfectant



5,150

protective suits

with a total value of

6,287,000

yuan in cash



▲ After the breakout of COVID-19 virus, disinfectant became one of the most urgently demanded supply of branches in all regions. The electric farms affiliated to CR Power made use of the equipment in the farms to electrolyze the seawater and produce the sodium hypochlorite disinfectant (commonly known as 84 disinfectant). The disinfectant was later provided to almost a hundred of companies and businesses free of charge, armed them with a "handy weapon" in the fight against the epidemic.

▲ CR Power made an innovation in its bid inviting method to further construct the clean power project. It adopted the "scattered bid evaluation method based on the video conference system" that combined the electronic bid inviting system and the video conference system, making it possible to hold online meetings among bid evaluative expert from different places. The bid inviting work could thus be done online while preserving a solid evidence for later reference.

### CR Gas

Since the breakout of the COVID-19 epidemic, CR Gas took multiple measures at same time to ensure a safe and stable supply of gas, as a result, those users who ran out of charge could keep having their gas supplied, the service is online 24/7, not a single incident of gas cut or safety hazard occurred, not a single negative public opinion online was posted. In the Hubei province where the epidemic hit the hardest, all 58 natural gas farm stations, 17 store stations, 56 regular stations of medium-high gas pressure and 4 LNG reserve-and-distribute stations of CR Gas has maintained normal operation.

Secured the stable supply of natural gas for

1.47

million clients in



18

cities including Wuhan, Xiangyang and Qianjiang



# STORY

CR Land  
Helping maintain the normal  
functioning of the city, and  
working jointly with all  
parties to defeat the  
epidemic



**Wang Bofeng**  
Project Manager of CR Land Central Park  
in Wuhan



**Zhang Fang**  
Brand Director of CR Land Commercial  
Real Estate Division and General Manager  
of Brand Promotion Department



CR Land has always been committed to the purpose of "Quality makes more change to the city". During the epidemic, CR Land has been shouldering the responsibility for prevention of commercial projects, residential buildings and office buildings, providing a strong guarantee for the normal functioning of the city.

Since the first The Mixc in Shenzhen opened in 2004, CR Land has set up 61 shopping centers in China, with more than 70,000 employees and tenant staff as well as tens of millions of passengers in a single month. Zhang Fang, the Brand Director of CR Land Commercial Real Estate Division and General Manager of Brand Promotion Department, confessed that the epidemic is the toughest challenge that commercial projects of CR Land have ever faced, whether in terms of the scope of its spread, spreading time and its impact on the economy.

The company took "hardcore prevention and control measures" at the first time: made high-frequency sterilization and disinfection of public areas in shopping malls; closed cinemas, children's activity venues and other densely populated and relatively airtight public places; turned off air-conditioning and maximized the amount of fresh air to ensure the sound ventilation of shopping malls.

Shi Guoqing, General Manager of CR Land Commercial Real Estate Division in East China, leads 13 projects in Jiangsu, Zhejiang and Shanghai. He said that all factors were cautiously taken into consideration in every step of prevention measure. After the outbreak of the epidemic, all shopping malls immediately closed part of the entrance and exit with one or two entrances available. In order to measure the temperature more quickly and accurately, an infrared thermometer was put into use at the door to replace the temperature measuring gun. The elevator buttons were covered with disinfection film and were disinfected and replaced regularly. The shopping mall also opened designated food delivery channel and pick-up point to avoid any contact between delivery men, employees and customers, ensuring non-contact delivery in the whole process.

Tang Gong, a chain brand catering enterprise settled in Shanghai in 2017, has developed for 22 years in Shanghai, and its daily performance ranks first among the catering enterprises in The Mixc. The epidemic coincided with the Chinese Spring Festival, and the Tang Gong spent more than 100,000 yuan on food preparation. "January 26 is the second day of Chinese New Year. Considering the safety of our guests, we had to close the store and gave away top-quality ingredients to our VIPs." Zhang Yongjiu, General Manager of Tang Gong in Shanghai, recalled that the pressure was still lingering. "Fortunately, The Mixc reduced the rent and helped us manage to get through the hard times."

"We slashed heavily in the rent reduction," Zhang Fang said. CR Land Commercial Real Estate was the first to take rent reduction measures in the industry, which deducted the full rent of all merchants in commercial projects nationwide from January 25 to February 9 (16 days in total). Subsequently, after investigating and analyzing the overall operating conditions of tenants in February, the company again exempted the rent from February 10 to February 24, and provided a 36 days' rent reduction policy from February 25 to March 31. By the end of March, CR Land had reduced the rent by nearly 1 billion yuan for 61 shopping centers as well as more than 14,000 shops across the country, which considerably alleviated the pressure weighing on tenants.

Online sales are also in full swing. Through some channels such as The Mixc APP, Wechat group, food delivery and live-streaming, online sales have made up a greater proportion in the overall retail sales during the epidemic period. In Shanghai The Mixc, we have launched the VR system in store experiencing, so that customers can more intuitively see the store display and the actual sample of goods. Nearly 6,000 people watched the live-streaming of LEGO in an hour, and its performance achieved a record high in a single day, "said Shi Guoqing.



CR Land has reduced rents by nearly

1

billion yuan



for over

14,000

stores in 61 shopping centers across the country



▲ All staff in shopping center of CR Land must strictly wear masks and accept temperature measurement and disinfection

Sundan is a retailer in household appliances. President Fei Guoqiang said that Sundan has operating shops in business circles all over the country, and the commercial project of CR Land has the fastest response to the epidemic. "CR Land attaches great importance to the relationship with its partners, communicates with us in a timely manner in the owner group, feeds back everyone's needs and formulate support policy. The brands in The Mixc has won great credibility among consumers, which also ensures the good operation of Sundan stores during the whole epidemic period."

Like commercial real estate, CR Land Property Corporation has always been leading in the industry in terms of ensuring the normal and orderly functioning of the city and providing professional services beyond customer expectations.

On January 23, 2020, upon hearing the news of Wuhan's lockdown, Wang Bofeng, the Project Manager of CR Land's Wuhan Central Park, started to get anxious. "The residential area was closed at the first time." Wang Bofeng said that there were three phases of Wuhan Central Park project, with a floor area of 442,000 square meters and a total of 2,886 residents. After first case was confirmed in the community, to ensure the normal and orderly functioning of the community under the premise of protecting the health and safety of residents in the community has brought great workload and posed much stress on everyone.



"Yue + • Love to home" provides non-contact free delivery service covering

157

projects in 32 cities.



"Yue + • CR Love to home" online video. Consultation covers more than

600

projects nationwide.



▲ Following the epidemic, the Property of CR Land made more vigorous effort in sterilization

"Employees are fighting in the front line of epidemic prevention and control. We must ensure adequate supplies." Wang Bofeng arranged for the staff to set up a separate storage point for epidemic prevention materials, and took proactive action to coordinate the supply of epidemic prevention materials, especially the reserve of masks and disinfectant. From one mask per person per day in the initial stage, we now are able to ensure that four masks per person per day, protective clothing, medical gloves, goggles were allocated to each employee. When 100 sets of protective clothing of CR Land were delivered to the community, the employees instantly felt a sense of security, which not only greatly increased their confidence, but also boosted their morale.

How to guarantee the daily life of residents in the community? "We have successively served five major platforms, and the supply is stable and sufficient." Talking about those platforms that secure people's livelihood, Wang Bofeng counted them with great familiarity. "The online self-owned platform is the Metro established by CR Property technology community mall and owners. Offline shopping includes Carrefour's charity vegetables, meat group purchase and offline group purchases of NiceTuan and Zhongbai."

"Just after the outbreak of the epidemic, our masks are in intense shortage. Every day I looked at the death number and couldn't sleep at night. Later, the community property provided virus sterilization, lockdown, distribution of all kinds of living materials and garbage disposal. Everything was in order. We began to feel that, compared with other communities, CR's professional services made people feel more at ease!" Ms. Li, the owner of Wuhan Central Park community Phase 3, said gratefully that as the elderly in her family were in urgent need of medicine, which the property management worker went to the drugstore to purchase and helped to advance the funds. The price was transparent and the service was considerate.

The Property of CR Land provides free vegetable delivery service, which made food purchase easier





▲ The property of CR Land disinfests regularly and prevent and control epidemic diseases in the community in a strict manner

From the perspective of Li Feng, the General Manager of CR Land, the epidemic is a blessing and a curse. Undoubtedly, the virus posed a tough challenge to the management ability of the Property of CR Land also brought considerate service to residents. Li Feng said that in recent years, CR Land has been committed to providing accurate, standardized and continuous services to enhance customer experience and customer retention. For example, "Yue + Guard • Love to home" non-contact free delivery service covers 157 projects in 32 cities, "Yue + guard • CR Love to home" online video consultation covers more than 600 projects in China, and online payment of "love in Yuejia" covers 241 projects in China, which sufficiently meets the daily life needs of owners during the epidemic period and brings each other closer.

"In the future, we need to accurately identify customers, meet the special needs of different groups, and provide more

considerate services." Li Feng said that the epidemic will accelerate the improvement of community service level, promote the pluralistic development of property, and reach out for more service demands related to domestic service, community medical care, home-based elderly care, home education, and entrusted management of second-hand housing, which also provides more development opportunities and value promotion space for the property industry.

How to find opportunities to turn around the crisis and promote innovation-oriented development is also an issue to the business management team of CR Land. Zhang Fang said: " we have long been building our career on leading the urban lifestyle and pressing ahead with the progress of the industry, and firmly believe in the resilience of China's economic development and the people's aspiration for a better life." Through the epidemic, CR Land will strengthen its

medium and high-end development orientation, further expand and deeply develop the core cities, accelerate the process of commercial digitalization move, consolidate the commercial management system and brand advantages, and realize the normalization of public health management.

What significance CR Land is carrying on has already gone beyond the real estate development, the preferable vision featuring "Operate the city, change the life" is kindling the city coming next.

## Contributions of CR in Urban Construction and Operation

### CR Property

on January 29, 2020, at the beginning of the epidemic in Hong Kong, it spearheaded to take proactive prevention and control measures, and launched temperature monitoring service in CR Building, the headquarters of the group. Up till now, the total number of people monitored has reached

260,392

People/time



In the meanwhile, CR Land makes effort to improve the air quality of ventilation system and carry out hourly disinfection and cleaning work in all public areas of office buildings.

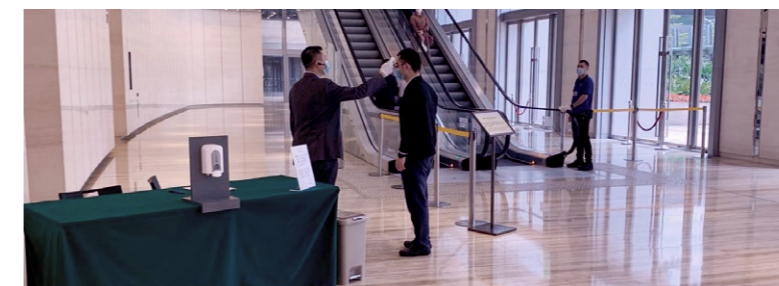
CR Land actively launched *Mask for One Yuan* as well as *Loston Mask Bank* to collect and donate masks, with

2,123

masks handing away.



Serve the people of Hong Kong well in the unusual period and highlight the social responsibility of the central enterprises operating in Hong Kong.



### CR Cement

Actively implement the deployment of central government and group as well as government requirements, formulate targeted epidemic prevention and control measures based on the reality of company. Staff were encouraged to combat the epidemic, with

1.0336

million yuan donated.



Donated

650,000

yuan for epidemic prevention and control in business region,

and

192,700

yuan's worth of epidemic combat materials.



# STORY

# 6

## CR Microelectronics Sending the "Chinese chip" to the frontline



**Chen Nanxiang**  
Director of CR Microelectronics

On February 27, 2020, China Resources Microelectronics Co., Ltd. (CR Micro) made its initial public offering science and technology innovation board and was officially listed of the Shanghai Stock Exchange. Recalling those days, Chen Nanxiang, the then-Executive Vice President of CR Microelectronics, said, "I was as busy as a bee."

Starting from February 24, 2020, the senior management team of CR Microelectronics has successively held IPO roadshows over the phone with investors in Shenzhen, Guangzhou, Beijing, and Shanghai. At the same time, the company's wafer production line was continuously producing infrared thermometer sensor chips, and the chemicals needed for production had to be shipped from Jiangyin to Wuxi. Each day, the health assurance letter of the suppliers, logistics companies and delivery drivers needed to be confirmed.

As an important medical testing equipment, non-contact infrared thermometers were in great shortage during the epidemic. In 2019, the annual output of various handheld infrared thermometers in China was around 10 million; after the outbreak, the Ministry of Industry and Information Technology expressed the hope that the monthly production capacity of forehead thermometers could reach 10 to 15 million. However, the error range of the forehead thermometer must be within  $\pm 0.2$  degrees, which then places a high requirement on the sensor manufacturers.

"We resumed production before the Spring Festival holiday ended, and worked around the clock to increase our production capacity," Xu Dehui, General Manager of Sunshine Technologies, told us, "The reason that we can face up to the challenge is because CR Microelectronics, a responsible central enterprise in the upper position of the industrial chain, is behind us."

Sunshine Technologies is a design company specializing in thermopile temperature sensors. Its sensor chips can be directly used in various types of thermometers, and its market share in China has reached 60%. However, Sunshine does not have its own production line, and it has been cooperating with theFBG of CR Microelectronics for years,

with the former responsible for product design and the latter for the development of industrial technologies and providing more production machines, they also adjusted the production line's structure, labeling all temperature measurement products with an emergency sign and thus giving them priority on the entire production line. The original 2-month production cycle was then shortened to about 20 days.

CR Microelectronics is the leading semiconductor company in China with integrated operating capabilities across the entire industrial chain, including chip design, wafer manufacturing, packaging and testing, etc., and it is also a leading domestic MEMS sensor manufacturer, undertaking a major national project "Manufacturing and Production of Integrated Circuits and Sensors" which passed the acceptance with a high score.

Chen Nanxiang told us, after CR Microelectronics received the orders for temperature measurement chips, the company immediately set up an emergency response team to strictly implement the government's control requirements on the one hand, and actively increase the capacity of sensor's production line to ensure output on the other.

"We recalled the workers who were on vacation in other places in no time, and conducted a centralized quarantine in a local hotel in Wuxi." According to Chen Nanxiang, the additional cost the company bore during this period was around 20 million yuan.

The production line ran 24 hours a day, 7 days a week, and the workers took shifts to ensure the production capacity. Xu Liqin is the technical manager of the 6-inch wafer production line. In order to ensure the daily supply of the thermopile product line, she and her colleagues designed a new production process, which not only increased capacity, but also ensured quality.

According to Jiang Yi, Senior Manager of CR Microelectronics' Foundry Business Group (FBG), in addition to introducing more production machines, they also adjusted the production line's structure, labeling all temperature measurement products with an emergency sign and thus giving them priority on the entire production line. The original 2-month production cycle was then shortened to about 20 days.

Before the outbreak, the cost of a thermopile chip in a temperature sensor was 2-3 yuan; during the worst period, the price of a chip was as high as 100 yuan in the market. As a result, the price of a forehead thermometer also rose from 100 yuan to 500-600 yuan, even 700 yuan. Besides, due to the surge in demand for forehead thermometers during the epidemic, the supply of sensor chips and packaging capacity didn't increase fast enough to match it, thus forming a bottleneck in government procurement.

"As a central enterprise, we have the responsibility to stand with the country and stabilize the prices." Chen Nanxiang told us that wafers, thermopile sensors and forehead thermometers formed a complete industrial chain, and as long as the production capacity and price of wafers in the upper stream can be controlled, the whole lower stream would be stabilized, thus avoiding the surge in price and meeting the state's material allocation needs at the same time.



▲ CR Microelectronics' wafer production line

"At present, our production line can satisfy the monthly demand of 10-15 million forehead thermometers, ensuring sufficient supply and stabilizing prices." Chen Nanxiang was very confident. As of April 18, CR Microelectronics has completed the target of manufacturing 30 million core infrared sensor chips for handheld forehead thermometers set by the Medical Security Group of the Joint Prevention and Control Mechanism of the State Council 12 days ahead of time.

On April 26, 2020, the Medical Security Group of the Joint Prevention and Control Mechanism of the State Council sent a letter of thanks to CR Microelectronics, writing: "Your company responded quickly to the call of the state, and ensured the production and supply of infrared temperature sensors despite of all difficulties; your employees worked hard to comply with the arrangements of the Medical Security Group of the Joint Prevention and Control Mechanism of the State Council, and continuously supplied key national enterprises with infrared thermopile sensor wafers to increase market supply and stabilize prices, thus making outstanding contributions to domestic epidemic prevention and control and the resumption of production in various industries."

"Opportunities only come to people who are ready." Chen Nanxiang said. In 2008, CR Microelectronics began to manufacture MEMS sensors, and starting from 2010, the company has taken the lead in building a platform integrating production, learning and research for industrial sensors based on the semiconductor technology. At present, three industrialized production lines have been built, including silicon microphones, pressure sensors and infrared sensors. "This demand for wafer capacity is actually a piece of cake for CR Microelectronics, because our capacity has always been higher than that. It would be too late if we only think about improving when the outbreak occurs."



▲ 50 forehead thermometers sent by clients with built-in sensor chips produced by CR Microelectronics

In recent years, the global supply of wafers is often insufficient. As China highly depends on imports in this regard, it has become a clear weak point of our industrial chain. CR Microelectronics has one 8-inch and three 6-inch semiconductor wafer manufacturing lines in Wuxi. Among them, the annual capacity of the 8-inch wafer production line is about 730,000 pieces, and that of the 6-inch wafer production line is about 2.47 million pieces.

"In fact, compared with world-class companies, we're stronger in terms of equipment capacity." Chen Nanxiang said, "At this moment when China is developing its own chips, the core chips for smart sensors independently developed by CR Microelectronics have successfully broken overseas monopolies and replaced part of the imported chips. Our goal is to become the world's leading semiconductor manufacturer while helping with the innovation of Chinese chips."

On January 10, 2020, CR Microelectronics FBG's project "Key Technologies on the Design and Manufacturing of High-performance MEMS Devices and the Application" won the Second Prize of the National Science and Technology Progress Award. At the same time, according to a document issued by the General Office of the Ministry of Industry and Information Technology, the projects related to smart sensors of CR Microelectronics were shortlisted for the "Key Tasks of New-generation AI Industrial Innovation".

During the past years, CR Microelectronics' R&D work in the field of smart sensors has not only won recognition in the industry, but also provided a solid safeguard for meeting the demand for core components in the fight against COVID-19.

To CR Microelectronics, getting listed on the Science and Technology Innovation Board means the start of a new journey, and it is also an important step to achieve the "leap-forward growth". It is hoped that the company can take this opportunity to speed up its development, enhance its technological innovation capabilities, improve its corporate governance structure and improve its marketization and internationalization mechanisms, so that the company will become a world-class power semiconductor manufacturer and a solution provider for smart sensors.

## Contributions of CR in Tech & Finance

### CR Microelectronics

▲ As the epidemic started to slow down, CR Microelectronics fully resumed work and production to ensure the steady development of the national economy. Due to the need to both combat the epidemic and protect workers on the production line, more than tens of millions handheld forehead thermometers were in demand. The Department of Electronics of the Ministry of Industry and Information Technology urgently coordinated the resources of relevant enterprises to increase supply, and the infrared thermopile produced by CR Microelectronics' MEMS production line was a core component. As of April 18, CR Microelectronics has completed the target of manufacturing 30 million core infrared sensor chips for handheld forehead thermometers set by the Medical Security Group of the Joint Prevention and Control Mechanism of the State Council 12 days ahead of time.



### CR Chem-mat

Purchased about

**190,000**

pieces of anti-epidemic supplies such as masks, disinfectants, forehead thermometers, alcohol and protective gloves,



with a total value of about

**720,000**

yuan,



which fully protected the health and safety of more than

**2,000**

employees.



CR Chem-mat united all workers and partners as one. Since the outbreak of the epidemic, the production of PET hasn't been disrupted. Up to now, the number of orders has increased by 56.6% compared with the same period in previous years, and the production tasks have been scheduled to August 2020. Its steady performance growth has guaranteed the supply of PET products.

### CR Capital

▲ CR Capital has established a 24-h "cloud-based supermarket" with its online services through Apps for corporate clients like "Ticket pass" and those for individual clients, and also online channels like WeChat, thus solving the pain point that clients can't leave their home. CR Yuanda Fund and China CITIC Press jointly launched the "Free to Read" activity for fine children's books; CR Insurance Brokers together with Kangaroo Health offered free online inquiring services; Runxin Microcredit actively to reduce or strike off the penalty interests for hundreds of clients from Wuhan and other cities hit hard by the epidemic.

CR Capital initiated a fund-raising event for the prevention and control of the epidemic, receiving

**1.19**

million yuan from 2,900 employees in 9 Profit centers.



The fund was used to purchase air purifying disinfectant for the medical staff on the frontline, and was also directly donated to medical workers on the frontline, people in need, and the families who have lost their loved ones to the disease.

### CR Bank

Actively reduced or eliminated the penalty interests for 5,097 clients from Hubei Province, with a grace period of

**28**

days



The amount of loans involved is

**1.886**

billion yuan

For enterprises in the wholesale and retailing, accommodation and catering, culture and tourism industry that are severely affected by the epidemic, CR Bank has taken their specific situations into account and handled

**1,522**

extended loans,

**750**

million yuan involved.



### 华润创新基金

The birth of Huoshenshan and Leishenshan Hospital allowed the world to see the "China Speed" and China technology in the VR era. Over 100 million people witnessed the construction process via the 24-h online VR live-streaming of CCTV, and behind the scene is Pilot Era, a professional panoramic camera independently developed by Labpano integrating VR with 5G, invested by CR Innovation Fund.

Epidemic Prevention and Poverty Relief: Not one less



**Zeng Zhaoshun**

Member of the Standing Committee of Guangchang County, Deputy County Chief

2020 was supposed to be a year of decisive victory for the elimination of poverty. However, the unexpected epidemic made thousands of tons of tangerines produced in Minjiang, Qianshan and Ganzhu of Guangchang County in Fuzhou, Jiangxi Province unsalable. In February, as the weather gradually got warm, those tangerines would rot if not sold in time. Zeng Zhaoshun, the deputy County Chief from CR, was like a cat on hot bricks.

Guangchang County, with gentle terrain, warm and humid climate and distinct seasons, presents as the source of Fuhe River, the second largest river in Jiangxi Province. It is rich in agricultural products famous nationwide, such as hollow white lotus seed, Alismatis rhizome, Agropyre Cylindracea and Guangchang tangerine, among which Guangchang tangerine is of an old variety with a long history in its cultivation, famous for its round grain, thin skin, rich juice, sweet taste and strong fragrance. The planting area of tangerines in the county totals 7733 hectares, with an annual yield of 120,000 tons and an annual output value of 123 million yuan. At present, Guangchang tangerines are grown mainly in seven towns and villages, which includes 96 villages, among which 37 are poor ones. Since it gave priority to the development of tangerine industry, the county has driven 185 poor households to become rich, with an increase of 13,500 yuan in the income per household.

In 2019, there was an increase in the yield of tangerines in other provinces where tangerines were grown, resulting in oversupply in the market. And the quality of Guangchang tangerines were greatly influenced by the bad weather characterized by waterlogging and drought in succession. Some fruit growers placed their hope on the market during the Spring Festival and showed reluctant to sell their stocks. As a result, the outbreak of the epidemic and the shutdown in the logistics nationwide brought a poor market for a large number of tangerines.

In order to help Guangchang County win the two crucial battles of epidemic prevention and poverty alleviation, China Resources donated 4 million yuan to Guangchang on February 26, which was of a great contribution. Zeng Zhaoshun said that in view of the warming climate in spring and the fact that tangerines were extremely perishable, he held three emergency meetings and decided to have Zhitai cooperative, led by the bureau of the fruit industry in the county, purchase the unsalable tangerines of poor households. In just three days, 34 poor households sold

150 tons of tangerines, helping keep them from a loss of 150,000 yuan.

In the workshops for the process of tangerines in Qianshan, for which China Resources was designated to provide regular help, the workers were transporting tangerines into the workshop in an orderly manner. The staff of the fruit industry bureau in the county, along with members of the "heart-to-heart" team stationed in the village and members and cadres of Party in the town and the village, help poor households carry and sort out tangerines. The processed high-quality tangerines were then sent to the staff who are fighting in the front line of the anti-epidemic battle.

"The tangerines were finally sold out, which kept me from a loss of 10000 yuan. I don't have to worry about the money used for the purchase of fertilizer and pesticide next year." said Rao Duansheng, a 45-year-old registered poor household with disability and two children in his family, one in high school and the other in college. And his family is heavily burdened, which made his life quite hard. Last year, Rao planted tangerine trees in more than 0.6 hectares. Originally, he planned to sell them during the golden period of the Spring Festival, while the epidemic came out of his expectation and made the tangerines unsalable. Now, with the brilliant smile on the faces of poor households, the members of the "heart-to-heart" team stationed in the village feel gratified in their heart, as the poor households can continue to develop production with this income and ensure that they will not fall behind on the way out of poverty.

Besides, the county showed active in cooperating with e-commerce platforms for poverty alleviation, drew upon the resources provided by the team, and

promoted the purchase of canteens of enterprises, government agencies to help sell agricultural and sideline products, including 57.85 tons of white lotus, 2.2 tons of Agropyre Cylindracea, 151.5 tons of tangerines, and 7000 chickens and ducks, resulting in an increase of more than 5 million yuan in the income of poor households.

While actively selling unsalable agricultural products and preventing and controlling the novel coronavirus, Guangchang County has maintained the record of "zero cases". Zeng Zhaoshun said that the key to maintaining such a good condition lies in the rapid response characterized by three "in place" of the county party committee and the county government, namely, the prevention and control of the source of the novel coronavirus, the control in gatherings and the material support in place.

"The 4 million yuan donated by China Resources was used to help with the prevention and control of the epidemic in the whole county and work resumption, give assistance to the people who were poor due to illness, and help fight against poverty; China Resources Medical has also provided their great help for us and actively coordinated and allocated the materials used for epidemic prevention." Zeng said.



China Resources donated

4

million Yuan for Guangchang to help win the two battles of epidemic prevention and poverty alleviation.



▲ Since unsalable tangerines were sold out in exchange for money, brilliant smiles appeared on the faces of poor households



▲ The first batch of tangerines sent to the health system including health commissions and hospitals, and others on the way to medical workers on the frontline

As the epidemic has been gradually brought under control across the country, it has been put on the agenda to promote poor workers to return to work and provide help for work resumption in an orderly manner. Only by keeping the payroll stable and promoting employment can it be ensured that people who have been lifted out of poverty will not return to poverty by 2020, when the work of poverty alleviation comes to an end. At present, thirteen cooperatives, eighteen workshops and five bases (enterprises) for poverty alleviation in Guangchang have successively resumed their work and arranged the employment of poor workers in nearby areas. In addition, in order to alleviate the problems in financing, the county government also organized local financial institutions to introduce "for the stable growth in the prevention and control of the epidemic -- immediate loan" to enterprises and issue loans of 110 million yuan to nine enterprises in the park.

Industrial poverty alleviation has always been regarded as the focus of the regular help provided by China Resources for Guangchang County. Since he began to work in Guangchang in April 2019, Zeng has been looking for a market to cooperate with in many ways. The greatest expectation for him, who once served as director of fresh food in the commodity department in the headquarter of China Resources Vanguard, is the realization of the "cooperation between agriculture and the market" to introduce the agricultural products of Guangchang County to the supermarket chains of China Resources Vanguard, with a view to reducing intermediate procedures and costs in sales and increasing farmers' income. In September 2019, Zhitai cooperative in Qianshan, Guangchang county, as a cooperation base of Guangchang tangerines, became the 176th base of China Resources Vanguard for the

cooperation between agriculture and the market, and obtained financial support of 0.5 million yuan from China Resources for the construction of tangerine-processing factories in Qianshan Town. The sweet and juicy Guangchang tangerines finally entered the market of China Resources Vanguard across the country.

In midsummer every year, the emerald lotus leaves reach as far as where water and skies meet, and lotus blossoms bathing in sunshine show a distinctive dazzling pink, which can be seen everywhere in Guangchang. According to Zeng, Guangchang is known as the "hometown of white lotus in China", where the planting area and output of white lotus both rank 1st among counties in the country. After field visits and researches, China Resources Vanguard established a targeted strategy for poverty alleviation focusing on the support for the "Guangchang white lotus" industry and helped Guangchang County establish the regional brand as "the hometown of white lotus in China" by purchasing and vigorously developing and promoting series commodities of "Guangchang white lotus". At the same time, it took methods including the authentication of bases to promote the industrial development of various agricultural products such as Guangchang tangerine, lotus root starch, Agrocybe Cylindracea, lentinus edodes, oatmeal, lotus leaf tea, and kudzu powder to help local farmers get rid of poverty and become rich. In 2019, the industrial cluster of white lotuses in Guangchang took shape, with an annual output value of about 400 million yuan and an expected increase of about 3000 yuan in the income per lotus farmer.

Far beyond this, there was more assistance provided by the China Resources for Guangchang. As early as 2002, the Poverty

Alleviation Office of the State Council set Guangchang County in Fuzhou, Jiangxi Province as the first targeted poverty alleviation county for China Resources. In the past 18 years, China Resources has carried out their work related to targeted assistance for Guangchang based on the development needs of the county, with the new rural construction, education and medical treatment as its entry points. In terms of new rural construction, China Resources assisted to build four projects characterized by "joint efforts and moderate prosperity" for the improvement of living environment in Guangchang, donating over 46 million yuan to Xigang village of Toupai Town, Yangfang village of Chishui Town, Datian village of Ganzhu Town and Pengtian village of Xujiang Town. In education, it financed the construction of a Hope School, two computer classrooms for students and six school libraries, with its donation of 60 desktops for students, 100 laptops for teachers, and a multimedia electrified education system for 98 classes. And with regard to health care, China Resources donated medical equipment to nine township hospitals in Guangchang. Besides, it also carried out activities to "help those in urgent needs or under tough conditions" throughout the county, helping 158 poor households in total. In more than ten years, the targeted poverty alleviation work of China Resources has made 250000 townfolk in Guangchang feel the profound friendship from China Resources.

With a view to helping win the battle of poverty alleviation and steadily realize the overall goal known as "two 'No worries' and three 'guarantees'", China Resources has always been committed to exploring to set up a long-term mechanism for targeted poverty alleviation that is effective, duplicable and sustainable. On July 29, 2018, Guangchang County was officially removed from the poverty list. In order to prevent the return to poverty after poverty alleviation, China Resources will sustain its efforts to help with various poverty alleviation projects in Guangchang, adhering to the principle that "getting rid of poverty" doesn't mean "getting rid of responsibilities".

Zeng Zhaoshun said, in 2020, they would focus on controlling the acreage of the original tangerine varieties and expanding that of famous varieties; adjusting industrial structure actively; cooperating with CR Vanguard more closely and exploring new channels. "We will win the battle against poverty and the epidemic, both."

## Contributions of CR in Poverty Alleviation

### CR Group

Donated

4

million yuan to Guangchang and Haiyuan, two targeted poverty alleviation counties specially for epidemic prevention and work resumption, making sure that those poor people won't return to poverty because of the epidemic and the social and development won't be greatly impacted.



▲ The Group also encouraged CR Hope Towns to develop embroidery and paper cutting. On the one hand, the CR cooperatives would receive more orders of embroidery and paper cutting; on the other, the villages' income would be secured. It was a win-win situation.



During the epidemic, the Industrial Development Department of CR Hope Towns has altogether supplied Hong Kong with

### CR Power

Donated

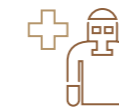
1,300

KN95 face masks



100

protective suits



2,000

boxes of bottled C'estbon drinking water to Haiyuan County.



### CR Ng Fung

The Industrial Development Department of the CR Hope Towns has issued the *Special Emergency Plan for COVID-19*, to guide the work on the prevention and control of the epidemic.



A donation of

64,824

yuan was made by the employees of Hope Towns.



185

live cattle



and

1.9

million fresh eggs

Unless otherwise specified, all the data in this writing was as of April 8, 2020.



Economic  
Responsibility

01

*Seize Development  
Opportunities*

*and Create New Value*

## Concept and Vision

For China Resources, 2019 is a year to have a new start and achieve its missions. Faced with the new start, new trends and new challenges, guided by the spirit of General Secretary Xi Jinping's letter on the 80th anniversary of CR, we take "to transform, upgrade, stabilize and innovate" as the theme of year, making every possible effort to achieve our missions. We always pursue a comprehensive, balanced, high-quality and sustainable development, aiming not only to be an influential player in the industry with promising development, high profitability and low risk, but also to be a model in terms of corporate governance, compliance and serving the overall national plan. The goal is to complete CR's strategy during the "13th Five-Year Plan" successfully, and realize CR's value in the new era.

### SDGs Response



## Our Performance

### Total asset value

100 million yuan



### Operating revenue

100 million yuan



### Earning before tax

100 million yuan



### Total pre-tax profits

100 million yuan



### Net margin

100 million yuan



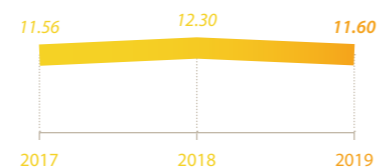
### Total tax payable

100 million yuan



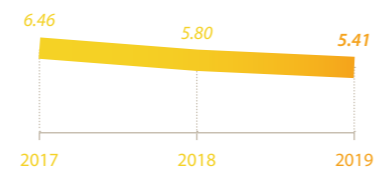
### Return on Equity

%



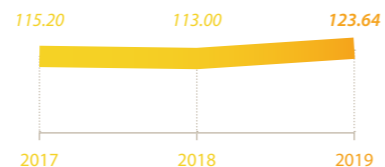
### Return on Total Asset

%



### Ratio of value maintenance and appreciation of state-owned assets

%



## Improving Corporate Governance and the Management Level

After active exploration and practice, China Resources has developed a corporate governance model with CR characteristics. In 2019, the Group conducted pilot reforms in state-owned investment companies and "de-institutionalization" reform in the headquarter, making new progress in corporate governance and providing CR with strong support to deepen its reform in an all-round way and explore a modern governance structure.

### Corporate Governance Mode with CR Characteristics

#### ■ Strengthening the Board of Directors

In 2019, the Board of Directors of CR continued to improve its structure and enhance its leading role in strategic decision-making, research on and determine major investment and financing projects prudently, and optimize the list of matters requiring authorized decision-making. The Board strives to promote the construction of modern enterprise systems with Chinese characteristics and optimize business structures via various channels and measures, aiming to build a more science-based, standardized, and efficient corporate governance system.





▲ CR's Outside Directors Visit CR Cement in Fengkai

### ■ Strengthening Internal Control, and Comprehensively Preventing Risks

In 2019, the Group carefully implemented the Central and the State Council's decisions on preventing and resolving major risks and promoting high-quality development, strived to prevent and control risks in major areas and construct its internal control system, and improved its ability to manage risks.

#### Strengthening the Base of Internal Control, and Improving Risk Management

The Group conducted an annual risk assessment, and spotted 10 group-level risks among the 211 level-3 risks; strengthened the tracking and control of major risks about macro-economics, exchange rate, health, safety, environment, etc., and gave risk warnings via weekly public opinion reports, special reports, reports on risk events, etc.; focused on major areas with high risks, and conducted 25 risk management projects. The profit centers have also reviewed their internal control system and corrected the existing defects.

▲ Focused on Major Areas with High Risks, and Conducting

**25**

Risk Management Projects

1

#### Improving the Management of Legal Risks

The Group sorted out legal risks in major business areas and in key functions, and spotted over 8,000 potential risks in the whole group. Besides, CR also published a series of risk management manuals, and launched the "Pilot Project for the Prevention of Legal Risks due to the Lack of Evidence" to control the risks of major cases. In 2019, the number of cases in which CR was sued decreased by about 33% compared with 2018, and there was no disruptive litigation risk.

▲ In 2019, the number of cases in which CR was sued decreased by about

**33**

%

2

#### Improving the Full Life-cycle Management System

The Group carried out a comprehensive review in all units of its business sectors, and then made plans to solve the spotted problems; vigorously conducted system optimization for key business processes such as investment, bidding and procurement and capital, and formulated or revised a series of systems such as the *Special Work Plan for Investment Inspection and Rectification*, the *Investment Management Standards of China Resources Power Holdings Co., Ltd* and the *Procurement Management System of China Resources Snow*; promoted the integration of the Party system with the company's management system.

3

### ■ Standardized Information Disclosure

Information disclosure provides investors and the public with a way to obtain information about listed companies, and it is also the basis for communication between the two parties. The listed companies of CR have strictly abided by the regulatory and compliance requirements of the regions where they are listed, disclosed relevant information to shareholders and investors in a timely and accurate manner in the spirit of truthfulness and reliability, continuously improved the quality of the information disclosed, and ensured its authenticity, accuracy, completeness, timeliness and fairness. CR will always consciously accept the supervision of the public and investors.

In order to enhance the understanding and recognition of the CR by relevant parties, CR Power made the *Five-Year Plan (2018-2022) for CR Power's Public Open Month*. In September 2019, the 4<sup>th</sup> Public Open Month themed with "Follow Your Heart to Pursue Green Development" was held, and over 2,000 people visited CR Power's 39 power plants. While introducing details on safety production, energy conservation and environmental protection, technological innovation, and business development of the company to visitors, the organizers also planned interactive activities such as "Singing to the Motherland" and "Fun Facts about Electric Power" to attract the public. There were over 260 reports on this event.

CR Power launched the 4<sup>th</sup> Public Open Month themed with "Follow Your Heart to Pursue Green Development"



During the 4<sup>th</sup> Public Open Month, the visitors wrote down their feelings about CR Power, expressing their understanding of the power industry and CR Power

■ Protecting the Rights and Interests of Medium and Small Investors

How to enrich communication channels with investors and make stakeholders understand and recognize the company's business activities is a key lesson in investor relationship management. The Group attaches great importance to protecting the rights and interests of small and medium investors, and encourages profit centers to perform information disclosure in a compliant, efficient, truthful, accurate, complete, timely and fair manner in accordance to regulatory requirements. It is required by the Group that all units must communicate with investors with respect and sincerity, and protect the rights and interests of small and medium investors.

CR Jiangzhong actively communicated with small and medium investors

In order to facilitate each investor's understanding of the company, CR Jiangzhong actively carried out communications with small and medium investors, for instance, participating in the "3.14 - Visiting a Listed Company" plan, and receiving investors in the Jiangzhong manufacturing base of medicines; taking part in activities like the "Reception Day for Investors from Jiangxi", when it responded to the concerns and questions of investors across the country. At the same time, CR Jiangzhong also innovated the way of communication with investors by compiling the monthly report "Management Report of Investor Relations", which is to brief the management team about changes in the capital market as well as new trends within the company, the investors' demands, changing regulations, etc. The goal is that all those self-compiled reports can be easily understood. The reports are updated on their official account, providing investors with multiple channels to obtain information about the company.

On January 15, 2020, China Resources Group held the conference on the theme of "Remaining True to Our Original Aspiration, and Keeping Our Mission Firmly in Mind", to study General Secretary Xi Jinping's important speech at the central summary conference on themed education and consolidate the achievements. Zhang Wencai, Deputy Head of the 12th Central Group for Inspection Work on Themed Education, attended the conference and delivered an important speech. Fu Yuning, then-Chairman of China Resources Group on Thematic Education, reviewed CR's characteristic practices and achievements in the past and made arrangements for the next step



▲ CR Jiangzhong's practices in protecting small and medium investors' rights and interests are well recognized by the market. In October 2019, CR Jiangzhong won the Gold Bull Award for the Company of the Highest Investment Value; in December 2019, it won the Golden Corporate Governance Award



Progress of Corporate Governance

■ Strengthening the Integration of Party Construction and Corporate Governance

From March 30 to June 15, 2019, the 12th Central Group for Inspection Work on Themed Education conducted a regular inspection on CR. CR has always kept firmly the requirements of the Central Committee in mind and attached great importance to the suggestions on rectification given by the group, working hard to continuously promote industrial transformation and upgrading and balance the quality and the speed of development. At the same times, CR has combined the rectification with the theme "Remaining True to Our Original Aspiration, and Keeping Our Mission Firmly in Mind" and the spirit of General Secretary Xi Jinping's speech, in order to make sure no details neglected in the process. As of December 31, 2019, 77 of the 106 suggested rectifications had been completed, and the other 29 was under way. The progress of corporate governance is quite obvious, further strengthening the integration of Party construction and corporate governance. It is also a step forward for CR to become a SOE with a modern governance mode.

In October 2019, SASAC officially approved the pilot reform plan of the Group's state-owned investment companies, and required CR to strive to become a world-class comprehensive investment company. After that, the Group took multiple measures and implemented the reform plan systematically. It established the CR's leading group for SOE reforms, and a leading group, a work group and office for pilot reforms in state-owned investment companies. Besides, CR also formulated the Implementation Plan of Pilot Reforms in CR Group's State-owned Investment Companies, making specific plans on optimizing the business layout, improving the operating model, reshaping business in Hong Kong, improving the market-oriented mechanism, improving supervision and monitoring, and establish a modern enterprise system with Chinese characteristics. The Implementation Plan has also clarified the objectives, responsible units and time requirements of the reforms.

■ Actively Promoting Pilot Reforms in State-owned Investment Companies

■ Carrying out "De-institutionalization" in the Headquarter and Special Reforms in SOEs

The Group established a special leading group and work group for de-institutionalization in the headquarter, and issued the *China Resources Group's Implementation Plan on De-institutionalization in the Headquarter*, taking this as opportunity to promote reforms and create values. At present, the 10 key rectification projects are making progress, and has won SASAC's recognition. Initial achievements have been made in areas like the mixed-ownership reform; CR Microelectronics has been approved to be listed on the Science and Technology Innovation Board; Dong-e E-jiao has formulated the *Employ Equity Ownership and Equity Incentive Plan*; CR C'estbon is actively reviewing its performance and preparing for the coming mixed-ownership reform.

## Sticking to Integrity and Compliance, and Strengthening the Prevention of Corruption

### Strengthening Monitoring and Inspection

#### ■ Monitoring by Participation

Through attending meetings, engaging in the recruiting process, reading documents, consulting the OA system, conducting special surveys, talking with employees, implementing the feedbacks of the inspection group, etc., CR keeps abreast of and monitors the latest situation in the Group. Strictly control the selection and appointment of managers with the "corruption opinion response barrier". Besides, CR attaches great importance to the integrity of managers. In 2019, the headquarters issued a total of 20 opinions on matters relating to integrity, involving 54 promotions, of which 1 recommendation was rejected. The goal is to keep all direct managers' "integrity files" updated.

#### ■ Conducting Joint Inspections

The Group's Supervision Department promoted, coordinated and jointly conducted audits, finance, legal and other departments to organize and carry out special investigations on related issues such as illegal operations in the field of investment and mergers, illegal business-run enterprises for personal gain, illegal shareholding by managers, affiliated transactions, and illegal selection and employment, carry out centralized rectification, and strengthen the management and control of key business areas such as procurement planning, supplier management, and contract management. Supervise and participate in the revision of the "Group Departments, Strategic Business Units, First-level Profit Center Managers' Performance Benefits and Business Expenses Management System", "Group Headquarters Expenses and Capital Expenditure Reimbursement Management Measures" and other systems, and conduct publicity and explanations to strengthen system implementation. Cooperate with the Audit Department to organize self-examination and self-correction of illegal transportation and public card purchases, and special audits on the implementation of the eight central regulations, supervise the establishment and reform of various units, and impose sanctions on violations of discipline and related persons.

#### ■ Conducting Internal Inspections

Earnestly implement the internal inspection and inspection work plan to ensure that the high-quality and full-coverage target is achieved on schedule. In 2019, the group carried out the second and third rounds of internal inspections after the 19th National Congress of the Communist Party of China. Focusing on the "four implementations", the group inspected 3 headquarters departments and 9 strategic business units/first-level profit centers, and strengthened supervision, inspections and rectification. Focus on solving problems and punishing corruption, and help the group's transformation, innovation and quality development. At the same time, it promotes its strategic business units/first-level profit centers to carry out inspections, builds a joint inspection and inspection and supervision mechanism, and resolutely guards the integrity of the corporate culture.

#### ■ Establishing a "Supervision" System

Issued the "Guidelines for the Work of CR Co., Ltd.'s "Supervision" System", established working mechanisms such as meeting communication and coordination, important matters request reports, and joint supervision and inspection, strengthened the communication and coordination between the supervision department and other functional departments. A "big supervision" work pattern has been established in which the supervision department leads and coordinates, and the main supervision departments cooperate with each other and share information, so as to effectively strengthen the supervision force and enhance the effectiveness of supervision.

## Strictly Enforcing Discipline and Accountability

#### ■ Focusing on Key Areas

Pay close attention to disciplinary and legal violations such as investment mergers and acquisitions, bidding and procurement, related transactions, commercial sales, engineering construction, violations of the spirit of the eight central regulations, and focus on investigating and punishing the use of positions to facilitate the infringement of state-owned assets, illegal selection and employment, violations of the "three important and one large" regulations and improper performance of duties.

#### ■ Focusing on Spotting Small Problems Early

While focusing on key areas, we adhere to the principle of combining leniency and strictness, promptly correct the signs of problems, make "red face" and "sweat" normal, and create a good working environment. In 2019, among the people who were reminded or punished, 70.1% were given conversation reminders, criticized education, circulated criticism, etc., and those who were given minor punishments and organized processing accounted for 21.5%, and those who received heavy punishments and major job adjustments accounted for 7.2%, and the number of people transferred to judicial organs for suspected crimes accounted for 1.2%.

#### ■ Insisting on Accountability

Strictly implement the regulations on accountability, adhere to the "one case, double investigation", so as to not only investigate the responsibilities of those who violate disciplines and regulations, but also investigate and investigate the related leadership responsibilities. In 2019, 26 people were held accountable.

### Resolutely Correcting Bad Practices

#### ■ Keeping an Eye on Key Nodes

Issue notices at key nodes such as New Year's Day, Spring Festival, May Day, Dragon Boat Festival, Mid-Autumn Festival, National Day, etc., reminding cadres and employees at all levels to change customs, be diligent and thrifty, and prohibit private use of public cars, "private car support", eating and drinking with public funds, and illegal and indiscriminate granting of allowances. At the same time, all companies are required to earnestly grasp the style construction during the festival. Group leaders have taken the lead in conducting supervision and inspections at the grassroots units many times before and after the festival.

#### ■ Focusing on Key Areas

The Group Finance Department and Audit Department supervise and urge the problems found in self-examination and self-correction and special audits, such as failure to formulate or amend the system as required, loose or unclear system standards, use of vehicles exceeding the standard, purchase of cigarettes and high-end liquor with public funds, etc. Relevant enterprises need to initiate reforms, recover items requiring refunds, deal with them seriously, and carry out accountability. Through continuous deepening of rectification, the Group's audit and rectification work in 2019 has promoted the establishment of more than 820 systems and procedures, and accountable for more than 430 person-times, generating economic benefits of more than 550 million yuan, effectively urging units at all levels to implement compliance management and improve operational standards and economic efficiency.



▲ The group gave full play to the role of warning by cases and held two system-wide warning education conferences in 2019

### Strengthening Education on Integrity

#### ■ Strengthening Warning Education

Give full play to the role of warning. In 2019, the group held two system-wide warning education conferences, with a total of 5,129 people participating in the main venue and 60 video sub-venues. At the meeting, the typical cases of suspected violations of laws, crimes and disciplines investigated and dealt with within the group were notified, and the goals, tasks and specific requirements of the group's clean government construction and anti-corruption struggle work at present and in the future were put forward. After the meeting, the reported typical cases were printed and distributed to all affiliated companies in a timely manner, required to organize study and implementation, spread the warning education spirit to every manager and every employee, and urge deep reflection and take warning.

Pay attention to the integrity ideological education for managers and employees at all levels to normalize the integrity education. Organize training courses on supervision lines, invite relevant experts to give lectures, and through centralized training, improve the ability of the group's supervisors to perform their duties and strengthen the group's anti-corruption capabilities. Organize personnel to the CR "Future Star" new employee training camp to teach integrity and integrity courses to ensure that new employees "tie the first button of life". Guide all secondary enterprises to continue to carry out the activities of "corruption education at the grassroots level" and insist on creating a clean and honest working atmosphere.

#### ■ Carrying out Focused Education

### Leading High-quality Development, and Creating Value for Shareholders

In 2019, starting from the evaluation orientation, the Group incorporated the profit center transformation and upgrading products and service list into the 6S management system, worked hard to promote the transformation and upgrading of traditional businesses, actively promoted business restructuring and the development of new businesses and industrial funds, vigorously carried out business synergy, and successfully optimized business structure and improved development quality.

### Speeding up Transformation and Upgrading

#### ■ Promote the Transformation and Upgrading of Traditional Business

CR Snow Beer continues to promote brand remodeling, secondary channel upgrades, and introduce Heineken international brands to enhance its competitiveness in the high-end market. CR Power established a smart energy company to expand integrated energy business. CR Land continues to transform into a comprehensive urban investment development operator and actively expands urban renewal projects. CR Cement's sales of new products such as decoration cement accounted for the continued increase in overall operating income. The DTP (direct delivery of high-value drugs) pharmacies, equipment business, import business, and Runyao Mall of CR Pharmaceutical Business have grown significantly. CR 39 and CR Double Crane vigorously increased the number of second and third level terminal coverage, and the terminal coverage rate reached 71%. CR Vanguard carried out technical transformation of traditional supermarkets to enhance consumer experience.

Teck Soon Hong was established in 2018 and is the management headquarters of CR Pharmaceutical Commercial's national retail business. As of December 2019, DXN has 686 retail pharmacies in 108 cities and 21 provinces across the country. In 2019, DXN's retail sales (including tax) reached 5.187 billion yuan, of which DTP sales were 3.5 billion yuan





### ■ Promoting the Development of New Business

The Group focuses on innovation to drive high-quality development. It has identified life sciences, microelectronics, environmental technology, and new chemical materials as the group's strategic emerging industries. It has newly established two directly affiliated companies in life sciences and environmental protection technology to clarify its corporate positioning and development model. CR Microelectronics has established a total of 144 R&D projects, and the company's national 02 special project "Integrated Manufacturing and Production Technology of Integrated Circuits and Sensors" has achieved major scientific and technological achievements. The original textile business of CR Environmental Technology continued to withdraw steadily, and the company quickly formed an environmental protection business team to develop and cultivate demonstration projects. The first-generation high-fluidity polyester product of CR Chemical Materials achieved commercial sales, and the special polyester PETG project was progressing smoothly. CR Health is actively exploring the innovative model of healthcare + Internet.

### ■ Continuously Promoting Business Collaboration

The Group issued the Management Measures for Collaborative Work, and projects such as straw projects and microelectronics intelligent applications have achieved varying degrees of progress. CR Bank actively cooperated with CR Snow Beer, CR C'estbon, and CR Vanguard to develop industry-finance synergy. Through the synergy, the amount of CR Trust's upstream and downstream synergy reached 18.84 billion yuan.

▲ On November 6, 2019, the first CR Life Science Innovation Forum was successfully held in Beijing CR Life Science Park. The forum attracted more than one hundred well-known experts, scholars, entrepreneurs, and investors in the life science field from around the world, and received extensive attention from the industry. During the forum, CR Life Sciences Group officially unveiled

### ■ Vigorously Developing Industrial Funds

CR Capital set up 6 new funds in 2019, with an additional fundraising of 9.833 billion Hong Kong dollars. CR Power raised 2.1 billion yuan through the first phase of Runchuang Industrial Fund, invested 1.042 million kilowatts of wind power, and achieved an asset management scale of 10.32 billion yuan. CR Assets and CR Beer jointly explore innovative models for inefficient asset disposal funds. Companies such as CR Property and CR Capital are preparing to establish investment funds, and there are already seed projects to follow up.

### Promoting Corporate "Fitness"

In 2019, the Group carried out in-depth and meticulous work in terms of disposing of inefficient assets, dealing with stalemates, controlling two funds, and three years of "reduction", and completed the assessment indicators issued by the SASAC.

#### ■ Actively Promoting the Disposal of Inefficient and Invalid Assets

CR Vanguard closed 31 loss-making supermarkets, CR Snow Beer shut down 10 factories, reducing production capacity by 1.62 million kiloliters per year, and CR Power and CR Textile shut down some outdated production lines. During the year, a total of 553 ineffective and non-core assets of CR were disposed of, and 4.9 billion yuan was recovered.

#### ■ Solidly Promoting the Management of Loss-making Enterprises and the Work of Handling "Deadlocks and Difficulties"

At the end of 2019, the group's loss-making enterprises decreased by 64 year-on-year, and the loss-making area decreased by 4% year-on-year. The 90 major loss-making enterprises have reduced their losses and increased profits by 12.7 billion yuan year-on-year, representing a reduction of 290%. The governance system of loss-making companies is gradually improved, and the "CR Group Management Measures for Loss-making Enterprises" has been issued, which uses information technology to improve the governance of loss-making companies. Substantial progress has been made in dealing with impasses and difficulties. As of 2019, a total of 65 household governance tasks have been completed, with a completion rate of 96%; losses and profits increased by 3.45 billion yuan compared to 2015; 17,040 resettlement personnel, accounting for 108% of the total planned number of people; cumulatively received subsidies for zombies and extreme poverty 2.1 billion yuan.

#### ■ Strictly Controlling the Growth of Risky Assets

At the end of 2019, the turnover rate of inventories and accounts receivable of CR were increased by 0.12 and 0.33 respectively. Inefficient and invalid inventory and long-aged accounts receivable decreased from the base date, achieving the special action target of inventory and accounts receivable cleanup.

#### ■ Completing the "Pressure Relief" Task

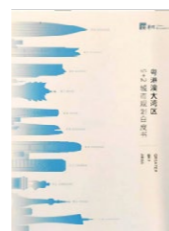
From June 1, 2016 to May 31, 2019, the Group completed the reduction of 572 enterprise households, with a reduction ratio of 22%. The longest corporate hierarchy has been reduced from 15 to 12, the longest management level has been reduced from 8 to level 4, and the results of the reduction work were fully affirmed by the SASAC.

## Optimizing Regional Layout, and Actively Participating in National Strategies

In 2019, the Group focused on optimizing the regional layout, carried out fruitful work around the national regional development strategy, accelerated the process of internationalization, and implemented a number of important projects.

### Actively Participating in the Construction of the Guangdong-Hong Kong-Macao Greater Bay Area

The Group released the "Guangdong-Hong Kong-Macao Greater Bay Area Development Strategy (Trial)" and "CR Group's Guangdong-Hong Kong-Macao Greater Bay Area 9+2 City White Paper", which clarified the strategic objectives, inherent advantages, urban strategies, industrial layout and time planning, key projects. It further straightened out and clarified the leadership system of the Greater Bay Area, established the Group's Guangdong-Hong Kong-Macao Greater Bay Area Special Leading Group, Special Working Group, and Group Greater Bay Area Office. At the same time, it also established a special organization for the Greater Bay Area business at the level of each profit center.



▲ In 2019, CR Group officially announced the "CR Group Guangdong-Hong Kong-Macao Greater Bay Area 9+2 City White Paper"

### Vigorously Promoting International Development

The group established an "International Cooperation Office" to coordinate the promotion of the group's internationalization strategy; promoted a number of overseas projects involving cooperation in promoting Thailand's EEC high-speed rail project, Southeast Asia business expansion, Oatly's capital increase and plant construction, Ethiopia and Laos cement projects. It actively acquired good foreign products, good technologies, and good brands. For example, CR Pharmaceuticals cooperates with Indian and Japanese pharmaceutical companies, CR Microelectronics introduces overseas technology, and CR Ventures introduces overseas brands. Export mature formats, such as CR Jiangzhong to create a European Chinese medicine business card, and CR Chemical Materials to strengthen market promotion in Africa, the European Union, and Eastern Europe.

### Participating in the Construction of Xiong'an New Area and Hainan Free Trade Zone

The group cooperated with several profit centers to promote the construction of Xiongan New District. In December 2019, CR Land won the bid for the Xiong'an Green Building Exhibition Center project. The Xiong'an Business Service Center and the development of the core area of the Xiong'an High-speed Railway Station Hub are also actively promoting; actively supporting the construction of the Hainan Free Trade Zone, and has signed a tripartite strategic agreement with Haiyan Group.

## Our Commitment

Commitment Made in 2019	Commitment Performed in 2019	Commitment in 2020
By combating corruption, plugging leaks of the system, and enhancing compliance cultural construction, build a team of managers with integrity and honesty, establish an improved corporate governance structure, and cultivate a clearer corporate atmosphere.	In 2019, CR's supervisory bodies at all levels dealt with 809 clues, a year-on-year increase of 56.2%; 329 people were filed for investigation, a year-on-year increase of 10.8%; 272 people were punished, a year-on-year increase of 18.3%. In general, the Group has maintained its tough stance on anti-corruption.	To maintain the strong momentum in anti-corruption, building relevant systems to make sure that people don't, can't, and dare not to be corrupted; construct a general framework to enforce monitoring of managers at all levels, creating a clean environment for people to focus on business development.
Performance growth reaches the average level of central enterprises.	In 2019, the Group's overall turnover and net profit indicators hit a new record, and the growth rates were higher than the average level of central enterprises, successfully achieving the set goal.	The maintain a higher performance growth than the average level of central enterprises.
Allocate resources to the high end of value chain in the five major business areas, and increase investment in emerging industries including medical care and elderly caring, new energy, environmental protection, intelligent technology, etc.	The Group focuses on innovation-driven high-quality development, and identifies life science, microelectronics, environmental protection technology, and new chemical materials as its strategic emerging sectors. Two directly affiliated enterprises in life sciences and environmental protection technology were established; CR Power set a smart energy company to expand business on integrated energies; CR Healthcare has been actively exploring the new model featuring "medical + Internet".	To enhance competitiveness in big data-based consumption, urban construction and operation and energy services through investment, and promote the development of strategic emerging industries like big data-based healthcare, semiconductor and sensors, environmental protection, and life science.
Stick to new development concepts, allocate resources efficiently, and continuously optimize the industrial structure.	The Group actively advanced the transformation and upgrading of traditional businesses such as beer, power, real estate and cement, promoted business restructuring and the development of new businesses and industrial funds, and vigorously developed business synergy, thus successfully improving the business structure and the quality of development.	To speed up the disposal of ineffective and inefficient assets, and further optimize the industrial structure for high-quality development.
Continue to promote the tourist platform and purchasing platform, and strive to realize more IT-based, digital, and intelligent management.	Based on the "Cloud and Intelligence-based" strategy, the Group has developed and launched the CR Cloud, initiated the planning and construction of industrial Internet, artificial intelligence, big data, Internet of Things and other relevant platforms, developed and launched the "Run+" intelligent interconnection platform, comprehensively promoted the construction of CR Hui sharing platform, and strived to develop loyal members via the Huarunhui platform, so as to facilitate the possible new breakthroughs of CR in the future.	To actively promote the use of "Cloud" and "intelligence", and strengthen the Group's independent R&D and design capabilities, so as to further advance CR's overall intelligence level.
Improve the quality of development in Greater Bay Area and its status in local market.	The Group has made clear its strategic objectives, inherent advantages, urban strategies, industrial layout and time planning, and key projects in participating in the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and further clarified the leadership mechanism in this region. CR has set up a special leading group, a special work group, and a Greater Bay Area office, and also special departments in profit centers at all levels.	To accelerate business development in the Greater Bay Area in accordance with the <i>Guangdong-Hong Kong-Macao Greater Bay Area Development Strategy of China Resources Group</i> .

Executive editor: Yu Feng Contributor: Yu Feng, Liu Haiyan, Wei Yongchen, Peng Cen, Guo Biao, Cai Shuwan, Li Xugang, He Shuquan, Liu Yun



*Unite People*

*and Fight for a Better  
Tomorrow for All*



## Concept and Vision

The competition among enterprises are the competition for talents in nature. CR believes that talents are the primary productive forces, thus always putting the employees' interest and development in the first place, advocating and following the concept featuring "people-oriented". From life to career development, the Group cares about the employees in every aspect, and has established a platform for them to realize their values, share their achievements and cultivate their patriotism and love for CR. The goal is to make CR a happy home for all the workers.

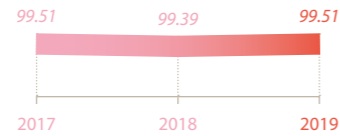
### SDGs Response



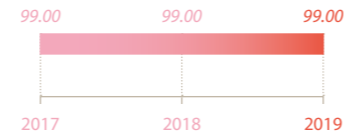
## Our Performance

### Rights and interests of employees and key development indicators

#### Labor contract signing rate %



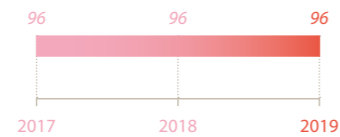
#### Social insurance coverage rate %



### Days of paid leave 天



### Staff training coverage rate in the past three years %



### Statistics on aid to staff in the past three years.

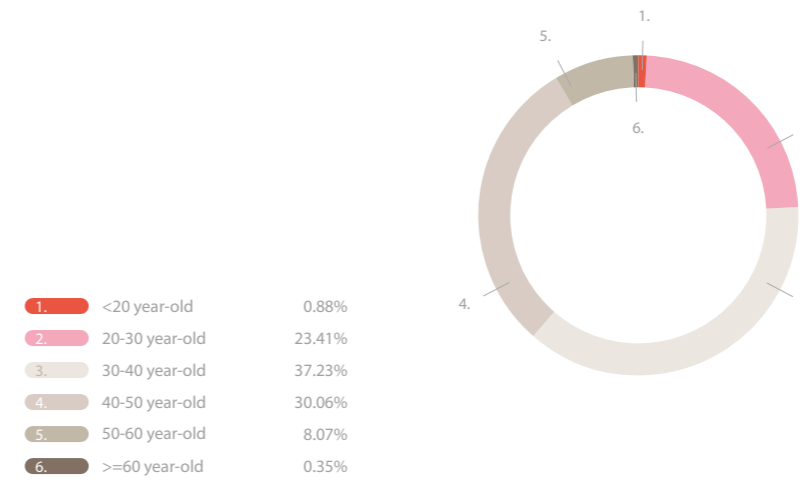
Aid projects	2017		2018		2019	
	number	Amount (10,000 yuan)	number	Amount (10,000 yuan)	number	Amount (10,000 yuan)
Aid to staff with difficulties (number)	4,266	685.46	7,396	1,299.45	5,342	524.52
Visit to staff with difficulties (number)	5,302	396.04	3,924	331.39	2,361	200.60
Funding the children of staff with difficulties to go to school (number)	630	125.66	679	101.99	218	25.46
Aid to staff with illness (number)	1,901	876.61	2,470	541.22	4,129	985.84

## Protecting the Rights and Interests of Employees, and Enhancing Their Sense of Happiness

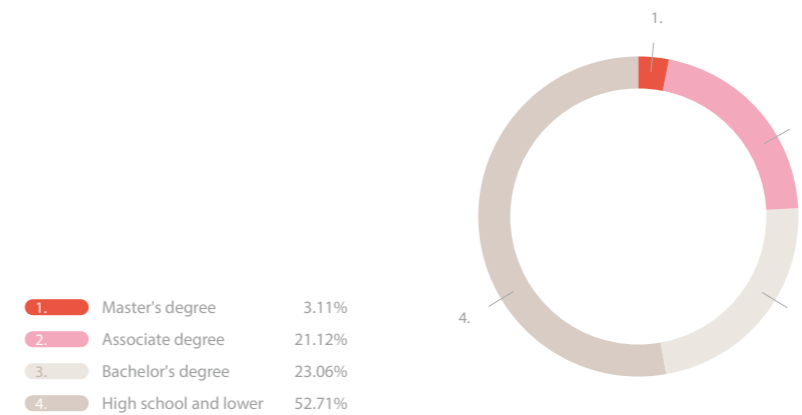
### Structure of Employees

As of the end of 2019, CR had a total of 396,400 employees, with an average age of 36.6. Among the Group's direct management level, women accounted for 13.2%; among the management level of directly affiliated enterprises, women accounted for 18.2%. Employees under 40 accounted for 61.52%; employees with an associate degree (or higher) accounted for 47.29%; the proportion of management, experts and operators is 7:22:71.

#### Age Structure Chart



#### Education Background Structure Chart



## Protecting the Employees' Rights and Interests

### ■ Improving the Compensation and Benefit Mechanism

After the new tax laws were introduced in 2008, CR soon launched its online system for additional special deductions for individual income tax (PC + mobile). 2019 was the first year of individual tax reform, and CR made great efforts such as adjusting the tax base and provide useful tools, to make sure that its employees pay taxes in time in accordance with the law.

### ■ Actively Promoting the Operation and Management of Enterprise Annuities

On August 30, 2018, CR officially established its enterprise annuity system. At present, except CR Vanguard, CR Microelectronics and CR Jiangzhong, all strategic business units and first-level profit centers have joined the annuity plan, covering approximately 255,000 employees. This plan not only helps to improve the company's salary and welfare system and enhances its attractiveness to young talents, but also ensures the employees' stable retiring life. In general, it is an institutional arrangement related to the vital interests of employees and the long-term development of the company.

### ■ Protecting Employees while Resuming Production

The Group attaches great importance to epidemic prevention and control while resuming work and production, and actively supports various strategic business units and first-level profit centers to implement incentive measures to ensure that employees are engaged in the anti-epidemic work safely and in an orderly manner. Among 20+ strategic business units including CR Gas, CR Pharma and CR Medical and first-level profit centers, 75 incentive measures have been taken such as offering overtime pay and anti-epidemic subsidies, special incentive awards, reimbursement for transportation, providing anti-epidemic supplies, etc. (including to 2,458 medical workers on the frontline). As of April 19, 2020, CR had spent 330 million yuan to ensure the orderly resumption of work.

## Building a Team of High-quality Professional Managers

CR adheres to the principle of "the Party managing corporate leaders", and decides the appointment and dismissal of important personnel through collective discussion. In 2019, 107 managers were appointed or removed, and 21 new direct managers were promoted.



▲ In 2019

**107**

managers were appointed or removed



▲ **21**

new direct managers were promoted

1

Actively cooperating with the inspection of the Central on personnel selection and submitting relevant materials and reports in time, and rectifying defects of the selection system in strict accordance with requirements.

2

Revising systems concerning manager selection, education and training, incentive plans, management of personnel files, entry and exit control, etc.;

3

Promoting exchanges among the leaders. In 2019, 21 direct managers of the Group took positions in different units.

4

Valuing the application of assessment results. 7 managers with poor performances were demoted or quitted the management team, and 8 managers with good performances were promoted;

5

Continuously training young managers. In 2019, 104 young employees participated in the first special training program.

6

Ensuring compliance in each procedure. Both the Secretary of the Party Committee and of the Commission for Discipline Inspection's opinions on the integrity of the candidates are considered, ensuring the selected personnel are honest and clean.

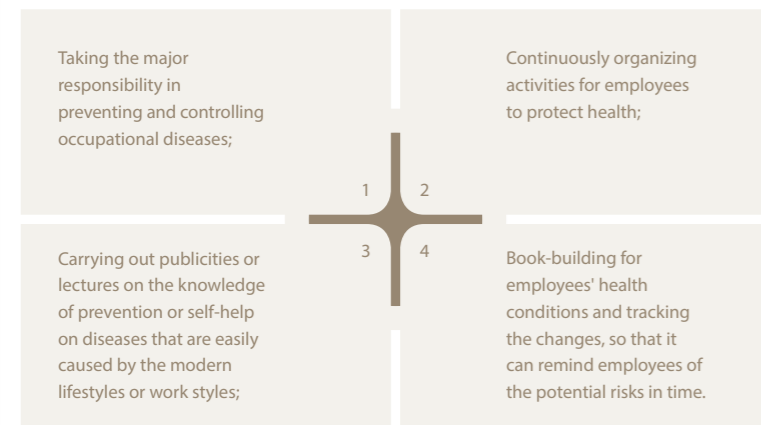
## Continuously Improving the Employees' Occupational Health

CR strictly abides by the state's occupational health laws and regulations, adheres to the principle of "putting the emphasis on prevention, combining prevention with treatment", upholds the concept of "putting people first and caring for employees", earnestly implements its responsibility for the prevention and control of occupational diseases, actively monitors the management work, and continuously organize activities for employees to improve their physical and mental well-being.

### ■ Developing Institutional Construction on Occupation Health, and Standardizing Occupational Health Management

The Group takes institutional construction as an important task of occupational health management, and integrates occupational disease prevention laws and regulations, and work requirements of higher-level authorities into the existing system in a timely manner to ensure that those laws and regulations can be quickly and effectively implemented across various sectors in practical work.

The Group has made key arrangements on occupational health, so as to improve all employees' physical and mental health.



### ■ Comprehensive Improving Employees' Wellbeing with Key Arrangements

### ■ Carrying out Various Forms of Inspections, and Promoting the Protection of Occupational Health

In the annual emphases, the Group requires units at all levels to pay attention to protecting the employees' occupation health and to actively implement laws and regulations related to the Law on Prevention and Control of Occupational Disease. In the process of safety inspections, major inspections were conducted in units such as CR Power, CR Ng Fung and CR Beer, including checking the provision of personal protective equipment and the establishment of employees' health files. The goal is to urge units at all levels to protect employees' occupational health.

### ■ Strengthening Training on Occupational Health, and Enhancing Employees' Awareness

The Group has taken training and education on occupational health protection as a long-term work to do, aiming to comprehensively enhance the employees' awareness in this regard and improve their capabilities to protect themselves. CR Cement invited professional companies on PPE to carry out occupational health tours, during which the experts gave lectures and employees experienced the personal protective equipment by themselves. In this way, the employees' self-protection has been enhanced.

### ■ Strengthening Protection in the Labor Process, and Ensuring Employees' Safety and Health

Units at all levels of the Group have carried out the monitoring and evaluation of occupational health hazards in the workplace, and are equipped with protection equipment that meets the requirements. Arguably, the protection and management of occupational health in the labor process has been further strengthened. In 2019, the occupational health examination rate of CR group reached 100%, and no new occupational diseases occurred.

- Shouyangshan power plant of CR Power innovatively made a map of risks for occupational health in thermal power projects, showing the occupational hazards, prevention measures and locations of PPE clearly on it, thus becoming a handy tool for occupational health management. Besides, CR Power also included the compilation of the Notice on the Occupational Health Hazards in Thermal Power Projects as a key task in 2019, and completed 34 templates to make the notification process more standardized.

### ■ Improving the Working Environment, and Eliminating Occupational Health Hazards Ultimately

The Group also encourages units at all levels to pay attention to protecting employees' occupational health, and has suggested the cost of protective equipment for new projects, renovation projects and expansion projects be included in project budget. The equipment will develop and be put into use at the same with the major project. Besides, CR encourages all units to actively eliminate backward processes and equipment, apply new technologies and modern and automation equipment, so as to control the sources of occupational hazards and reduce relevant risks, and ensure the design of CR's protection of occupational health is in line with the state's requirements.

CR Cement in Nanning renovated the automated packaging procedure, reducing dust pollution and occupational health hazards. The picture shows the automated uploading system.



## Enriching the Content of Training, and Strengthening the Employees' Innovation Capability

### Building a Strong, Professional, and Young Leading Team

Centering on improving the leadership of executive and managerial level and uniting the team, the Group has organized various training programs on different levels for three types of managers and the leading teams in all units, aiming not to improve their leadership and capabilities to perform duty, but also train young reserve talents and lay a solid foundation for the enterprise's future development.

#### ■ Training Programs for Excellent Young Managers

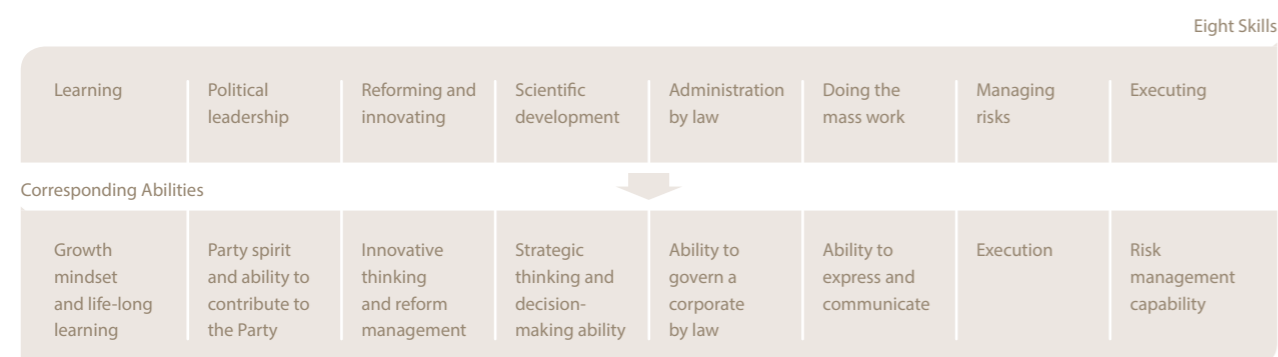
In 2019, CR's Training Programs for Excellent Young Managers completed 5 short-term focused trainings and organized the managers to experience front-line positions. Through classroom training, visiting tours, case study and "maneuvers", training and application were organically combined together, so that the quality and capabilities of young managers were comprehensively improved, conducive to the Group's transformation, innovation and business development.



Themed education on "remaining true to the original aspiration, and keeping the mission firmly in mind" of the Training Programs for Excellent Young Managers

#### ■ Training Programs for Female Leaders

In 2019, the Group organized two focused training programs for female managers, each of which had about 70 trainees. The programs were designed to develop "eight skills" in female leaders, focusing on female leaders' thinking and way of expression, vision and position.



## Training Talents for Middle-Level and Lower Management

### ■ Talent Training in CR's Five Major Business Areas

#### Consumer Products

CR Vanguard	Conducted theoretical training for on-duty store managers on fresh foods, participated by <b>434 people</b> ; training for potential deputy managers of supermarkets, participated by <b>55 people</b> ; CR Vanguard Suguo Supermarket training, participated by <b>27 people</b>
CR Snow	Conducted a level-3 talent training project for top leaders, involving <b>111 people</b>
CR Ng Fung	Established <b>151 training</b> courses of various types, involving 2,839 person-times; covering <b>2,755 grass-roots</b> employees with the length of <b>5,334 hours</b>

CR Enterprise	Conducted empowerment and certification for internal lecturers and launched the "Innovation Star" project
CR C'estbon	Conducted training courses for financial management; held the "2018-2019 Outstanding Lecturer of the Year in C'estbon" event; promoting the development of CR's own micro courses.

#### Healthcare

CR Pharmaceutical	Completing the learning of 7 modules in 3 "CR Pharma-Leading" projects in CR Pharma; conducted leadership projects in profit centers, as well as training on marketing in affiliated units.
CR Pharmaceutical (Commercial)	Conducted training programs such as the "Hundred Talents Program", and developed <b>15 online</b> and offline courses
CR Sanjiu	Designed training courses for senior personnel of the supply chain, covering <b>90 person-times</b>
CR Double Crane	Reviewed key talents recruited; conducted the "Hundred Craftsmen" training program, covering <b>419 per-times</b> ; strengthened the building of a management trainee team
CR Jiangzhong	Conducted 5 training courses themed with "Improving the Leadership of Managers"

CR Healthcare	Established a comprehensive training system. Developed <b>500+</b> courses and trained <b>423 internal experts</b> ; launched leadership programs for mid-level management of hospitals; offered <b>91 online courses</b>
CR Medical	Organized training programs for middle-level management and internal lecturers, forming <b>11 high-quality courses</b>

#### Urban Construction and Operation

CR Land	Developed various training programs for commercial talents like the "Leaders of Tomorrow"; continuously implemented recruiting and training plans for outstanding graduates.
CR Cement	Developed <b>253 training</b> program with a total length of <b>272 hours</b> ; delivered <b>38 activities both</b> for customers (both internal and external), covering <b>1,733 person-times</b>
CR Property	Conducted training programs for grass-roots employees to improve themselves, online courses on leadership, training courses for young managers, etc.

#### Energy Services

CR Power	Formed 6 innovative project with 5 themed learning courses; developed 18 micro-courses (online)
CR Gas	Accumulatively organized over <b>3,300 online</b> and offline training programs, covering <b>200,000 person-times</b>

## Technology and Finance

<b>CR Capital</b> Launched the training plan for young reserve managers and incubated 5 financial projects, of which 1 has been officially put into operation in CR Leasing	<b>CR Bank</b> Conducted a series of training activities themed with "CR Lecture Hall - Branches of CR Bank" training <b>2,000 people-times</b> in <b>18 sessions</b>	
<b>CR Trust</b> Accusatively organized 12 lectures on business; launched the special training plan for new graduates.	<b>CR Asset</b> Organized 21 training programs in accordance with the company's annual business plan, management theme, staff development, etc.	<b>CR Microelectronics</b> Conducted training on employees' leadership and for special positions
<b>CR Chem-mat</b> Carried out training and certification of internal lecturers, and launched a 2-year training program for reserve talents.	<b>CR Env Protection</b> Organized <b>23 training programs</b> for <b>348 people</b> ; <b>97 operation-oriented</b> training programs for <b>5,034 person-times</b> ; <b>34 training programs</b> for technical positions, covering <b>1,097 person-times</b> .	

## Improving the Online Study Platform

In 2019					
355,000 people logged in the online study platform for	4,362 courses	11,175 classes were established	and 3,723 examinations were organized	The DAU was over 6,000	with an average length of study of 80 mins/day

## Proactively Share Its Talents with Others

### "Exporting" CR's Experience in Management and Business

Hosted the training program on leadership for executives of China Mobile (HK), involving over <b>70</b> trainees	Training program themed "Tsinghua. Leadership", involving over <b>60</b> trainees	Training program for executives of China Poly Group Corporation, involving <b>35</b> trainees	Workshop for 2019-2021 Strategy of Fen Chiew Group, involving over <b>30</b> executives of Fen Chiew
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## Actively Developing External Cooperation and Exchanges

The Group has established a SOE research base, featuring teaching with case study and researches, and the goal is to improve personnel training and promote professional exchanges and teaching resource sharing

Exchange program for over <b>40</b> management trainees of Hong Kong Sin Group	Summer program for students of Hong Kong University, involving over <b>40</b> students	Huatai International's program to provide care for students from Hong Kong, involving over <b>70</b> people
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## Caring about the Employees, and Giving Them a Sense of Belonging

CR always put people first, and continuously improves the caring system for its employees. CR values each of the employees and their families, and attaches great importance to their health and development, striving to make everyone feeling CR brings a beautiful life.

## Caring about the Employees' Mental Wellbeing

In 2019, the Group launched the CR-EAP program, "Runxinfang (to comfort your heart)" to improve the employees' physical and mental health. Based on the principle of "solving targeted problems with systematic thinking, running pilot programs, and continuously optimizing the team", the CR-EAP program has effectively combined the business with corporate strategies, talent management, Party construction, etc.

In 2019, the Runxinfang program covered over <b>12,000</b> employees in pilot units benefiting over <b>120,000</b> people	The counseling services covered about <b>1,250</b> employees and managers of the headquarter. Over <b>1,500</b> employees participated in the "WE PLAY FUN" program on site, which is to care about the employees' mental health. Over <b>700</b> people attended the program online, and over 70,000 people followed it	The psychology courses of "Runxinfang" directly benefited over <b>6,000</b> people. Runxinfang has won the 2019 H-EAP: China Healthy Company Award given by the International Health Risk Management Association (an award to recognize those Chinese enterprises that have made positive and innovative contributions to the development of employees' physical and mental health with certain achievements)
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## Helping the Employees Strike a Balance between Work and Life

Work is for a better a life. CR and many of its subsidiaries have established fitness clubs, reading clubs and other associations, and organized sports games, health clinics and other activities to encourage employees to balance work and life, thus creating a harmonious atmosphere in which the company sincerely cares for employees and employees care about the development of the company.

- CR Chemical Materials Technology Inc., together with the Health Commission of Changzhou Municipality organized free "health clinics" for enterprises, providing free health guidance for employees.



CR Chem-mat Organizing Free "Health Clinics"

CR Cement Actively Creating a Harmonious Working Environment and Atmosphere

- CR Cement enhances the unity and employees' sense of belonging by carrying out activities such as holiday celebrations, brand promotions, fun sports games, parent-child activities, group birthday parties, etc.

On December 21, 2019, a fun sports games co-organized by the Labor Union of CR Cement Holdings and the Cement Academy of China Resources University for employees of the holding headquarter, cum a family day, was completed successfully in Shenzhen Crown Sports Center. Over 300 employees and their family attended the event.



## Offering Help to Those Employees in Need

### Helping Employees with Difficulties

In 2019, the Group has donated

17.3642 million yuan

to

12,050

people/households

helping those employees in need

### Caring Programs for Employees with COVID-19

Just before the Spring Festival of 2020, the sudden outbreak of the epidemic caused by the new coronavirus severely threatened the lives and health of people across the nation. Later, CR established "CR's Caring Program for Employees with COVID-19"

through the China Resources Charity Foundation, and offered 20,000 yuan to each serving employee who was infected. As of April 2020, CR has altogether assisted 64 infected employees with a total of 1.28 million yuan.

### Subsidiaries Improving the Livelihood of Employees with Difficulties

In 2009, CR C'estbon established the "Employees' Mutual Aid Fund", aiming to help employees who are hit by serious illness, accidents or disasters. As of the end of 2019, the Fund has provided help for 106 employees' families with a total of 2.949 million yuan, saving their families from breaking up and manifesting CR the belief in "caring for each other, helping each other, and growing together".

There was an employee in the Security Department of CR Property's Xuzhou Milan Flower Hotel, and her husband was laid off and now working as a temporary worker, her daughter mentally disabled and her son still at school. Their life was very difficult. Understanding her situation, the company helped her apply to the Municipal Federation of Trade Unions for the treatment of extremely poor employees and the fall-semester student subsidy, thus improving their livelihood.



CR C'estbon Anhui visiting employees and their families with difficulties.

■ Establishing a Mechanism to Collect and Respond to the Demands of Grassroots Employees

In order to strengthen communication and exchanges with employees, listen to their voices and promote the implementation of constructive suggestions within the company, the Group's subsidiaries have actively developed channels to collect employees' opinions and established a feedback mechanism, and through the Workers' Congress, conducting satisfaction surveys and employee communication meetings, setting suggestion mailboxes, visits and investigations, etc., to understand grassroots appeals and responds to them in a timely manner, thus creating an open working environment for all.

❖ In the factories of CR Microelectronics, the workers are divided into different groups. Each day, there will be a short meeting before they start to work, and it is an important channel to communicate with the workers. Each quarter, there is a satisfaction survey on catering, accommodation, etc. and the company will respond to the collected suggestions with better catering services and a better living/working environment; on the morning meeting, the company will also brief the employees of key information of the Group.

CR Microelectronics  
Communication with  
Employees Regularly

The Second Hospital  
of WISCO Improving  
Mechanisms on  
Compliant Management

❖ The Second Hospital of WISCO has developed a complaint management system to standardize the processing of employee complaints; developed an employee satisfaction survey system, to conduct quarterly surveys and send the collected opinions to corresponding departments, and urge each related department to improve; developed a feedback group for service issues and built a platform for responding to and solving problems.

Our Commitment

Commitment Made in 2019	Commitment Performed in 2019	Commitment in 2020
To fully use pilot projects like state-owned investment companies, and implement the Plan for Reforming the State-owned Capital Authorized Operation System, and enrich the incentives to attract and motivate core personnel;	In 2019, CR was approved as a pilot state-owned capital investment company, and its subsidiaries Dong-e E-jiao and CR Microelectronics were included in the "Double Hundred Project" pilot; CR C'estbon and Pacific Coffee served as the "mixed ownership" reform pilot.	We will further promote equity incentives for listed companies and employee stock ownership in non-listed companies.
care for the physical and mental health of employees; on the one hand, encourage employees to make full use of the company's supporting fitness venues and equipment to exercise, and on the other hand, extend EAP services to the main business segments of the Group, advocating the healthy work concept;	In 2019, CR fully launched the CR-EAP program, "Runxinfang (to comfort your heart)" to improve the employees' physical and mental health, covering over 12,000 people in pilot units and benefiting over 120,000 people.	We will make full use of "Runxinfang", and continue to conduct consultation and training on protecting the physical and mental health of employees.
promote the establishment of a multi-level and full-coverage mutual aid mechanism, and actively organize networking activities to truly care about the employees.	The Group and its subsidiaries have established long-term special funds like mutual aid funds to provide help for employees in need.	We will give full play to online resources like the website and the official WeChat account, and regularly organize social activities to engage all employees, thus improving their satisfaction and strengthening the sense of belonging.



Customer  
Responsibility

03

*Pursue  
Excellent  
Quality*

*and Create a Better  
Life for All*

## Concept and Vision

"Leading business progress, and creating a better life for all" is the fundamental pursuit of CR as a commercial institution. As a diversified enterprise, CR's businesses are closely related to people's daily life. We are committed to understanding the clients' needs and integrating the Group's resources, and bridging the gap between the supply side and the demand side; we pay close attention to the changing environment, and strive to create better products and provide better services; we try to put people in the first place while designing new products and services and satisfying the needs of our customers, aiming to become a global brand trusted and loved by the public.

### SDGs Response



## Our Performance

In 2019, CR's R&D investment totaled at

**2.332**  
million yuan



registering a year-on-year growth of

**43.9**  
%



By the end of 2019

the number of CR's patents or patent applications reached

**6,199**

among which

**4,283**

were authorized patents

accounting for

**69.1**

% of the total

In 2019, CR got

**95**

new patents

and won

**11**

major innovation awards



The percentage of processed customer complaints or feedbacks of the total

%

	2017	2018	2019
CR Snow	100	100	100
CR Ng Fung	100	100	100
CR C'estbon	100	100	100
CR Vanguard	99.95	99.7	99.55
CR Power	/	100	100
CR Land Limited (Residence)	98.5	93.5	98
CR Land Limited (Commercial)	99.9	99.1	99.6
CR Cement	100	100	100
CR Gas	100	100	100
CR Pharmaceutical	100	100	100
CR Pharmaceutical (Commercial)	100	100	100
CR Double Crane	100	100	100
CR Jiangzhong	96	87	100
CR Healthcare	100	100	100
CR Medical (Outpatient)	98.59	99.22	99.5
CR Medical (Inpatient)	98.59	99.22	99.5
CR Bank	100	100	100
CR Trust	100	100	100
CR Chem-mat	100	100	100
CR Property	100	100	100
CR Env Protection	84.86	84.71	85

### Customer Satisfaction

%

	2017	2018	2019
CR Ng Fung	89.41	88	91
CR Power	/	91.8	95.2
CR Land Limited (Residence)	75	83	86
CR Land Limited (Commercial)	98.6	98.4	98.1
CR Gas	91	91.7	93.2
CR Pharmaceutical (Commercial)	99.03	99.23	98.81
CR Double Crane	98.99	98.79	98.12
CR Jiangzhong	95	97	99.4
CR Medical (Outpatient)	89.06	92.96	93.73
CR Medical (Inpatient)	95.49	94.92	95.34
CR Healthcare	97.06	98	97.65
CR Bank	99.92	99.81	99
CR Trust	100	100	93
CR Chem-mat	99.92	99.8	94.5
CR Property	92	92	94
CR Env Protection	95.24	95.52	94.51

## Providing High-quality Products and Services, and Narrowing the Gap between Supply and Demand

While CR offers a wide range of products and services, it faces a great challenge due to its wide business distribution, obvious regional differences, fast-changing market environment and the complicated monitoring and management process. Faced with the customers' increasing demand for a material and cultural life, CR continues to be customer-oriented and market-oriented, improve the accessibility and quality of products and services, protect the rights and interests of clients and customers, and strive to provide customers with safe, and innovative products and services, and effectively improve people's livelihood.

## Improving the Availability of Products and Services

CR's clients are large in number, extensive in range and diverse in composition, mostly involving the business end and the customer end. We are committed to explore clients' potential demands, providing customized services, value-added services and customer care, so as to bring our clients more convenient and more quality experiences and increase the available resource use efficiency.

Online and Offline Innovation and Upgrading of CR Vanguard

In 2019, CR Vanguard explored the new customer behavior and consumption custom under the new consumption scene, thoroughly implementing the practices of the new business forms and new modes.

Innovation and optimization of the offline business form. Oriented by improving competitiveness of stores and guided by survey results such as the feature matching of urban agglomerations, CR Vanguard focused on the essential field of retailing, including the customer experience, the service efficiency and the balance and optimization of operation cost, and explored the innovation mode of the new business form. In 2019, innovative business forms such as "Vanguard MART" "Vanguard LiFE" "U Select food" opened in succession, winning acclaim of both the customer and the industry.

All-round upgrade to the online platform. In order to meet the ever-growing demand of consumers in the business circle for online business services, CR Vanguard made efforts to enrich the online consumption scene, launched CR Vanguard application, added stores on the online platform, increased consumption contacts and promoted consumption stickiness. By the end of 2019, over 2,000 stores had access to online platforms, among which more than 2,000 stores had entered "ele.me", over 1,800 had entered "Meituan Takeaway", over 1,600 had entered "Jingdong Daojia", and 4 Dmall stores had piloted in Tianjin.



As an innovative pilot of Vanguard hypermarket, Vanguard MART strengthens "goods + services" and focuses on customers' daily life. With fresh foods as its layout center, Vanguard MART creates a community market shopping atmosphere, and the front desk staff can restock and check on the spot by using the mobile terminal.

:: Taking patients' demands for medical treatment as the "indicator" of hospital service improvement, Bengang General Hospital continuously carries out the medical service improvement activities to satisfy the demands for medical treatment of residents from the rural areas and counties in Benxi. The hospital implements the management mode of "integration of outpatient and ward department", allocates medical resources as a whole and moves forward the high-quality technical force to ensure the continuity and integrity during the whole treatment process, to shorten patients' waiting time and to improve the convenience of medical treatment. The hospital introduces specialized outpatient services, ensures home visit of veteran doctor, increases the frequency of doctor's visits, and forms a closed-loop management model including patient appointment, pre-hospital evaluation, admission to the ward and comprehensive rehabilitation evaluation. The specialist general outpatient service is also introduced to ease the medical economic burden of patients, and special outpatient services like the tumor MDT outpatient service are set up to meet patients' diversified medical demands. A "green channel for the patient of the new rural cooperative medical care system (NCMS)" is set up in the service center of the central outpatient service, and there are particular people in charge of policy consultation, examination accompanying, post-discharge health education and follow-up. The hotline is 24-hour available, being ready for NCMS patients at any time. The hospital also goes deep into the remote villages to carry out health education and charity medical treatment activities, sending doctors, medicines and health to the village fields.

**Medical Service Improvement  
 Activities of CR Healthcare Bengang  
 General Hospital**



The green channel of new rural cooperative medical care system in Bengang General Hospital of CR Healthcare

**Implementing High-Standard Quality Management System**

The profit centers actively launch the investigation, improvement and review of quality standards, formulate quality standards that are higher than those of the nation, local governments and industries, continuously strengthen the construction of standards improvement, and more strictly control the enterprise quality standards.

:: **CR Snow** optimized quality internal control standards based on the principle of "stricter than the national standard, better than competitive products, and industry-leading", revised 98 standards altogether and promoted its 90 subordinate factories to improve the product quality through standard upgrading.

:: **CR Sanjiu** combed the internal control standards of 113 major products and their raw materials to ensure the internal control standards of the product are higher than the pharmacopeia and industry standards; for a few volatile indexes, a stricter control has been exerted over them to ensure safe medicine use.

:: **CR Vangurad** improved the service standards of all channels, issuing the Enterprise Standards of Business Outlets services of CR Bank of Zhuhai, Enterprise Standards of E-Bank Services of CR Bank of Zhuhai and Enterprise Standards of Telephone Services of CR Bank of Zhuhai, supporting business development with higher-standard services.

:: **CR Bank** improved the service standards in full channels, including "Enterprise Standards of Business Outlets services of CR Bank of Zhuhai" "Enterprise Standards of E-Bank Services of CR Bank of Zhuhai" and "Enterprise Standards of Telephone Services of CR Bank of Zhuhai", supporting business development with higher standardized services.

**Embracing New Equipment, Technology and Technics, and Improve Quality and Efficiency**

:: **CR Jiangzhong** established the key technology of boiling granulation of new products, combining granulation with spray drying; it researched and developed the key technology of the new product's quality keeping, effectively preventing products from spoilage and oxidation, broke through the essential technology bottleneck of the production of gastrointestinal function improvement products, took the lead in the creation of "stomach-nourishing" series healthcare products and realized the industrialization of the products.

:: **CR Snow** promoted sustainable beer consumption through technology reform, first optimized the alcohol-ester ratio according to the Chinese physical characteristics and became the first enterprise in the Chinese beer industry to incorporate the index of alcohol-ester ratio into the management system. It solved the problem that beer went to people's head, making Snow beer more in line with the Chinese taste and physical characteristics.

:: **CR Vanguard** equipped nearly 800 logistics delivery vehicles with GPS devices and installed temperature monitoring equipment for the cold-chain transportation vehicles, realizing real-time dynamic monitoring of logistics transportation vehicles and automatic police-calling for abnormal conditions, so as to improve the compliance and safety of food in transit.

:: **CR Gas** participated in defending the blue sky, practice the concept of green consumption and increased investment in the rural coal-to-gas project, covering about one million households of more than 4,000 villages, playing a positive role in reducing PM2.5 and improving air and environment quality.

## Improving Active After-Sales Service System, and Stopping and Compensating in Time

CR is committed to improve after-sales service system and promote the activeness and standardization, forming an after-sales service of continuous sales function, so as to gain well enterprise reputation and to build positive brand image.

### Upgrading of Continuous Post-Discharge Services and Feedback Services System of CR Medical

The subordinate hospitals of CR Medical mainly serve outpatients and inpatients, taking post-discharge continuous services and appraisal feedback as the major way, carry out the care follow-up and the management follow-up to enhance the patients' satisfaction and loyalty and improve the hospitals' service management.

On the evening of July 8, 2019, the ribs and belly of a pig of Shuangmao Company, the client of CR Ng Fung of Shenzhen, were broken in the process of slaughtering. The client immediately complained to the person in charge of the production site, and CR Ng Fung informed the responsible person of the quality control department on duty to process the complaint. After finding that the damage was caused by the breakdown of the de-hairer, the responsible person estimated the loss together with the client and staff of the production department, and concluded that the client's total loss was 4.3 kg pork ribs and 7 kg pork belly. The responsible person of the quality control department on spot minuted the whole process and made the three parties sign on it, and then compensated the same quantity of ribs and belly to the client at once. The client was satisfied with the result.

### CR Ng Fung Responds to Negative Events



◀ CR Ng Fung handled complaints of customers

## Protecting the Rights and Interests of Customers, and Ensuring Fair Trade

CR demands our subsidiaries to strictly comply with the Law on the Protection of Rights and Interests of Consumers, we are committed to provide comprehensive pre and after-sales services and wonderful purchasing experiences. We monitor and instruct our subsidiaries by assuring the rights of customers, such as the right to safety and the right to choose; In the meantime, we organize various activities to ensure the full protection of customers' rights including fair trade, access to information, plus the rights to monitor and criticize.

### Protecting the Right to Information and the Right of Choice

In order to protect the rights to information and to provide more options, CR Land advocates smart shopping and responsible consumption. On frequent communication bases, we provide product specification and proposed price, as well as the open day of the construction base, acceptance test pre-transaction, visit to developed communities plus access to the renovation and certain components as a reference for the costumers.

### Publicizing Information on Projects and Prices

Under the situation of yard sale, we provide the information of pre-sale permit, land use right, the land planning certificate, the project planning certificate, the construction permit, the development qualification certificate, the transfer contract, the project planning and design, risk factors within and out of the red line, and Regulatory Measures on the Sale of Commercial House, and supply the project's complete information; examine and record details of the budget, so it could be demonstrated to the mass public.

Standardize our ads, publicity materials, exemplary suit, the information of Sandbox, brochures and facilities. Resolutely put a ban on false publicity, and warn customers of potential risks.

### Providing Risk Warning to Customers

## Protecting the Information Security and Privacy

The Intelligence and Information Department took the lead in launching the "CR Group Situation Awareness Construction Project", deploying a network security situation awareness platform across the group. As of the end of December 2019, the first phase of CR Group's situation awareness construction project had been successfully accepted, and 65 situation awareness probes were deployed in the group headquarters and 15 profit centers, thus presenting the general image of CR's security situation in cyberspace. At present, to monitor about 100 machine rooms and over 10,000 servers in the entire group including the headquarters data center has become reality. The network security operation team is on duty 7\*24 hours to ensure the safe operation of the group application system and protect the data about consumers.

On Group Level

On Profit-Center Level

**CR C'estbon** establish comprehensive information security control measures to strictly manage customers' information. We encrypt the information of each business system, make an authority setting and clear the account number, and restrict the access and tampering behavior of important information involving customer name, address and contact information. We examine the security of information systems, especially the applications of PC and mobile phones that included personal privacy information of terminal and channel users, we evaluate the compliance and security of data collection, use, transmission and preservation, and provide reasonable opinions; we increase our investment in data security, information system security, network security and other aspects, we protect the customers' information security via management and technology.

**CR Bank** respects financial costumers' right of their personal financial information security, we protect their personal financial information by taking effective measures such as system authority management, file management, borrowing and reading management; the manipulation and the use of the financial customers' personal financial information are banned, it is not allowed to provide personal financial information to others in violation of laws and company regulations or without authorization of financial customers.

## Preserving Fair Trade

CR Trust protects the customers' rights of fair trading and the right of choice by taking several services in each part of marketing. During the period of recommendation, the customers can choose or change the financial manager to confirm whether to subscribe; in video and audio recording, the company staff need to reconfirm the customers' purchase intention. During the product duration, customers are allowed to make a phone call for gaining the latest information of product operation or they can open the online search function to query product information. We enrich the measures and content of services to fully protect the rights and interests of customers' fair trading and their right of choice.

## Advocating the Sustainable Consumption

In 2019, the Pacific Coffee carried out a series of activities on energy conservation and consumption reduction: advocating "plastic reduction", cutting the self-service of straws and other plastic consumables, volunteering to join the China Plastics Reduction Enterprise Alliance initiated by WWF and enforcing the use of wooden stirrer in all branches, piloting sugar cane straws in 60 designated branches, and in all branches in 2020; if not in exceptional circumstances or required by customers, disposable plastic tableware were no longer provided at all branches in Hong Kong, including the areas of spices; receipts were not initiated offered so as to reduce the waste of paper and save energy; Pacific Coffee Hong Kong and overseas together with Ocean Recovery Alliance (ORA) launched a coffee cup lid recycling project: customers who put a cleaned coffee cup lid into a recycling bin can enjoy a free upgrade of hand-made drinks; cooperating with the "Green Glass Green" project and setting up glass bottles' collection stations in its store in Wan Chai East Town and Lyndhurst Terrace of the central district to promote the recycling of environmental materials.



## Improving Customer Satisfaction, and Exceeding Customer Expectations

CR attaches great importance to customers' opinions and suggestions, and is committed to enhancing and improving every aspect of the business. By establishing and improving relevant policies and systems, conducting customer satisfaction survey, organizing product knowledge popularization and customer training, and constantly improving the mechanism of handling complaints and disputes, CR has continuously improved customer satisfaction and created greater social value.

## Improving Policies and Systems on Customer Relationship Management

Based on the principle of maximizing the benefits of sales, CR Power has implemented the "Customer Grading Management Standard for Power Sales" and "Customer Maintenance Management Standard for Power Sales", formulated differentiated power sales strategies, expanded power sales business, optimally developed distribution network business, developed multi-energy complementary projects and provided energy-using solutions for customers; strengthened customer grading work, conducted customer visits and maintenance, improved customer satisfaction and maintained good customer relations. Through good customer care, the company has established the WeChat groups on management of national major customers and group customers, built the communication and exchange platform, and improved the communication efficiency and service level. Besides, the company has also used the 106 SMS platform, Official Accounts, and Service Accounts to show our greetings and care to the customers during holidays and seasonal festivals. In 2019, the main operating indicators of the electric power company grew significantly, reaching 87.8 billion KWH, up 36% year-on-year; the number of customers reached 5,358, up 90% year-on-year.

## Conducting Product Knowledge Popularization and Customer Training

Over the years, Chinese Arts & Crafts has been actively promoting the core business philosophy of "Chinese Culture · Lifestyle · Integrity and Care · Quality Assurance · Service Innovation" and has spared no effort in promoting the essence of traditional Chinese culture and art. The company regularly holds different types of treasure appraisal activities and lectures to help customers enhance their knowledge of different gemstones, so as to reduce the risk of customers buying fake goods.



▲ Different types of treasure appraisal activities and lectures are regularly held by Chinese Arts & Crafts

While adhering to providing quality services, CR Gas actively promotes the knowledge on gas safety to customers, including organizing relevant lectures in the campus, in the communities, in industrial companies, etc., so as to deepen customers' understanding of gas safety and improve customers' safety awareness. In order to help the customers get a better understanding of the product performance and characteristics, CR Gas promotes the safety and security knowledge of gas appliances, long-life hoses, etc., to customers when conducting publicity.

### Shuyang Company

For instances, its subsidiary Shuyang Company actively carried out the "Hand in Hand" campaign to promote safe gas usage in schools, passing on the knowledge of gas usage to parents and then the community through children

### Nanjing Company

Nanjing Company took the initiative to invite industrial and commercial users to participate in the safety symposium and introduced the emergency response to gas accidents through professional explanations and the broadcast of gas safety video materials, which keeps the alarm bells ringing

## Conducting Customer Satisfaction Survey

Conducting customer satisfaction surveys is an important way for CR Group to listen to customer needs and understand customer feedback from multiple angles, as well as an important part of forming closed-loop management of customer relationships.

### China Resources Building

has invited an independent third-party consultant to conduct the customer satisfaction survey and maintained a score of 90 or above for five consecutive years, with an overall satisfaction score of 92 in 2019. The perfection of details has improved customer perception and evaluation. The reports show an increase in the percentage of basically satisfied customers, while the percentage of dissatisfied customers continues to remain at zero.

The subordinate units of CR Property have effectively improved the service quality by conducting customer satisfaction survey

### All Seasons Property Co., Ltd.

received a customer satisfaction survey score of 90 in 2019, an improvement of 2 points over 2018. In particular, it is ahead of its competitors in terms of customer service and overall supporting facilities, but there is still room for improvement in hardware facilities (toilets, air-conditioning systems, parking lots).



### The Hotel Business Department

attaches great importance to the opinions and suggestions of the hotel guests in the online evaluation. Each opinion or suggestion is dealt with by specials and fed back to the relevant departments for follow-up, so as to improve the service quality of the hotel. In 2019, the average customer satisfaction score of the Hotel Business Department is 93.9, and the customer satisfaction score of each hotel is as follows:

Hotel Name	Satisfaction Degree	Hotel Name	Satisfaction Degree
Apartment Kapok Hong Kong	96.5	Hotel Elan Guangzhou	100
Apartment Kapok Beijing	92	Hotel Elan Jingtang Mountain	100
White Pond Training Center Baoding	95	2000 Years Hotel Zhuhai	100
Apartment Kapok Wuxi	93	Apartment Kapok Luohu	99.55
Apartment Kapok Xiaojing Bay	92.5	Apartment Kapok Shenzhen Bay	100
Hotel Elan Xuzhou	95	Average Score of Satisfaction	93.9

## Establishing the Complaint and Dispute Resolution Mechanism

CR regards listening to customer complaints as a direct opportunity to improve service management. We have always attached great importance to the establishment and improvement of customer complaint handling mechanism, and strived to continuously improve customer satisfaction by improving the efficiency and quality of customer complaint handling.

CR Bank has revised "the Complaint Management Measures of Zhuhai CR Bank" (version 5.0, 2019) to improve the complaint management system by revising the complaint handling norms, complaint identification standards, complaint procedures, and adding complaint file management and other aspects. On the basis of the existing national unified hotline 96588 and the customer protection reporting telephone number, the branch has published "Zhuhai CR Bank Business Branch Customer Complaints Processing Flow Chart" and installed the dial-free phones, so as to shorten the customer complaint handling process and speed up the overall processing time. By comprehensively optimizing the work order system and work order report system for customer complaints, CR Bank ensures that the feedback opinions and suggestions are effectively solved for customers immediately to improve customer satisfaction.

CR Bank has improved complaint management

### 2019 CR Bank Complaint Handling Statistics

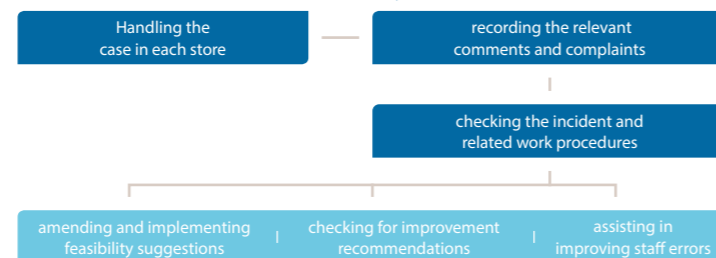
Name of Index	Unit	2019
Total Number of Complaints Received from Clients	笔	712
Complaint Processing Closure Rate	%	99.44%
24-hour Response Rate for Complaint Handling	%	100%
Complaint Handling Satisfaction	%	92.94%

CR Snow has established the rapid response system for market complaints

In 2019, CR Snow established the rapid response system for market complaints, timely tracked the nationwide unified 400 customer service telephone feedback information, standardized quality complaint compensation and improved management requirements, and optimized the feedback and treatment process of consumers' adverse experience. The company promoted the "Eliminate Quality Defects, Reduce Quality Complaints Project" in 2019. Following the principles of source control, intermediate elimination, risk control and seek improvement in stability, the company established key control points in the production chain, strengthened the control of the production process, eliminated the generation of impurities in the production process, and improved customer satisfaction.

Complaints of all products and services in the customer service center shall be received and dealt with by specially-assigned personnel, and referred to the personnel of corresponding areas in real-time. Regional responsible personnel shall contact customers within 30 minutes to make an appointment for on-site processing, and must report to the customer service center within 3 business days the basic situation of the complaint and the result for proper record. In addition, the customer service center will also carry out effective information monitoring and data collection to review the performance of all units such as production, sales, service, etc. in the process, so as to provide a reference for the management's analysis and decision-making.

### CR Snow Market Complaint Rapid Response System



## Focusing on Innovative Development, and Creating More Social Value

In recent years, 'innovation' has been included in annual management themes of CR and it has become the culture of CR. In 2019, CR has further strengthened the leading role of innovation and development strategies, improved its independent R&D capabilities through establishing a group-level R&D platform, focused on technological breakthroughs in emerging industries and promoted transformation and innovation continuously, improved people's livelihood effectively and created greater social value.

### Continuous Perfecting Innovation System and Mechanism

On the basis of 'CR Science and Technology Innovation Guidance' issued by the enterprise, profit center will successively introduce technological innovation systems, such as 'Management methods for contribution award of technology development project of CR Microelectronics Co., Ltd', 'Reward measures for R&D projects of CR Chem-mat Technology Holding Co., Ltd', 'Management methods for innovative R&D of CR Pharmaceutical'. We also set up three different scientific and technological innovation indicator system of technology, manufacturing industry and commerce to classify the business of profit center. CR Microelectronics, CR Chem-mat and CR Gas successively establish innovation and Development Committee and association for science and technology to improve the responsibilities of innovation departments.

Developers of CR SECCO are seriously carrying out experiments.





▲ Through the appraisal of scientific and technological achievements, the project named 'Research and application of guarantee system for efficient operation of high speed beer tinning line' of CR Snow is recognized to effectively reduce the labor intensity of employees and significantly improve the working environment. It can also improve the efficiency of high-speed tinning line, ensure the product quality, greatly reduce carbon dioxide consumption, and play an exemplary role in low-carbon environmental protection.

## Innovation Highlights

### ■ Holding a Series of Scientific and Technological Innovation Activities

In 2019, for young entrepreneurs in HK and Guangdong-Hong Kong-Macao Greater Bay Area, CR university held 'gathering in Greater Bay Area', an innovation project acceleration camp which recruited more than 150 projects and 32 high-quality projects were selected to connect with CR Industry.

Holding internal industry innovation acceleration camp continuously, we collected 109 innovative projects from all units of the enterprise in 2019. 34 projects were selected into the camp, 15 projects were put into effect and 10 excellent projects were finally selected for commendation and reward

In cooperation with Torch center of science and technology department, Xiongan group held 'China Innovation and Entrepreneurship Competition - Xiongan green smart city professional competition' and awarded winning projects at the graduation ceremony of CR road phase 16.

On behalf of the enterprise, the project named 'Cardiac monitoring in children' of CR network participated in the "Yixing" innovation and entrepreneurship competition held by SASAC in 2019 and won the second prize;

We deepen external cooperation, promote the transformation of science and technology, and help business of the enterprise transform, innovate and develop. In July, we organized a roadshow of China-Israel future medical Unicorn project. Six high-quality biomedical teams from Israel participated in the roadshow, showing the latest technological progress of Israel in the biomedical industry for the participating CR industrial units and more than 50 external institutional investors.

### ■ Connecting with High-quality Innovation Resources of Greater Bay Area

In order to effectively promote the cooperation of innovation and entrepreneurship resources in Greater Bay Area, CR Institute of science and technology and Deloitte China signed 'cooperation memorandum of innovation and entrepreneurship center in Greater Bay Area'. The two sides will make full use of respective advantages to connect the high-quality innovation resources, emerging technology and technological innovation team resources in Greater Bay Area, and jointly carry out a series of activities such as Innovation workshop, youth entrepreneurship workshop, entrepreneurship counseling camp and industry connecting. We will also cooperate with CR innovation equity investment fund to invest, develop and organize high-quality scientific and technological innovation projects selected by Deloitte-Greater Bay Area entrepreneurship and innovation center.

### ■ Remarkable Innovative R&D Achievements of Profit Centers

#### Technology Research and Development

- **CR Env Protection** technology develops membrane technology, treatment technology of three wastes in chemical industry, intelligent water supply and drainage, and comprehensive utilization and disposal technology of sludge.
- **CR Life Sciences** actively carries out research on precision medicine, biotechnology and digital medicine.
- **CR Cement** pays attention to research on modification and application of cement-based stone, development of coal catalytic technology, research and solution of Cr6 + heavy metal.
- **CR Power** strengthen the research on energy storage, hydrogen energy, intelligent heat supply network, intelligent distribution network and other fields.
- **CR Pharmaceutical** continues to develop tumor, immune and cardiovascular products, recombinant protein and monoclonal antibody products, as well as traditional Chinese medicine and other new drugs and health drugs. CR Jiangzhong is

committed to the classic prescription of traditional Chinese medicine, CR Double Crane is committed to oral sustained and controlled-release preparations, inhalants and injectable emulsions, Zizhu focuses on the field of female reproductive health, and Ejiao is committed to the research of efficacy and clinical evidence-based medicine.

- **CR Microelectronics** continues to carry out research on development of heterogeneous system integration, SiC materials, 12 inch Taiko process to dummy wafer process and some related fields.
- **CR Chem-mat** focuses on the development of PET foam materials, high barrier polyester materials, nylon elastomers, high transparent polyester, high mobility polyester, thermoplastic composites, titanium polyester, rPET project.
- **CR Gas** is committed to the research and development of smart gas, new energy (hydrogen energy) and multi energy complementary fields.

Research and application of critical technologies for modernization of traditional Chinese medicine and industrialization of solid preparations CR Jiangzhong won the second prize of National Science and Technology Progress Award.





## Our Commitment

Commitment Made in 2019	Commitment Performed in 2019	Commitment in 2020
To give full play to "Internet+" included in the "13th Five-Year Plan" strategy of the Group, accelerate the establishment of enterprise customer cloud, and open up online and offline channels for customer service, so as to provide customers with high-quality services.	The Group has comprehensively improved its informatization level, and ERP has covered the main business segments; Huarunhui has entered the operation and promotion stage, and "Run Travel" has facilitated employees' travel booking and reimbursement; CR Vanguard, CR Pharma Comm, CR Gas and other units have all been actively developing online business scenarios; Huaruntong has made a lot of meaningful explorations in serving and managing CR's customers.	To spot new demands in non-contact business, online sales, automated delivery, long-distance medical care, smart manufacturing, etc., and speed the "intelligent development" of traditional industries.
To bear customers' needs and pain points in mind, and make the best of global resources to provide consumers with more and better products and services, thus creating a better life for all.	The Group has actively introduced good products, technology and brands from abroad, e.g. CR Pharma cooperating with Indian and Japanese pharmaceutical companies, CR Microelectronics introducing overseas technologies, CR Enterprise introducing overseas brands, so as to provide customers with higher-quality products and services.	To fully understand the customers' needs through big data-based analysis, and interact with customers more effectively, so that customers can get more personalized products and services.
To promote the building of a Customer Service Center and handle complaints via multiple channels including online and offline platforms and hotlines, achieving "unified acceptance and publicizing response procedures", thus improving the handling efficiency and transparency, and satisfying customers.	More and more subsidiaries, through establishing and improving customer relationship management policies and systems, have continuously standardized the after-sales service and actively built a response mechanism of complaints and disputes, thus improving customer satisfaction.	To carry out more professional customer training to strengthen customers' recognition of products; respond to complaints more efficiently, and standardize the collective handling of complaints.
To improve mechanism building and invest more in scientific and technological innovations; accelerate the application of scientific and technological outcomes in industries.	The Group has issued the Guiding Opinions on Science and Technology Innovation of China Resources, based on which all profit centers have initiated related new systems on technological innovation; the year on year growth of CR's R&D investment is 43.9%; remarkable achievements in innovative research and development have been made in profit centers.	To continuously improve CR's innovative platform featuring the integration of resources of enterprises, universities, and research institutes, and promote the transformation of innovation achievements.



04

*Be Committed  
to Green  
Development*

*and Jointly Build  
a Better Living  
Environment*

## Concept and Vision

CR holds the belief that lucid waters and lush mountains are invaluable assets. CR has been committed to improving its environmental protection management system, adjusting its industrial structure, eliminating outdated capacities, innovating energy conservation and ecological environmental protection technologies, improving energy efficiency, reducing the waste of resources, reducing pollutant emissions, etc. The goal is to continue to reduce the impact on the environment while striving for the first-class performance, contributing to the prevention and control of pollution with a low-carbon and high-efficiency operation mode and promoting the harmonious co-development of business of social and ecological environment.

### SDGs Response



## Pursuing Green Development, and Establishing a Long-term Environmental Protection Mechanism

CR took the initiative of green management strategy, committed to green production and operation, and developed green transformation, while constantly improves the environmental management system and responsibility system for standardizing business. The measures taken were committed to establish long-term mechanism of green development, implement ecological and environmental protection for research deployment under new circumstances, and enhance business' consciousness of responsibility to comply with their duties in environmental protection.

## Our Performance



In 2019, CR's environmental investment reached

# 2.75

billion yuan

Comprehensive energy consumption of the production value of every yuan 10,000 stood at

# 1.8799

t of standard coal/10,000 yuan



Comprehensive energy consumption of the business revenue of every yuan 10,000 stood at

# 0.0162

t of standard coal/10,000 yuan

Comprehensive energy consumption of the added value of every yuan 10,000 stood at

# 2.5483

t of standard coal/10,000 yuan.



Comprehensive energy consumption totaled

# 3,816.3774

t of standard coal

Carbon dioxide emissions reached

# 208.187958

million tons



Sulfur dioxide emissions reached

# 27,479.9334

tons

NO<sub>x</sub> emissions reached

# 78,087.4246

tons



COD emissions reached

# 1,456.0343

tons

## Improving the Environmental Management System

Through practice and innovation, CR constantly improves management system of ecological environmental protection, and implements target responsibility of energy conservation and ecological environmental protection. Moreover, CR advocates environmental protection, carried out supervision and inspection, and strictly examined the responsibility of accidents, all of which laid a solid foundation for energy conservation and ecological environmental protection. To meet the work requirements from the superior departments like State Council and SASAC (State-owned Assets Supervision and Administration Commission), CR implements energy conservation and ecological environmental protection, sets the annual goals of energy conservation and environmental protection for business units, which decomposed to grassroots business stepwise. The assessment of the target goals was intensified and the result was taken into account to the annual performance contracts, which encourages the management level of energy conservation and ecological environmental protection.

## Increasing Investment in Energy Conservation and Environmental Protection

CR business at all levels increases investment in energy conservation and environmental protection, and applies advanced technology of energy conservation and environmental protection. With the help of new technology, new craftwork, new equipment and new material, CR achieved the index goals of energy conservation and environmental protection along with the implementation of work requirements.

In 2019, CR has invested 2.75 billion yuan in energy conservation and ecological environmental protection, and implemented 193 major projects of it, all of which has reached the expected target.

## Increasing the Proportion of Clean Energy

Under new circumstances where China promotes the construction of ecological civilization, CR adjusts its industrial structure, expands environmental protection industry and new energy business, shuts down inefficient coal and thermal power plants, increases the proportion of clean energy, responds to climate change and develop in a green and low-carbon way.

- ❑ In 2019, CR's installed equity capacity of power plants was 40,392,200 KW, of which wind power, hydropower, photovoltaic and other equity capacity accounted for 23.3%, which rose 3.2 percentage point from the end of 2018.

At the End of 2019

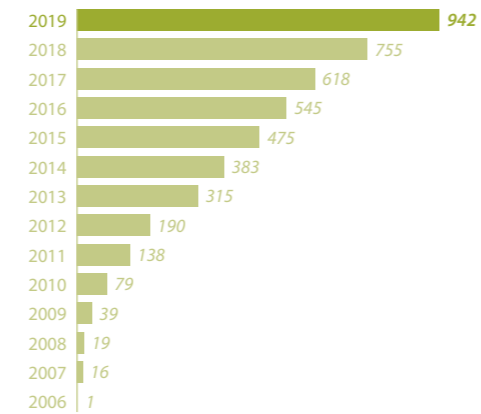
CR increasingly uses clean energy, mainly wind power, in development and construction. In 2019, **the wind power put into production reached 1,871,000 KW. Installed wind power capacity reached 8,687,000 KW**, and the wind power capacity under construction reached 3,890,000 KW;

**Installed photovoltaic capacity reached 453,000 KW**, the photovoltaic capacity under construction reached 98,000 KW;

**Installed capacity of hydropower reached 280,000 KW**, the hydropower capacity under construction reached 107,000 KW.

### Clean Energy Capacity

10,000KW



▼ China Resources Power Xiangfeng Wind Farm, Hebei



## Conducting Green Operation, and Promoting the Ecological Development

CR practices the concept of green management, integrates green into the development strategy throughout the production and management process of business at all levels. With the development of energy conservation and ecological environmental protection project, CR constantly improves its energy efficiency and reduces emissions; by carrying out green procurement, CR includes every stakeholder for its concept and encourages partners to environmental protection and green operation. In 2019, there is no general or above environmental incidents within CR.

### Improving Energy Utilization Efficiency

With the measure CR taken such as industrial structure adjustment and technological transformation, the energy efficiency was improved and resource consumption reduced considerably. Compare with 2018, comprehensive energy consumption of the production value of every yuan 10,000 in 2019 dropped 2.48%, the comprehensive energy consumption of the business revenue of every yuan 10,000 dropped 5.81%, and comprehensive energy consumption of the added value of every yuan 10,000 dropped 5.34%, which means the energy utilization efficiency of CR continued to improve. Since the 13th Five-Year Plan, 3,976,500 tons of standard coal has been saved.

- ❑ CR Power invested 18.6 billion yuan in transformation of steam turbine flow, ultra-low emission and fully closed coal yard, in order to improve energy efficiency, reduce environmental impact, promote environmental restoration and achieve harmonious coexistence with the ecological environment.

- ❑ The production lines in each base of CR Cement are equipped with waste heat generating sets to promote the efficient utilization of resources. In 2019, the grid connection power of CR Cement reached 2.1 billion KWH, saving 258,000 tons of standard coal and reducing carbon dioxide emissions of 709,600 tons.

- ❑ 26 factories of CR Snow Beer has built the wastewater biogas utilization system, which uses wastewater to produce biogas, thus burned to produce steam heating. In 2019, around 6,450,000 cubic meters of methane were recycled, produced about 75,700 tons of steam, equivalent to 7,237 tons of standard coal and 18,000 tons of carbon dioxide emission. By implementing water-saving projects such as concentrated water recycling and optimized cleaning process, water consumption per unit product reduced by 5% and 540,000 tons of water was saved.

CR Snow Beer Biogas recycling system of Qinhuangdao Brewery



## Reducing Emissions of Pollutants

CR organized business at all levels to undertake energy conservation and ecological environmental protection projects, apply advanced technology for environmental protection, upgrade pollution control facilities, strengthen operation, maintenance and management, and continuously reduce pollutant emission. Compared with 2018, the total emissions of sulfur dioxide, nitrogen oxide, chemical oxygen demand and ammonia nitrogen reduced by 15.58%, 10.78%, 12.18% and 10.73% respectively in 2019.

CR Power has transformed the coal-fired units with ultra-low emissions. Up to 34,380,000 KW of controllable installed coal-fired power units had achieved ultra-low emissions, accounting for 98.1% of the controllable installed capacity of affiliated coal-fired power plants, which significantly reduced the emissions of sulfur dioxide, nitrogen oxide and soot.

In 2019, CR Cement has disposed of a total of

**20,903,600**

tons of industrial waste

CR Cement continues to carry out relevant research on how to utilize industrial waste residue in cement production, in order to achieve efficient and comprehensive recycling of waste, and consume desulfuration gypsum, phosphogypsum, fly ash, wet cinder, furnace bottom slag etc. In 2019, CR Cement has disposed of a total of 20,090,360 tons of industrial waste.

## Collaborative Disposal of Waste

CR Power and CR Cement attends to waste treatment, recycling of boilers, cement kilns and other existing resources for collaborative disposal of waste. The harmless waste disposal, reduction and resource recycling reduces environmental load and help create an urban symbiosis, which would promote the transformation of business's environmental protection.

CR Power has carried out innovation such as mixing and burning of municipal sludge and coupling generation of biomass, therefore reduce coal consumption and expand development space while protecting the environment. 15 power plants located in Jiangsu, Guangdong, Guangxi and Henan have carried out coordinated disposal of municipal sludge and residue of traditional Chinese medicine.

CR Cement applied the disposal technologies on waste, municipal sludge and industrial hazardous waste, undertook 8 collaborative disposal projects including domestic garbage, municipal sludge and hazardous waste, with a total disposal capacity of 1,250,000 tons/year, including 510,000 tons of domestic garbage/year, 710,000 tons of municipal sludge and 30,000 tons of hazardous waste/year.

In 2019, CR Cement has disposed 189,300 tons of hazardous waste, 527,100 tons of municipal sludge and 7,200 tons of hazardous waste, which solved the problems of land occupation and secondary pollution caused by solid waste.

In CR Circular Economy Industrial Park of Hezhou, Guangxi Province, power plants, cement plants and brewery plants cooperate for "social circulation" based on recycling and utilization of factory waste, which consume local limestone waste slurry and industrial waste. In 2019, 155,000 tons of limestone slurry and 1,702,500 tons of industrial residue have been disposed, saving 15,100 tons of water.

## Focusing on Ecological Protection

CR affiliated companies prioritizes local ecological environment during the construction of projects, follows the principal of environmental protection which is equal investment towards pollution treatment facilities and principal engineering during a project construction. Moreover, ecological environmental restoration measures were taken to minimize the impact of construction on the surrounding ecological environment, the local biodiversity was maintained for the harmonious coexistence of business development and ecological environment.

CR Power Nankang Qingtian Wind Farm adopts such methods as net-hanging soil spraying and sowing, planting climbing plants, optimizing local vegetation and setting experimental area based on local conditions. The measures taken was for green recovery, and achieved over 98% of the survival rate of green recovery, 100% recovery of the temporary construction land, which brings positive social and ecological benefits.

CR Power Nankang Qingtian Wind Farm slope greening



CR Cement incorporated mine recovery into enterprise's plan of production, operation and long-term development. The mining area adopted non- or little-waste technology and implemented green recovery of mines and dumps, which almost brought back the vegetation coverage rate before the mine development. By the end of 2019, 16 mines from 13 of the 27 cement and clinker production bases of CR Cement have been included in the list of green mines at the provincial or autonomous region level, among which 8 mines from 7 bases were listed in the national green mine selection.

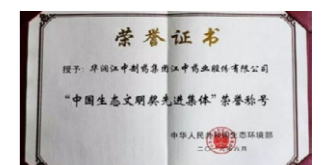


CR Power Mongolia Donghao Wind Farm coexists with the environment

CR JIANGZHONG eliminated coal-fired boilers and using purified industrial wastewater for ecological landscape in the first place, and its overall ecological environment takes the lead in China. Its intelligent production line of traditional Chinese medicine extraction was made with the energy efficiency of over 60%, and the unique JIANGZHONG dust-removing method has the air quality perfectly met the standard, for which CR JIANGZHONG won the title of Advanced Collective of the Second China Ecological Civilization Award.



Vertical view of CR JIANGZHONG Medicine Valley



CR JIANGZHONG won the title of Advanced Collective of China Ecological Civilization Award

## Building a Green Supply Chain

CR promotes industrial transformation and upgrading, and business at all levels for green procurement, green packing and green transportation, shares the concept of green and sustainable development to suppliers, and encourage partners to participate in ecological environmental protection.

**CR Cement** applied the disposal technologies on waste, municipal sludge and industrial hazardous waste, undertook 8 collaborative disposal projects including domestic garbage, municipal sludge and hazardous waste, with a total disposal capacity of 1,250,000 tons/year, including 510,000 tons of domestic garbage/year,

CR C'ESTBON prioritizes environmental labeling products that have less negative impact on the environment, and includes environmental assessment and emission permits into the qualification audit requirements for new suppliers, for cooperating in environmental protection and establishing a green supply chain system. In 2019, CR C'ESTBON carried out package improvement project of raw material supplier (bottle cap), changing he disposable carton packaging to iron cage packaging, which would save around 4,300,000 cartons and 4,000 tons of base paper annually. This project could guide the supplier to reduce packing waste and run the green circulation link of supply and production system.

In 2019, the scale of the Green Trust reached **9.823** billion yuan

and **18** projects

CR Trust plays a role as financial promoter, providing credit support for the green and environmental protection industry. In 2019, the scale of the Green Trust reached 9,823,000 yuan and 18 projects, with funds invested in new energy, water treatment and other green environmental protection fields.

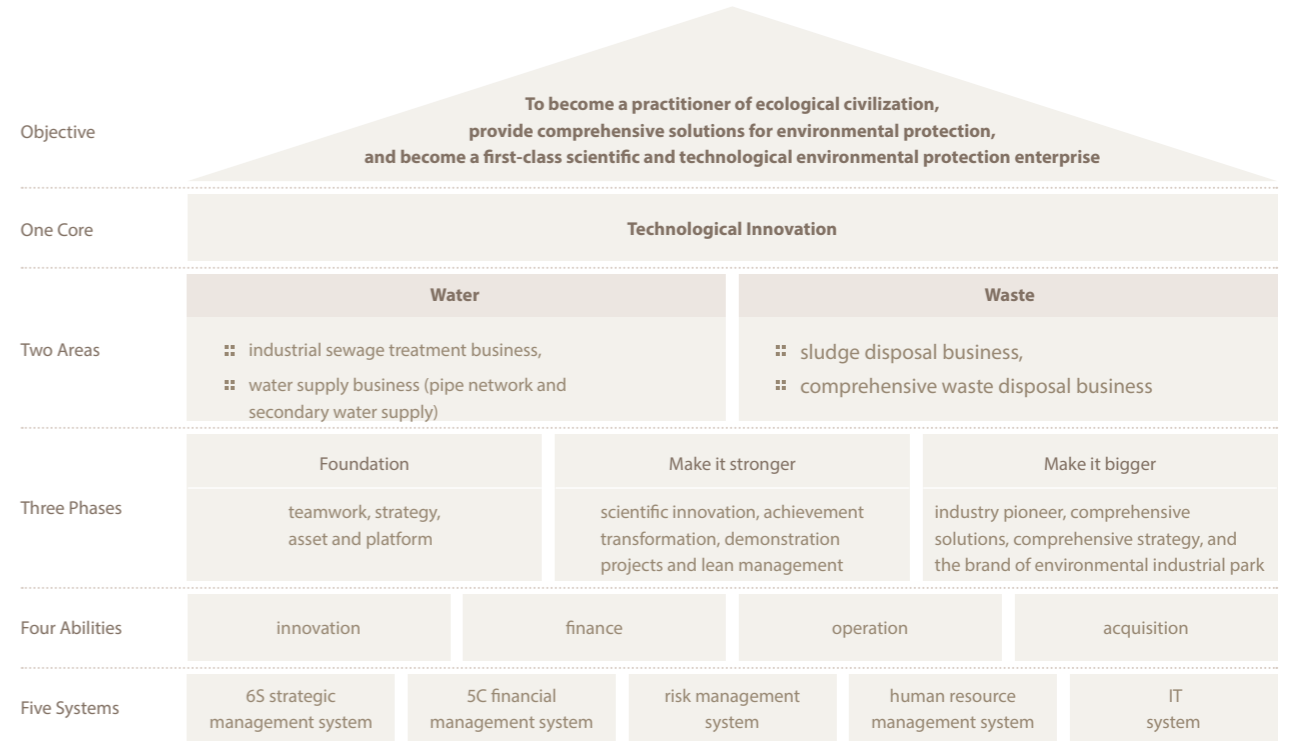
## Developing Green Buildings

CR Land integrates green, environmental protection and energy conservation into the process of construction, applies new product and new technology for high quality and green development. In 2019, 69 projects of CR Land has acquired the green building certification, with the total building area of 10,573,700 square meters, including 490,000 square meters of one-star green building, 5,540,000 square meters of two-star green building and 60,000 square meters of three-star green building. Meanwhile, CR Land has launched prefabricated buildings, completed 113 prefabricated construction projects nationwide by the end of 2019, with of total area of 17,444,200 square meters.

## Promoting the Transformation and Upgrading of Industrial Sectors

CR Business at all levels carried out green procurement, green packing and green transportation, shares the concept of green and sustainable development to suppliers, and encourage partners to participate in ecological environmental protection. Transformed from textile business to environmental water, China Resources Environmental Water Co., Ltd. was established to provide services such as sewage treatment and reclaimed water recycling, and to cooperate with CR's power, beer and pharmaceutical businesses. Among them, its cooperates with CR Power Heze Power Plant on the project of coupling sludge power generation, which help incinerate the sludge produced by the sewage plant and business in Heze city, disposed around 200 tons of sludge every day.

## House of CR ENV PROTECTION



## Creating Low-Carbon Workplace, and Cultivating Environment-Friendly Behaviors

CR business at all levels go green in the workplace, arise employees' sense of environmental protection. CR's green workplace goes into details: electricity and water saving, paperless office, publicity of energy conservation and environmental protection, atmosphere of green, environment-friendly behaviors and green lifestyle of the employees.

## Creating Paperless Office

CR carried out one-stop office application named Runwork, within which there's various business scenarios includes mobile approval, mobile punching, mobile tax declaration, mobile payment, mobile travel, etc. By the end of 2019, nearly 300,000 employees were using Runwork with around 50,000 daily active user. The application center of Runwork has accessed 139 group management and business information systems. A large number of office scenario has achieved paperless, among which nearly 15,000,000 documents have been approved by the approval center.



CR Runwork Application Platform

## Promoting Telecommuting

CR advocates telecommuting for environmental protection, launched an efficient and economical video meeting service for all members of CR and all sectors of society, thus the cooperation between the employees no longer limited by region or time. Telecommuting improved office efficiency and reduce cost. In 2019, CR held over 90,000 video meeting with a total length of over 150,000 hours.



Since the outbreak of the epidemic, telecommuting through Rmeet has become the norm. In the picture, CR held the video meeting of the 2020 Annual Mangers' Conference on April 24. The group leaders, outside directors and over 1,000 managers from each department and strategic business unit attended the meeting through Rmeet, which connected over 120 sub-conferences nationwide.

## Promoting Energy Conservation and Environmental Protection

CR's business at all levels use both the traditional forms publicity boards and new media the Internet to advertise energy saving and low-carbon knowledge, and promotes CR's concept of green development and achievements in energy conservation and environmental protection. Through visual, audial and behavioral promotion, CR enhance employees' consciousness of energy conservation and environmental protection. Holding Energy Conservation Week and celebration of World Environment Day for advocating low-carbon lifestyle to employees, such as public transportation, green travel and garbage classification. All of these could help employees cultivate the habits of energy conservation and environment protection, and cooperate with CR to become the doer for ecological environmental protection.



CR Land advocates Earth Hour activities

## Our Commitment

### Commitment Made in 2019

To increase the proportion of clean energy, promote the cooperation on environmental protection among different businesses within CR, and achieve sustainable development.

To carry out collaborative waste disposal projects, promote the recycling of waste, and contribute to green, low-carbon and circular urban development.

To increase investment in energy conservation and ecological environmental protection, undertake energy conservation and ecological environmental protection projects, and continue to improve energy efficiency and reduce environmental impact.

### Commitment Performed in 2019

In 2019, the installed capacity of clean energy of CR continued to rise, while the installed capacity of renewable energy increased by 27% compared with 2018. CR focused on environmental protection business, cooperated with Heze Power plant on coupling sludge power generation projects, with Sanjiu Zaozhuang Disposal Plant on medicine residue, and with Snow Beer Daiwei Yantai Brewery Plant on sewage treatment.

In 2019, 15 power plants and 8 cement plants of CR are capable of collaborative disposal of waste, have disposed 1,301,300 tons of municipal sludge, 189,300 tons of domestic waste and 34,100 tons of hazardous waste.

In 2019, CR invested 2.75 billion yuan on energy conservation and ecological environmental protection projects. Compared with 2018, comprehensive energy consumption of the production value, the business revenue and the added value of every yuan 10,000, along with the emissions of pollutants such as sulfur dioxide, nitrogen oxides, chemical oxygen demand and ammonia nitrogen decreased.

### Commitment in 2020

To continue to increase the proportion of clean energy, pursue green and sustainable development for business.

To expand collaborative waste disposal projects and ease the pressure on urban environmental governance, to promote the harmonious coexistence and common development of enterprises and cities.

To continuously increase investment in energy conservation and ecological environmental protection, expand energy conservation and ecological environmental protection projects, and further improve resource utilization.

*Move forward  
Hand in Hand*

*and Pursue  
Common  
Development*





## Concept and Vision

Faced with changes not seen in the past hundred years, CR sticks to the principle of growing together with partners, and continue to enhance strategic sharing and platform-building, and promote cooperation with the government, R&D institutions and other companies for common development; advocate fair competition, share its experience with the whole industry, and pursue win-win cooperation; build an anti-corruption mechanism, promote CR's CSR concepts throughout the supply chain; monitor media reports and respond to negative feedbacks, and improve the transparency of operation. CR will stay committed to the concept of growing together with our partners, and play a bigger role together in building a win-win industrial environment.

### SDGs Response



## Our Performance



In 2019, the leaders of CR received

# 80

visiting delegations

and the Group has set regional working committees in

# 25

provinces



The number of the account's followers now has exceeded

# 230,000

In 2019, CR's official WeChat account pushed

# 168

posts with texts and pictures



# 16

of which are from national and provincial ministries and commissions

Besides, over

# 100

companies of CR's five major business sectors held public Open Day in 2019



# 3

province-level strategic cooperation agreements were signed



and the readings exceeded

# 3.6

million

## Developing Strategic Cooperation, and Realizing a Win-win Result

With the concept of win-win cooperation in mind, CR has been enhancing the communication, cooperation with our strategic partners including governments, enterprises, research institutes and academic institutions. CR hoped to build a cooperation platform which could give the resources and strengths a full play with a view to achieve the common development.

### Strategic Sharing Mechanism and Platform

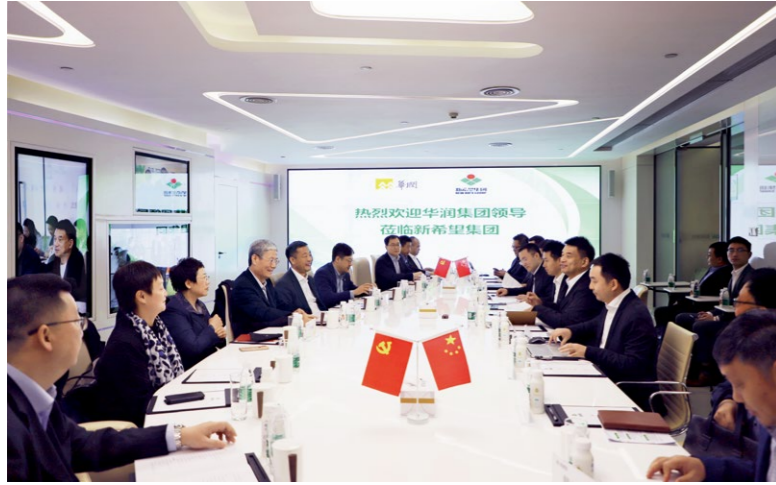
Through senior leaders' visits to different levels of governments and inviting government delegations to headquarters, CR plays a positive role in building a high-end alliance with different provinces and different cities. We work together in solving tricky problems, putting major projects into practice and enhancing win-win cooperation, and thus CR lays a solid foundation for the top-level design of our Group's developing strategy. Through external communication, CR enhance the strategic cooperation with other excellent enterprises and academic institutions to share the commercial wisdom and build a healthy commercial environment.

### Cooperation with Governments

CR is committed to building a good relationship with the government, and hopes to deepen strategic cooperation and lay a solid foundation for the Group's business development through strengthening mutual exchanges, so as to build a better image and involve in the state's national and regional development strategies. In 2019, the leaders of CR received 80 visiting delegations, 16 of which are from national and provincial ministries and commissions, 48 from municipal-level bureaus, and 16 from enterprises and organizations. CR organized over 30 on-site researches in 19 provinces, and signed 3 province-level (Hebei, Liaoning, Shanghai) and 5 municipal-level (Lishui, Lanzhou, Shenyang, Jiaxing, Hezhou) strategic cooperation agreements.



On Dec 5, 2019, in the headquarter in Shenzhen, CR Group leaders met Wang Hao, member of the Standing Committee of Shaanxi Provincial Committee and Secretary of Xi'an municipal Party committee. A friendly talk on further cooperation in consumption upgrading, One Health, urban complex and energy services has been held, and extensive consensus have been reached.



## Cooperation with Enterprises

CR pays great attention to external cooperation and exchanges, and hopes to make use of the resources to support its development. In R&D resources, CR built strategic partnership with universities and R&D institutions such as The Hong Kong Polytechnic University, Tsinghua University and the CAS. Meanwhile, CR deepened the communication with world-class technology institutions including IMEC, ST and ASTAR in order to explore cooperation opportunities in technological innovation. In financial resources, agreements on strategic cooperation has been signed with China Everbright Bank (CEB). Matters about strategic cooperation with external financial enterprises and institutions including New Hope Group, China Taiping, China Life, Agricultural Bank of China (ABC) and ICBC have been carried out. In medical resources, CR signed strategic cooperation agreement with China State Shipbuilding Corporation Limited (CSSC) and also began to participate in the reform of CSSC's subordinate medical institutions. Meanwhile, CR pushed forward cooperation with China Aerospace Science and Technology Corporation (CASC) and focused on connect with CASC reform of its subordinate medical institutions.

## Cooperation Platform among Industries, Universities and Research Institutes

In 2019, the Group listed China Resources University as the educational and R&D institutions directly affiliated to CR, in order to build an open and innovative platform through the joint efforts of enterprises, universities, and research institutes. CR has established China Resources Science and Technology Institute, and co-established the Joint Research Institute with Research Institute of Tsinghua University in Shenzhen (RITS). Each year, a total of 200 million yuan would be invested to support the profit centers to develop new technologies and products through the research institute. CR also initiated the China Resources Business School in Hong Kong, to strengthen technological innovations and talent cultivation.



On Apr 1, 2019, accompanied by New Hope Group's Chairman LiuYonghao, CR Group leaders visited New Hope Group's subordinated XW Bank and fintech companies. A talk has been held on enhancing multi-felds strategic cooperation between these groups. They also participated in the signing ceremony of strategic cooperation between these groups.



21st, June 2019 witnessed the opening ceremony of China Resources Science and Technology Institute-Joint Research Institute with RITS.



## Levelling the Playing Field, and Safeguarding the Virtuous Development of the Industry

CR has constantly required its subsidiaries to comply with the competition laws and regulations, and fair competition should be carried out to obtain competitive advantage and good ecological environment should be created for the development of the industry.

## Anti-Unfair Competition Activities

CR C'estbon strictly observed *the Anti-Unfair Competition Law of the People's Republic of China* and initiated anti-unfair competition activities internally. Through legal risk prevention measures, CR C'estbon improved the anti-unfair competition provisions in contracts, and put an end to unfair competition.

CR Pharma Comm continually managed and inspected its subordinate profit center's connected transaction for the purpose of standardizing the its business conduct. Meanwhile, in order to keep pace with the external changes, CR Pharma Comm took initiatives to prevent risks and carried out investigation of false trade business, opposed unfair competition and delivered regulation-compliant publicity. Thus, the ability to prevent legal risks has been improved.

The amount of electricity sold by CR Power through market pricing accounted for 66% of the total sold by subsidiary power plants, of which the amount of electricity sold by subsidiary power plants participating in direct transactions (including bilateral long-term cooperative bidding and online bidding) accounted for 55%.

## Respecting and Protecting Intellectual Property Rights

In 2019, CR Group made continuous efforts in legalizing and localizing software of the whole group to arrest risks caused by illegal software. On the one hand, achievements in legalizing software has been strengthen continually, and thus risks have been effectively avoided, and procurement costs have been declined. On the other hand, specific requirements have been put forward by the software legalization works in the hope of CR Group and its subordinate profit center creating a good atmosphere which complies with laws and regulations, conduct with integrity, protect intellectual property rights and use genuine software.

CR Power has founded the Innovation, Development and Intellectual Property Committee (the IDIPC), which is responsible for providing effective advice for reference on emerging industries, innovative investment and intellectual property rights at the time of decision-making by CR Power's board of directors.

- CR Group's subordinate technological company Resolink established Intelligent Manufacturing Joint Laboratory together with Tsinghua University, and also set up intern's employment practical base.

- CR Healthcare and CR Pharma have signed strategic cooperation agreements with Shandong First Medical University so as to achieve a comprehensive and deepen cooperation in healthcare.

## Promoting Responsibility Fulfillment on the Supply Chain, and Creating a Responsible Industrial Environment

CR integrates the philosophy and requirements in environmental protection, work safety, guarantee of rights and interests of employer, integrity and regulation-compliance into the whole process of investment promotion and contract signing, which is to ensure that CR be responsible for every business transaction. All profit centers actively promote the implementation of relevant systems and that also promotes suppliers to jointly fulfill various social responsibilities.

### Advocating Compliance Management and Promoting Value Identity

CR Group has always required its subordinate enterprises to abide by the competition rules, conduct business with integrity, compete with fairness, actively participate in industry organizations. The Group also required them to participate in the formulation of industry standards, build a positive and healthy industry platform, and form value identity.

CR Snow has signed Declaration on Quality and Transparency Declaration with suppliers of bulk materials such as raw materials and auxiliary materials in the hope of ensuring the stable quality of supplies and realizing its core vision of "leading international wine making enterprise in the industry".

CR Power has formulated Code of Integrity which requires that during the bidding process, CR Power must maintain fair competition, abide by the avoidance system, perform the bidding information confidentiality system, and it has also set up channels for queries, to resolutely resist unfair competition.

### Establishing Daily Management Mechanism to Promote Joint Fulfillment of Responsibilities

To achieve a win-win situation is the goal of CR for supplier management. Group encourages subordinate enterprises and suppliers to establish an effective social responsibility performance evaluation and communication mechanism, guiding suppliers to actively fulfill their responsibilities and to achieve common growth.

CR C'estbon has strengthened the investigation on its suppliers and implemented the supplier inspection mechanism, including on-site inspection of supplier's site management, quality control, safety production and other aspects, and discussed the improvement points with the supplier on site and issued the rectification plan. The completion rate of supplier's rectification reached 92.7% in 2019.

In 2019, The completion rate of supplier's rectification reached

92.7%

CR Snow has formulated the *Extended Management Measures for Supplier Quality and Food Safety and Comprehensive Evaluation Specification for Supplier Quality and Food Safety*. The flight sampling method was adopted to supervise, audit and manage the performance of suppliers' social responsibilities such as quality and food safety. In 2019, there were 12 suppliers being inspected and certificated on site, of which 10 are qualified and 2 are unqualified, with the disqualification rate of 16.7%.

In 2019, there were

12

suppliers being inspected and certificated on site

## Safeguarding the Basic Rights and Interests of Suppliers and Helping them Grow

CR Gas regards honesty as its cornerstone and advocates the spirit of contract. Through "mutual evaluation" system, CR Gas organized its suppliers to evaluate and supervise its member enterprises, by which suppliers can reflect the payment and agreements' fulfillment of CR Gas' member enterprises. Meanwhile, CR Gas headquarter also played a positive role in urging its member enterprises to make payment in time.

CR Jiangzhong's purchasing division actively promoted supplier management. On the one hand, it conducted on-site inspection on suppliers to help them improve their management; on the other hand, it took Jiangzhong quality assurance system as the standard to reduce the occurrence rate of abnormal quality and control costs as well. At the same time, the quality seminars were held at the supplier's site from time to time annually to analyze the causes of quality problems, discuss solutions, and share Jiangzhong's quality management experience.

CR Snow regularly carries out supplier quality training, strengthens on-site quality audit in order to reinforce quality awareness, and improve the quality assurance ability of suppliers. In 2019, CR Snow conducted quality training for four suppliers and 459 on-site quality audits on bulk materials suppliers for ten categories, including malt, and found more than 2300 quality problems of suppliers. Later, nearly 15 million yuan was invested in the software and hardware for the quality improvement of suppliers, thus effectively improving the suppliers' capabilities to ensure product quality.

### Advocating Honest Management and Punishing Commercial Fraud

The Group continues to strengthen audition and supervision on key links of the supply chain, and takes zero-tolerance stance for all kinds of violations of national laws and regulations and the CR's integrity culture. While effectively promoting the purification of the business environment, CR continues to promote the units at all levels to improve the organization, system, strengthen the information management, and improve professional skills of personnel, and serious accountability, so as to improve the standardization level of supply chain management.

On the basis of Transparency Declaration in honest practice, CR Snow has added new commitments on social responsibilities such as environmental protection and employment that the suppliers should bear. It required that before signing contracts and verifying suppliers, it is required to sign Transparency Declaration and other business ethics standards with suppliers, and the personnel participating in the verification must sign the Code of Integrity. In case of serious violation of rules and disciplines in the process of cooperation, the supplier would be listed as non-cooperative supplier, and cooperation would be prohibited for five years.

According to the specific types and characteristics of material procurement, CR Pharma has formulated integrity assurance agreements applicable to drug procurement and medical equipment and consumables respectively. It was required to sign relevant integrity assurance agreements while signing purchase and sales contracts with suppliers. This practice has effectively helped to build a commercial relationship between CR Pharma and its suppliers which is both legal and fair, avoiding unfair competition such as commercial bribery.

## Enhancing Relations with Media and Strengthening Information Disclosure

In 2019, the number of media reports on CR Group has further increased, with 691, 000 online reports during the whole year, an increase of 29.8% over the previous year. The overall public opinion awareness and response ability have been improved, and the overall public opinion environment was relatively stable.

### Brand Management

In 2019, CR continued to increase its efforts in brand management, further improved the brand management system, standardized brand application standards, and strengthened legal protection and trademark protection. CR carried out brand-building management project, conducted systematic research on brand management of each business unit, and formed the *Management Measures for Brand Building of China Resources Group*.

#### ■ Strengthening Positive Communication and Enhancing Brand Influence

On the occasion of the 70th anniversary of the People's Republic of China, the Group and its profit centers have taken active measures to increase publicity, and thus the positive information continued to increase. News such as "the 70th Anniversary of the Founding of the People's Republic of China", "Public 'Open Day Activities'", "the Group's on the List of The World's 500 Most Influential Brands", "the Listing of CR Micro", and "the Adjustment of Management of CR Land" have become the topics of concern of domestic and foreign media.

The Group has taken the initiative to deliver positive publicity, and tried to tell encouraging stories of CR via various channels, technologies, platforms and in different forms, thus spreading positive energy.

- ❖ In 2019, considering the annual brand communication theme of "CR brings a beautiful Life", the Group invited the media to deeply involve in a series of activities, and at the same time, made full use of social media to tell encouraging stories of CR, establish a good image and continuously enhance the brand's popularity.
- ❖ In 2019, the Group opened accounts on overseas social media (Facebook and Instagram) for the first time, in order to tell the encouraging stories of CR to overseas audiences and establish a positive corporate image in an international language and expression forms. The Group's official WeChat account "China Resources" tried media operation, increasing the proportion of original content, and developing various creative forms such as experience evaluation, short video and hand-painted comics. CR also promoted the brand theme of "CR brings a beautiful life", as well as the large-scale documentary "Enriching Lives, Nurturing Dreams" and other works such as the Song of China Resources. All of these have continuously improved the popularity and reputation of CR's brand, and increased the sense of belonging and cohesion of employees internally as well.

#### ■ The First Image Advertisement of China Resources Group

In 2019, the Group launched the annual communication theme of "CR brings a beautiful life". In the online scenario, 19 profit centers with 81 social media accounts, and in the offline scenario, 35 shopping centers jointly conducted internal communications; the Group also carried out external communications through mainstream media, social platforms, KOLs, and display advertising and other channels. The annual brand exposure reached 800 million times, and the advertising films on Tencent's platform alone were viewed over 3.1 million times; the readings on major WeChat KOL's reached more than 3.5 million. Display advertising's exposure amounted to more than 650 million times. The concept of "CR brings a beautiful life" has gradually entered people's hearts, improving CR's brand's popularity and reputation comprehensively.

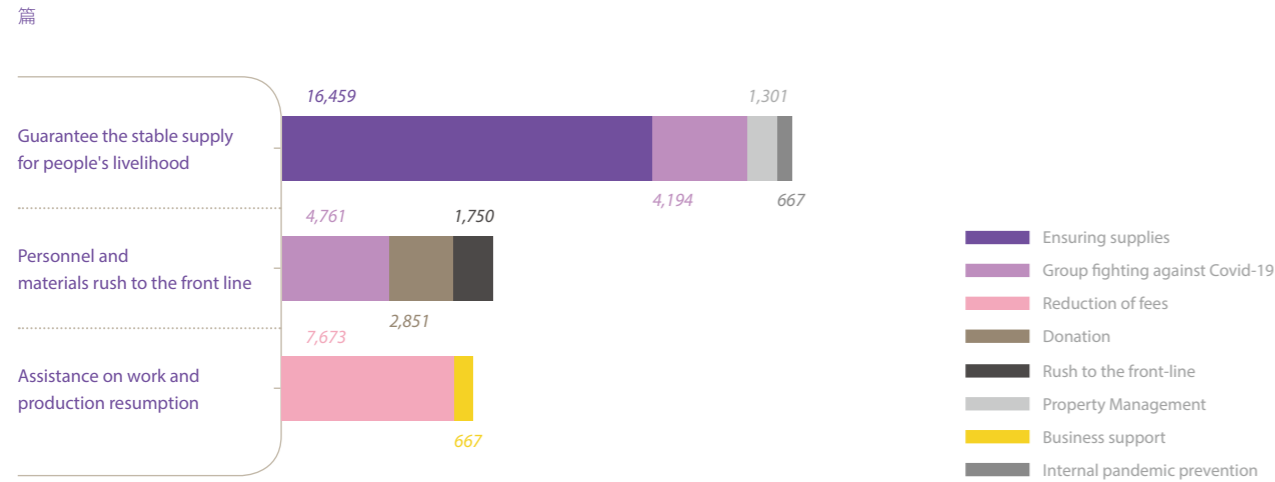


#### ■ Features on Fighting Covid-19

In January 2020, faced with the devastating Covid-19 outbreak, the Group took initiatives to fight against the pandemics, organized all the efforts to facilitate resumption of production, and ensured the supply of people's livelihood and economic development. A number of advanced collectives and typical deeds emerged.

After the outbreak of Covid-19, the Group mobilized extensively, strengthening the guidance of public opinion and disclosing the reports on fighting Covid-19 as soon as possible. On the one hand, CR actively collected and integrated the materials and news clues of the enterprises, covering the production of drugs, the supply of livelihood materials and the construction of major projects from the front-line hospitals and logistics distribution to the rear, and conveyed the positive attitude of China Resources to all sectors of the society. The positive energy of epidemic prevention and persistence in fighting Covid-19 was spread. On the other hand, the Group used its own new media platform to actively publicize in the Mainland, Hong Kong and overseas, including planning features, delivering continuous coverage on the Group's official micro blog and overseas social media, thus spreading a positive corporate image.

Distribution of Major Categories of Media Attention on Epidemic Prevention and Control Measures of China Resources Group



From 20 January to 15 April, 2020, a total of 84,709 network information related to the epidemic prevention and control measures of China Resources Group were published, including 52,056 news reports and 32,653 we media reports.

From 22 January to 15 April, the Group official account on Weibo has sent 67 news and reports on pandemic-prevention, viewed nearly 1.13 million times.

From 1 February to 15 April, the Group's overseas social media (Facebook and Instagram) pushed 41 anti-epidemic related posts, covering 1.88 million people around the world, and the number of post interactions exceeded 1 million.

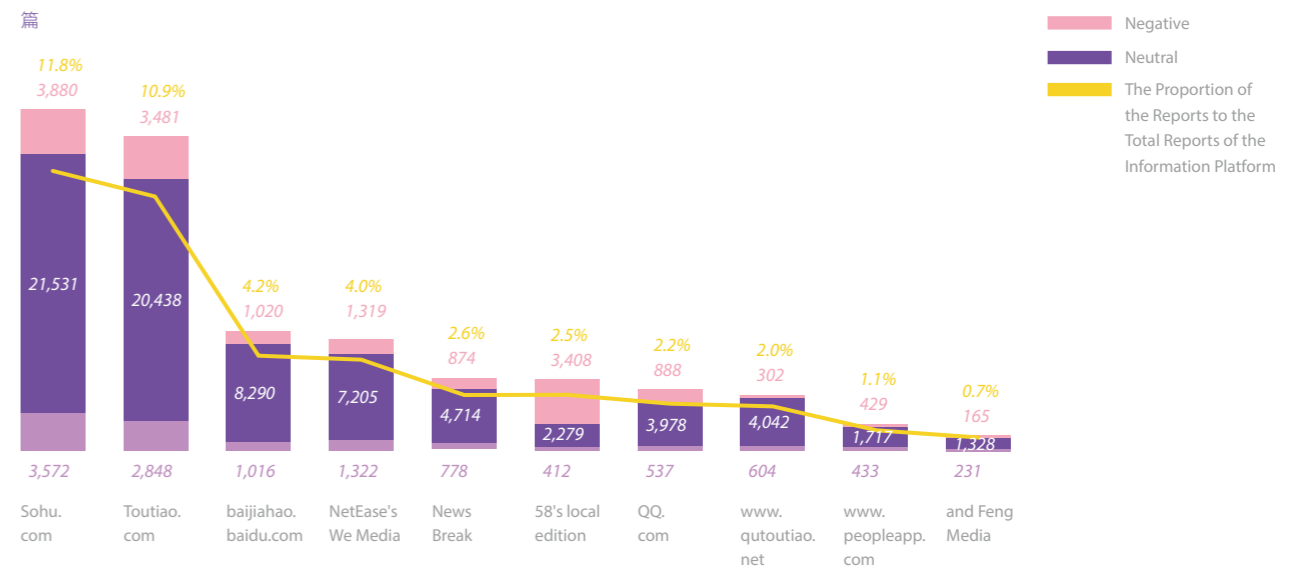


Reports on the epidemic by Facebook

## Public Opinion Management and Response to Social Concerns

In 2019, due to the increasing attention paid to real estate, consumer goods, One Health and other fields, the amount of negative reports increased correspondingly. The Group's annual negative reports were about 29,000, accounting for 12.2%, and the amount of negative reports increased by 0.3% compared with that of the last year. The negative public opinion has a certain negative impact on the Group's reputation, and also reflects some problems such as the lack of awareness of social responsibility, insufficient attention and defects in practice.

Distribution of Information Platforms Focusing on Relevant Information of China Resources Group in 2019



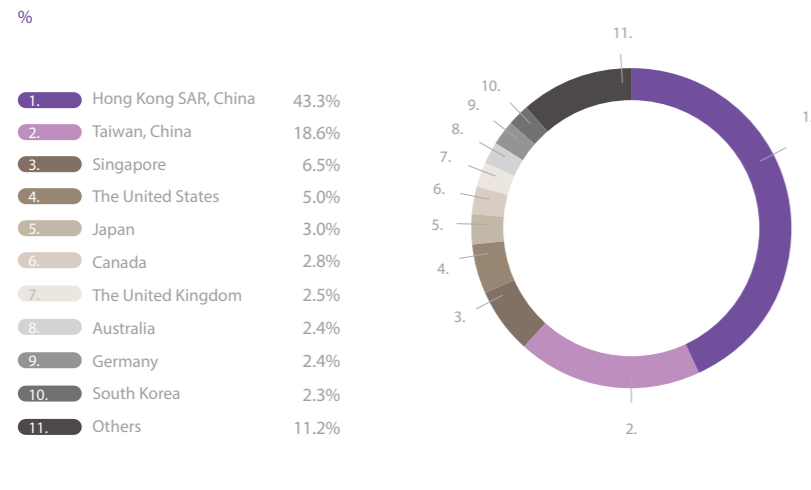
According to the latest characteristics and development trends of current media, the Group dynamically updated the Media Reports Monitoring System of China Resources Group, strengthened the maintenance awareness on corporate reputation and internal management, and improved its capability to respond to public opinions.

## Joining Hands with the Media to Establish Positive Interaction

CR Group has always adhered to the principle of "integrity, openness and respect" to communicate with the media with a view to respect the laws of news, and to state facts and express stances in line with the rules of the market as well. In 2019, the group took initiatives in communications, established multi-level positive interaction with traditional media, new media, we media and overseas media, and continued to win more friends in the media.

In 2019, the then-Chairman of China Resources Group Fu Yuning received nearly 20 media interviews throughout the year, with more than 1,200 related reports.

### Distribution of Overseas Media Sources of China Resources Group in 2019



- ❏ People's Daily "China Resources: Get to Grips with What you Want to do"
- ❏ The Paper "Deepen the Cultivation of talents and Scientific and Technological Innovation--China Resources firmly Optimistic About the Development of Guangdong-Hong Kong-Macao Greater Bay Area"
- ❏ Renmin Zhengxie Bao (means "Journal of the Chinese People's Political Consultative Conference") "In the Name of the Striver: China Resources and Guangdong-Hong Kong-Macao Greater Bay Area Grow Together"
- ❏ People's daily:Then-Chairman of China Resources Group Fu Yuning State-owned Enterprises Should Shoulder More Responsibilities in People's Livelihood"

### Promoting International Exchanges, and Telling Good Stories about China

In April 2019, launched by People's Daily, the Belt and Road News Network (BRNN), which composes 194 media organizations from 94 countries, went to Shaanxi, Zhejiang, Guizhou and Guangdong to start a field visit on the significance of "Belt and Road Initiatives" in the new era. They have experienced the achievements of China's development and explored the path of media convergence.



On 25th September, 2019, BRNN media workshop participant in Guangzhou CR Vanguard Ole experiencing self-help code-scanning shopping and other digital application shopping scenarios.



Participants observing and communicating the operation and management experience in clean energy and environmental protection upgrading with CR Power's Guangzhou Thermal Power Plant

## Our Commitment

### Commitment Made in 2019

In 2019, CR would further reinforce strategic sharing mechanisms and platform-building, deepen strategic cooperation with governments, enterprises and R&D institutions with a view to carry out projects.

In 2019, CR would continue to deepen the cooperation with external leading technologies, and was committed to realize the Chinese standards and Chinese technologies in Chinese market.

In 2019, CR would further clarify the division of responsibilities of administrative departments, dividing responsibilities more specifically and strengthening the construction of anti-corruption competence of the supply chain. The Group would effectively launch partner initiatives to continuously promote suppliers to undertake social responsibilities.

In 2019, CR would further strengthen the ability to respond to public opinion, listen carefully to the demands of all walks of life, and take public opinion monitoring as the guidance to find out the deficiency of responsibility fulfillment.

### Commitment Performed in 2019

The innovation platform and mechanisms have been further improved. CR has listed China Resources University as the educational and R&D institutions directly under CR Group. CR University has become an open and innovative platform through the joint efforts of enterprises, universities, and research institutes. CR has established China Resources Science and Technology Institute. Meanwhile, CR-RITS Joint Research Institute has been set up.

In R&D resources, CR built strategic partnership with universities and R&D institutions such as The Hong Kong Polytechnic University, Tsinghua University and the CAS. Meanwhile, CR deepened the communication with world-class technology institutions including IMEC, ST and ASTAR in order to explore cooperation opportunities in research and innovation. More attention was paid to high-quality development driven by innovation, and the Group identified CR Life Sciences, CR Micro, CR ENV Protection and CR Chemical Materials Technology as strategic emerging industries of the Group. CR Life Sciences and CR ENV Protection are two newly established enterprises directly under CR Group.

More and more profit centers began to attach importance to supply chain management. Through initiating industrial initiatives, enforcing industry standards and conducting regular assessments, the profit centers intensified the punishment of commercial corruption, so as to drive suppliers to take social responsibilities.

CR updated the *Guidelines on Circulating Negative Media Reports of China Resources Group* and other relevant system guidelines, strengthened the management of functional lines in media reports management, attached importance to the cultivation of public opinion awareness and professional skills training of profit centers, and assisted profit centers like CR Land in carrying out training on public opinion management.

### Commitment in 2020

To increase investment in R&D, and improve internal impetus to growth through different methods

To enhance cooperation with leading technological institutes at home, and develop more products applicable to the Group's situation

To eliminate commercial corruption and bribery in procurement, gradually increase the ratio of responsible procurement, reduce the operational risk of the supply chain, so as to provide customers with better products and services with suppliers.

To further optimize the media reports management system and strengthen the guidance and supervision of functional departments.

Public  
Responsibility

06

*Create a Harmonious Environment and Generate New Power*

## Concept and Vision

"The wealth is only meaningful when it cares about people, and a company can be competitive and vital only when it actively undertakes its social responsibilities". As China's economic development enters a new normal, to maintain steady yet healthy economic and social development, and continuously improve employment and people's livelihood, cultivate cultural prosperity and protect the ecological environment, we need to ensure that enterprises fulfill their social responsibilities. CR actively responds to the call of the state, and spares no efforts in making its contribution. CR has always been committed to paying taxes strictly in accordance with the law, improving the production environment, strengthening communication with local community and building a better life for all.

### SDGs Response



## Our Performance

In 2019, CR's total pre-tax profits reached

# 101

billion yuan



Statistics on CR's outward donations

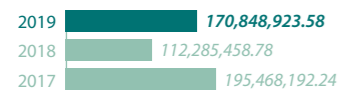
Donation income

元



Donations spending

元



In 2019, CR's total investment from the special fund for poverty alleviation reached

# 170,848,923.58

yuan



# 11,463

people



# 3,036

peasant households were directly benefited

Over

# 350,000

people were lifted out of poverty, living a relatively well-off life.



By the end of March, 2020

the Group and all profit centers have donated

# 106.746

million yuan's cash and supplies to areas stricken by COVID-19

including

# 84.0996

million yuan in cash

and

# 22.6464

million yuan's supplies

Statistics on Safety Production

	Crude death rate (%)	Number of emergency drills	Safe production investment	Certified safety engineers	Training for employees (10,000 h)	Training for related parties (10,000 h)
2019	0.0095	34,064	13.5	1,711	569.3	293.7
2018	0.0024	31,358	15.1	1,610	555.3	282.3
2017	0.014	29,113	13.3	1,464	511.5	217.4

## Supporting the Government's Administration, and Advancing the Development of the Greater Bay Area

Against the background of the new era, as a Chinese enterprise rooted in Hong Kong and growing up with Hong Kong, CR firmly supports the Government's administration and takes an active part in building the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). Based on the overall principle of maintaining the prosperity and stability of Hong Kong, CR makes use of its own advantages and seizes the opportunities of development in our times, focuses on the strategies featuring "leading a future-oriented lifestyle, focusing on high-tech industries and building an integrated ecology with Hong Kong and the Chinese Mainland", intensifies the efforts to reinvent the business in Hong Kong, and strives to become a steadfast force that adheres to the "one country, two systems" principle, and maintains Hong Kong's prosperity and stability.

## Reshape the Business in Hong Kong by Focusing on Industries Relating to the People's Livelihood

The group has put forward its strategies and work ideas to reshape its business in Hong Kong. It advanced the establishment of livelihood funds including "Hong Kong Real Estate Fund", "Asian Food Growth Fund". The group also mobilized its capital in Hong Kong and oversea, and made use of its advantages in capital operating. In terms of business, CR Ng Fung renewed its contracts with Sheung Shui slaughterhouse and the STREGIS hotel of CR Property was opened, expanding the scale of CR's business in Hong Kong. By the end of 2019, the Group's total assets in Hong Kong rose to HK\$83 billion, an increase of 3% over the previous year.

CR has actively taken part in the crucial livelihood businesses in Hong Kong by setting up panels for the important projects. By the end of 2019, the property of the group in GBA has reached HK\$896.2 billion, representing a year-on-year increase of about 17%.

the sales revenue has reached 167.5 billion HK dollars, with a total profit of 30.2 billion HK dollars and 62,682 employees.

## Maintain the Prosperity and Stability in Hong Kong

After the "controversy of legislature amendment" occurred in Hong Kong, the group set up an emergency response leading panel, issued its stand point of "stopping the violence and controlling the chaos" through official platforms and mainstream media in Hong Kong. The group launched its "Support the police and send love" activity, and supported the patriotic and Hong Kong-loving organizations. Together with the University of Hong Kong, the group also started the "data scientists" training program. Such was the effort that CR has made to fulfill its double duty of "supporting the politics while doing the business".

### Organizing Activities to Support the Police and Stop the Violence

The employee association of the group set up a "police supporting team" to salute the police. The team made totally 9 visits to the Police Headquarters and police stations in different district. In this way, CR has made it stand and fulfilled its duty as a central enterprise in Hong Kong.

Since late September of 2019, 4 enterprises of the group in Hong Kong flew 19 National flags and 7 banners in 13 spots around Hong Kong, also Patriotic slogans were printed on 6 LED displays. Meanwhile, the property company of the group's headquarter and enterprises in Hong Kong have carefully formulated security measures to prevent any possible the defacement and destruction of national flags and slogans, which guarded the country's political security and dignity in a forceful way.

Organizing Series of Activities to Celebrate the 70<sup>th</sup> Anniversary of the National Day



## Conducting Youth Exchange Activities

### Conducting Carnival

On Oct 12, 2019, the Group held a "Happy Family Day Carnival" in Hong Kong, which was attended by nearly 8,000 employees and their families from Shenzhen and Hong Kong. The then-Chairman of China Resources Group Fu Yuning pointed out in his speech, "We should bravely take up the responsibility of protecting Hong Kong, strive to maintain Hong Kong's prosperity and stability and build a beautiful home for all of us." All participants sang together the song "My Motherland and Me" to express their blessings to the motherland and Hong Kong.

### The Educational Activity Themed "I See I Know" to Promote Hong Kong Youth's Acknowledgement to the Motherland (Section of Xiong'an New Area)

In August 2019, the group organized more than 40 youths from Hong Kong to visit the Xiongan New Area in Hebei province, so that they can get a direct impression on the achievement that the nation has made across the years of reform and opening-up, get a better knowledge about the nation's history and sense the prosperity of the nation. This activity strengthened the confidence of Hong Kong youth in maintaining the prosperity and stability of Hong Kong.

### Representatives of Outstanding Youths in Hong Kong Paid a Visit to Haiyuan

In September 2019, the Group organized 12 youths including "the 10 Outstanding Youths of Hong Kong" and other outstanding youth representatives to visit and exchange ideas at places including the Hope Town of CR in Haiyuan, the Long March Revolutionary Memorial Hall of the Red Army in Liupan Mountain, the Guyuan Museum, and the Shaopatou Nature Reserve for Desertification Control. So that the outstanding youths can get to experience the great changes taking place in the western part of the motherland and to appreciate the great rivers and mountains and splendid culture of the motherland. The youth representatives have made their voice heard on social media platforms including Facebook, WeChat moment, Weibo, etc., expressing their heartfelt admiration for the achievements China has made in poverty alleviation and development of western China.



▲ Delegation of Hong Kong's Ten Outstanding Youths, visiting Haiyuan County, Ningxia, CR Group's designated area of support.

## Creating a Charity Platform for Public Welfare, and Make Full Use of It

### The Public Sector

CR mainly carries out public welfare activities in areas like poverty alleviation, rescue and relief work during disasters, education promotion, and environmental protection. In the area of poverty alleviation, CR has its own combo method: the "basic move" is to remember tight the duty and actively take up the pin-pointed poverty alleviation task assigned by the nation and send designated reinforcement to Guangchang, Jiangxi and Haiyuan, Ningxia. Contribute to the country its efforts to win the battle against poverty. The "optional move" is to never forgets its original intention, and take the initiative to fulfill CR's social responsibility, creates the CR Hope Town, and contributes to the country its experience as a central enterprise participating into rural revitalization.

### Public Welfare Management

As a central enterprise of red culture, CR has always attached great importance the poverty alleviation work, regarding it as an important political task and an honorable duty to take, and has witnessed years of effective works done in the area.

CR group has also set up a special leading group for the campaign to eliminate poverty, whose function is to manage overall coordination of poverty alleviation work across the group. The daily workplace of the panel is in the office of poverty alleviation (pin-pointed poverty alleviation), with the group office as its major department in charge and CR Charity Fund as its platform for carrying out work.

### Practices in the Public Sector

- Helping the Guangchang county and the Haiyuan county to consolidate their gains from the fight against poverty.

In 2002, the poverty alleviation office of the National Council listed the Guangchang county of Jiangxi province as the group's designated target of poverty alleviation. Since then, the group has participated into this great course of nationwide poverty alleviation in its pin-pointed way. In 2012, the poverty alleviation office assigned the Haiyuan county of Ningxia as the second target of alleviation for CR group.

Since 2002, the group has spent 550 million yuan to help alleviate the poverty in both counties in an all-around manner, many pin-pointed methods were adopted, including the construction of new countryside, setting up industries and businesses, providing investment, cultivating talented manpower and focusing on education. In 29 July, 2018, Guangchang county officially declared out of the poverty, while in 4 March, 2020, Haiyuan county also declare the end of its poverty.

Then, CR group has successfully helped the two counties out of the poverty and got their poverty title lifted, marking an early accomplish in its duty assigned by the nation.

### Guangchang, Jiangxi

Since 2014, CR has donated 26.63 million yuan to Guangchang County, completing 3 construction-aid projects themed "Together, We Go Prosperous"; for eliminating poverty through promoting consumption, CR has purchased 450,000 yuan's agricultural products from Guangchang County; agricultural products from Guangchang have been sold in 750 CR Vanguard stores, the turnover of which has reached over 17 million yuan.

Since 2014, CR has donated

**26.63**

million yuan to Guangchang County

### Haiyuan, Ningxia

Through multiple methods including " setting up industries and businesses, providing investment, cultivating talented manpower, focusing on public interest " and other initiatives, all-round, multi-level efforts were made in different areas to help Haiyuan alleviate its poverty and consolidate its achievements.

#### Set up industries and businesses

Since 2014, CR group has donated a total of yuan ¥ 385 million to Haiyuan. The money helped with the construction project of the Haiyuan's grass-livestock integrated cattle breeding center and helped the sales on credit of cows. By the end of 2019, the basic sales on credit of cows has covered 9,414 poor households in 17 townships in Haiyuan, with a total of 30,889 basic cows sold on credit, benefiting more than 19,000 people.

#### Providing investment

The CR New Energy was introduced to make an investment of HK\$10 billion, in order to build a wind farm that can generate 100 megawatts of power. By the end of 2019, HK\$3 billion was already invested into the power project, and more than 700,000 kilowatts of new energy projects were carried out, provided jobs for 24 people in Haiyuan, 9 of whom are from registered poor households.

#### Cultivating talented manpower

The one-on-one education aid project launched by CR group to help impoverished university students in Haiyuan County has been successfully carried out for a fourth periods, with a total of yuan ¥ 1.8 million granted, helping 370 impoverished university students to go to school successfully; CR Bank has carried out 4 periods of "Runxin Gardener" education support work in Haiyuan CR Hope School, providing local primary school students with more than 320 lessons in music, P.E. and art.

#### Focusing on public interest

The 8th CR Hope Town is in Guanqiao, Haiyuan County, and it had been successfully completed by June, 2019.



The then-Chairman of China Resources Group Fu Yuning chatting with local villagers during the completion ceremony of CR Hope Town

### Completing Construction of CR Hope Town in Haiyuan

On 28 June, 2019 the CR Hope Town in Haiyuan was officially completed. The Hope Town is an important project that CR carried out in its five-year course of alleviating the poverty in Haiyuan. The project is situated in the Guanqiao village of Guanqiao country, which is in the Haiyuan county, Zhongwei city, Ningxia Hui Autonomous Region. 1,178 people from 343 households are expected to benefit from the project. The group also responded actively to the nation's call of "toilet revolution" and solved the problem of rural governance. In the CR Hope Town, there is integrated sewerage system that recycles the reclaimed water, which upgraded the pit toilets into water closet and realized the "toilet revolution". The completion of the CR Hope Town in Haiyuan has thoroughly improved the living environment for the resident of the village and turned the village into a rural community with ethnic characteristics of the northeast.

### Pushing forward CR Hope Town Projects in Jianhe, Hong'an and Yan'an

In 2019, the CR Hope Town projects in Jianhe, Hong'an and Yan'an commenced construction in full scale, all works are now progressing steadily and orderly. During the process of construction, CR referred to the past experience about the town's industrial development, and actively explore a new mode of development, which is a mode that integrate all three of primary, secondary and tertiary industries in the town. CR is also committed to creating a new mode of shared economy in rural area, through which will enhance the quality and efficiency of the town's agricultural supply and realizing the town's industrial prosperity.

In 2018, the central government formulated the Strategic Plan for Revitalization of Rural Area, which sets out in detail the development goals and requirements for rural revitalization in five aspects: industrial prosperity, ecological livability, rural civility, effective governance, and moderate wealth living. The four visions of CR Hope Town are basically a comprehensive response to the five requirements of rural revitalization. The 12-year construction process of CR Hope Towns serves as a good reference for enterprises to participate in the revitalization course of rural area. Based on the national Rural Revitalization Strategic Plan, CR has started to plan its future work on poverty alleviation in advance, thinking about how its combo of poverty alleviation should be performed in "the second half" to achieve an effective continuity between poverty alleviation and rural revitalization.

### Building the CR Hope Town to Realize Rural Revitalization

Since 2008, the Group has given full play to its advantage of diversified resources and industries, and started to build hope towns with donations from its subsidiaries and employees. After 12 years of efforts, the Group has invested more than yuan ¥ 820 million, and has built 8 CR Hope Towns in Baise, Guangxi; Xibaipo, Hebei; Shaoshan, Hunan; Gutian, Fujian; Zunyi, Guizhou; Jinzhai, Anhui; Jinggangshan, Jiangxi; and Haiyuan, Ningxia; 4 CR Hope Towns are under planning and construction in Jianhe, Guizhou; Hong'an, Hubei; Yan'an, Shaanxi; and Nanjiang, Sichuan. Within 12 years, CR has built 12 towns, directly benefited 3,036 households and 11,463 people in total. Together with the designated poverty alleviation projects in Guangchang and Haiyuan counties, the Group's poverty alleviation work covers more than 350,000 impoverished people.



Totally

**11,463**

farmers of

**3,036**

households were directly benefited in Hope Town

## Strengthening Training and Supervision of Safety in Production

The group has established the strong idea of "no safety of personnel should be sacrificed for the pursuit of efficiency". To actively build up & strengthen a personnel and system that can carry out production in a safe method, various forms of education and training has taken place, safety monitoring and supervision was tightened, so that to further consolidate the foundation of safety management and enhance the ability of controlling the risks. Eventually, it will promote a sustainable development in businesses, and protect both employees and consumers' safety of life and health.

### Building up a Better Workforce and the System of It

The group has continued to strengthen its workforce in safety production and the system establishment, further improved the leadership, supervision and security agencies of all levels. The number of safety professionals and their comprehensive quality has steadily improved, with the number of full-time safety personnel across the Group reaching 2,531 and the number of state-registered safety engineers holding certificates reaching 1,711, representing a year-on-year increase of 6.4% and 6.3% respectively.

The group also revised and issued the "CR Group's EHS Accident Management Guidelines" and "Working Guidelines for EHS Supervision and Management", which further refined the standards of accident report and processes & requirements of investigating & handling accidents, so that a more standardized and effective supervision and inspection work can be carried out.

### Conducting Multiple Forms of EHS Training

The group persists its problem-oriented and individual-oriented method in conducting the EHS training. The form of training has been constantly innovating, in order to improve the outcome of the training.

∴ The group would organize nine sessions of pre-employment safety training for its "future stars", which include knowledges for personal safety protection, travel safety, home safety, etc., in order to improve their quality and awareness of safety.

∴ The group would conduct training on production safety for the managers of "CR's wisdom", the content of which includes training on duties, concepts and practices of production safety, in order to enhance their sense of duty concerning the production safety.

∴ Through the Group's learning platform named "Runxin School", activities such as "daily learning" and "weekly testing" of production safety knowledge have been carried out to popularize general safety knowledge.

∴ According to the real need in businesses, various forms of safety education and training have been carried out across all levels of the enterprise, conducting safety education a total of 5.693 million hours for employees and 2.937 million hours of safety training for personnel of related parties throughout the year.

^ A total of **5,693,000** hours of work safety education and training were conducted for employees throughout the year

^ **2,937,000** hours of education and training on work safety has been carried out for the personnel of the related parties.



^ EHS Management Training that took place in CR Land Hotel and its health care industries



^ CR Gas Co. in Zhengzhou is carrying out emergency drills, simulating the hazard of natural gas leaking

## Strengthening Production Safety Monitoring and Inspection

The Group enhanced its supervision and inspection on safety production through a combined method of regular inspections, special inspections, random inspections and daily inspections. Also, the group organized a four-month production safety inspection, and conducted random flight inspections of 21 grassroots enterprises in key regions to correct the error in a timely manner and controlled the risks effectively.

In 2019, at all levels of the group, there has been comprehensive inspections, flight inspections, regional cross-inspections and safety evaluations, which spotted and solved more than 740,000 safety hazards, curbing the Group's overall risks in production safety under control.



^ The then-General Manager Wang Xiangming, investigating CR Cement Co. in Yuede

## Enhancing Capacity of Emergency Management

The Group attaches great importance to emergency management. By perfecting the emergency plan system, carrying out emergency drills and so on, the group strengthens its capacity of emergency management. The group adhere to the principle of "prevent in the first place" and "combine the management with prevention". It revised and improved the "CR Group's Comprehensive Emergency Response Plan for Production Safety", and organized employees at all levels to carefully study the "Emergency Response Law of the People's Republic of China" "Law of the People's Republic of China on Earthquake Prevention and Mitigation" and other documents of laws and regulations concerning safety.

In 2019, according to their own risk patterns, the enterprises at all levels of the group conducted a total 34,000 emergency drills, which were attended by a total 1.5 million people.

## Conducting Community-building, and Creating a Harmonious Neighborhood

CR is persisted in its concept of open businesses. By carrying out activities like the "public open days", volunteer activities and community services, CR is trying to help the government, community residents, the media and other stakeholders to have a better understanding to the group, in order to promote the CR's brand reputation, and eventually to create a better atmosphere for the development of CR in its local businesses.

### 20 Years' Hard Work by CR Gas: Creating the "Master Niu" Brand

Since 2001, CR Gas Co. in Zhengzhou has started to create service brand named "Master Niu". After almost 20 years of development, the brand now forms a central idea to "serve the customers faithfully", "repay the society with gratitude", "take firm step in practice of work" and "always be dedicated into business". Through establishing a series of systems and mechanisms like "Master Niu's Party Member Service Team", support funds and awards, and various activities including volunteer services, safety hazard rectifications, etc., the brand has continuously exercised its influence on the society. Now, "Master Niu" has won widespread recognition and respect from the public.

### Staff of CR Land Acting as "Supermen"



As the COVID-19 epidemic continued to develop, many cities require a better management of the community, some of which even require a lockdown management, causing numerous inconveniences for the residents' life and travel. To deal with such a difficulty, the property company of CR Land has assigned its personnel with the work of pizza boys, delivery men and courier guys, who provide convenience 24/7 to a total 600,000 clients. Thanks to their efforts, the health and harmony of the community were successfully maintained.



## Our Commitment

### Commitment Made in 2019

Keep being active as a connector through the mainland, Hong Kong and around the world. Support the government's work by reshaping the business in Hong Kong.

Take firm step in advancing the layout of business according to what planned in the White Paper on CR's participation in Construction of the GBA.

Based in Hong Kong and facing the Mainland, CR will make use of its expertise and all the resources to actively promote the construction of the Greater Bay Area, support social activities and patriotic & Hong Kong-loving public interest associations, organize Hong Kong young people to visit the Mainland and help them integrate into various activities of the motherland. CR will help the society of Hong Kong to take part in the overall development of the country, and help young people of Hong Kong to grow up together with the country.

Make better use of the platform of CR Charity Foundation and its Staff Association, to promote volunteer activities of its subsidiaries.

Keep doing a good job in Guangchang, Jiangxi and Haiyuan, Ningxia's pin-pointed poverty alleviation work; build CR Hope Town, within 2019, CR should complete the town in Haiyuan and most part of the town in Hong'an, while fully commence the CR Hope Town in Jianhe and Yan'an.

### Commitment Performed in 2019

The Group promoted the establishment of livelihood funds such as "Hong Kong Real Estate Fund" and "Asian Food Growth Fund", mobilizing capital from Hong Kong and overseas and leveraging the advantages of capital operation. At the same time, CR also expanded its business scale in Hong Kong. By the end of 2019, the Group's total assets in Hong Kong rose to HK\$83 billion, representing a 3% year-on-year increase.

The Group released the "Trial Strategy for the Development in Guangdong-Hong Kong-Macao Greater Bay Area" and the "CR Group's '9+2' White Paper on Cities in the Guangdong-Hong Kong-Macao Greater Bay Area", which clarified the strategic objectives, inherent advantages, city strategies, industrial layout, time schedules, and key projects with CR's participation in the construction of the Guangdong-Hong Kong-Macao Greater Bay Area.

The Group launched a series of activities to celebrate the 70th anniversary of National Day, including the learning and exchanging activities for youth from Hong Kong's Chinese-funded enterprises, "I SEE I KNOW" activity for Hong Kong youth to learn about their motherland, and touring to Haiyuan activity for Hong Kong Outstanding Youth, all of which have effectively safeguarded the political security and political dignity of Hong Kong and further enhanced the youth's knowledge of their homeland.

CR Charity Fund has organized CR Bank and CR Double-Crane to carry out activities of voluntary education and free medical care in Hope Town. A total of 140 internal and external volunteers has participated in the activities.

Both Guangchang and Haiyuan, which the Group was designated to assist, have been lifted out of poverty, representing the completion of the task assigned to CR; in June 2019, CR Hope Town in Haiyuan was successfully completed; the construction of Jianhe, Hong'an and Yan'an CRH Hope Towns has started in full scale, the construction is now under construction.

### Commitment in 2020

Continue to expand business areas in Hong Kong and increase relevant investment, and support the government's administration in Hong Kong.

Facing the mainland, CR will give full play to the platform advantages of the CR Charity Fund and the Group Staff Association, and call on its subsidiaries to take the initiative to carry out volunteer activities based on their own business characteristics and resources.

Make use of the CR's social status as a central enterprise in Hong Kong, provide better service for the development and construction of the Greater Bay Area and provide more opportunities for youths in Hong Kong to integrate into the development of Greater Bay Area.

Give full play to the platform advantages of the CR Charity Fund and the Group Staff Association, call on subsidiary enterprises to take the initiative to carry out more volunteer activities.

Consolidate the results of poverty alleviation in Guangchang and Haiyuan counties based on the principle of "sticking to the responsibilities and relevant policies on poverty alleviation"; in 2020, complete the construction of CR Hope Town in Hong'an, and ensure the CR Hope Town in Jianhe and Yan'an to meet the basic conditions of completion.



*Keep Our Mission  
and Responsibilities  
in Mind* *and Open a  
New Chapter*

## Responsibility Stems from Missions, and Responsibility Leads the Future

China Resources' 80 years' history is filled with dreams and glories. As it continues to develop in scale and improve in business performance, its social responsibilities grow accordingly. 2016-2020 is the "13th Five-Year" strategic period of the Group, and also a critical period that determines whether CR could grow into a long-standing enterprise in the industry. During this period, the development of CR's social responsibilities has also gradually got on track. Through positive exploration on the integration system of social responsibilities, carrying out systematic social responsibility management, and practicing stakeholder responsibilities, CR has taken fulfilling social responsibility as an important way to facilitate its further development.

### Concept and Vision

Be responsible for shareholders	and fulfill economic responsibility: A new start to create value for CR, and grow into a world-class enterprise.
Be responsible for employees	and fulfill employee responsibility: A new start to build a people-oriented CR, and achieve continued growth.
Be responsible for customers	and fulfill customer responsibility: A new start to build up customer satisfaction, and win customers' trust with sincere services.
Be responsible for environment	and fulfill environmental responsibility: A new start to build a green CR, and contribute to ecological civilization construction.
Be responsible for partners	and fulfill partner responsibility: A new start to achieve win-win cooperation, and realize common development.
Be responsible for the public	and fulfill public responsibility: A new start to build a harmonious CR, and promote social harmony.

### Social Responsibility Model

In its long-term practice of fulfilling social responsibilities, CR has consciously unified undertaking historical missions, fulfilling social responsibilities and promoting the sustainable development of the company, and gradually formed a social responsibility management model with its own characteristics: mission-led social responsibility management. This model covers the responsibility culture, responsibility management and responsibility fulfillment, clarifying the goals, guiding ideology, performing areas, organizational motivation and work path for CR to fulfill its social responsibilities. It reflects the overall thinking and action route of CR to fulfill its social responsibilities.



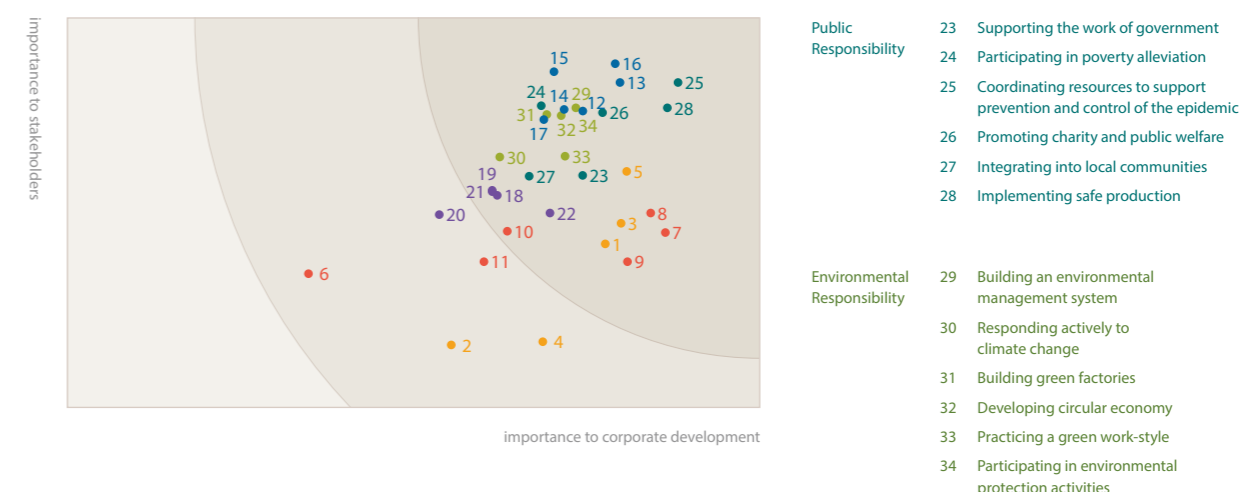
## Identification and Management of Major CSR Issues

To effectively respond to the demands of all sectors of society on CR Group and better fulfill its social responsibilities, CR regularly carries out identification and management of major CSR issues. By focusing on economic responsibility, employee responsibility, customer responsibility, environmental responsibility, partner responsibility, and public responsibility, and centering on the two dimensions of "importance to stakeholders" and "importance to corporate development", CR identifies major CSR issues and defines the main content of its social responsibilities while taking into account the actual situation of different business units.

In 2019, the Group conducted a survey on major issues in the social responsibility report, which serves as an important reference to the compilation of CR's social responsibility report. We've collected 1,814 valid questionnaires, finished by the company management staff, employees, customers, business partners, community residents, government officials, people from media, CSR, NGOs and peer companies, etc.

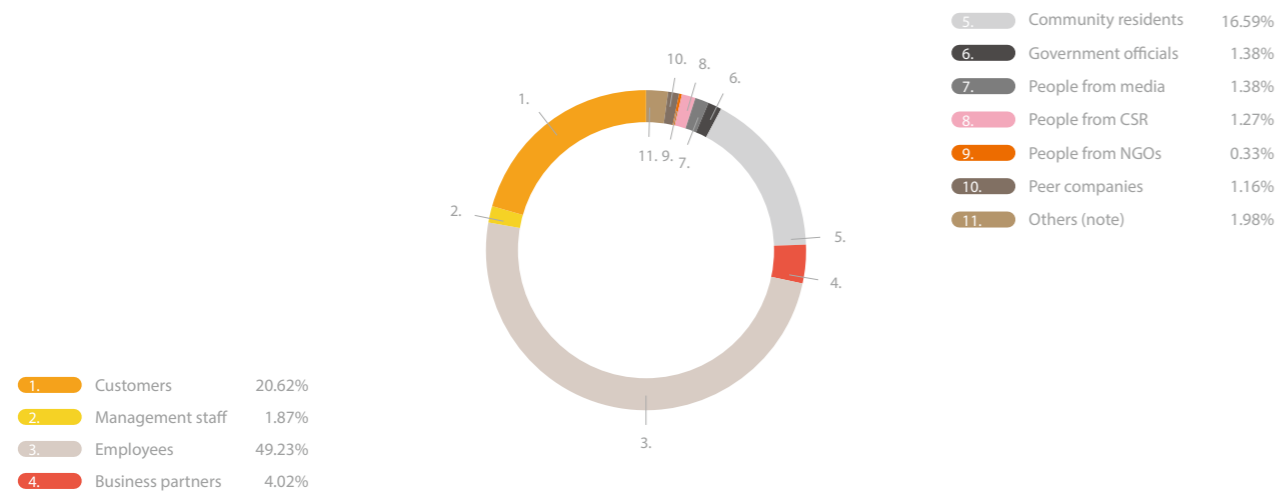
### Major Issues in CR's 2019 Social Responsibility Report

Matrix of major issues



- |                                |    |   |                                |    |   |
|--------------------------------|----|---|--------------------------------|----|---|
| <b>Economic Responsibility</b> | 1  | Standardizing corporate governance                                | <b>Customer Responsibility</b> | 12 | Availability of products/services   |
|                                | 2  | Deepening SOE reforms   |                                | 13 | Quality control of products/services  |
|                                | 3  | Promoting high-quality development                                |                                | 14 | Innovation of products/services   |
|                                | 4  | Improving management of internal control                          |                                | 15 | Protecting the rights and interests of customers                                  |
|                                | 5  | Practicing integrity and compliance                               |                                | 16 | Improving customers' satisfaction   |
|                                |    |   |                                | 17 | Advocating responsible consumption  |
| <b>Employee Responsibility</b> | 6  | Protecting the rights and interests of small and medium investors | <b>Partner Responsibility</b>  | 18 | Strengthening strategic cooperation and constructing a strategic sharing platform |
|                                | 7  | Protecting the rights and interests of employees                  |                                | 19 | Promoting fair competition  |
|                                | 8  | Caring about occupational health                                  |                                | 20 | Promoting accountability in the supply chain                                      |
|                                | 9  | Promoting employees' development                                  |                                | 21 | Against business malpractice  |
|                                | 10 | Helping grassroots employees and those in need                    |                                | 22 | Strengthening public opinion management and external communications               |
|                                | 11 | Enriching employees' lives  |                                |    |   |

## The Composition of Respondents

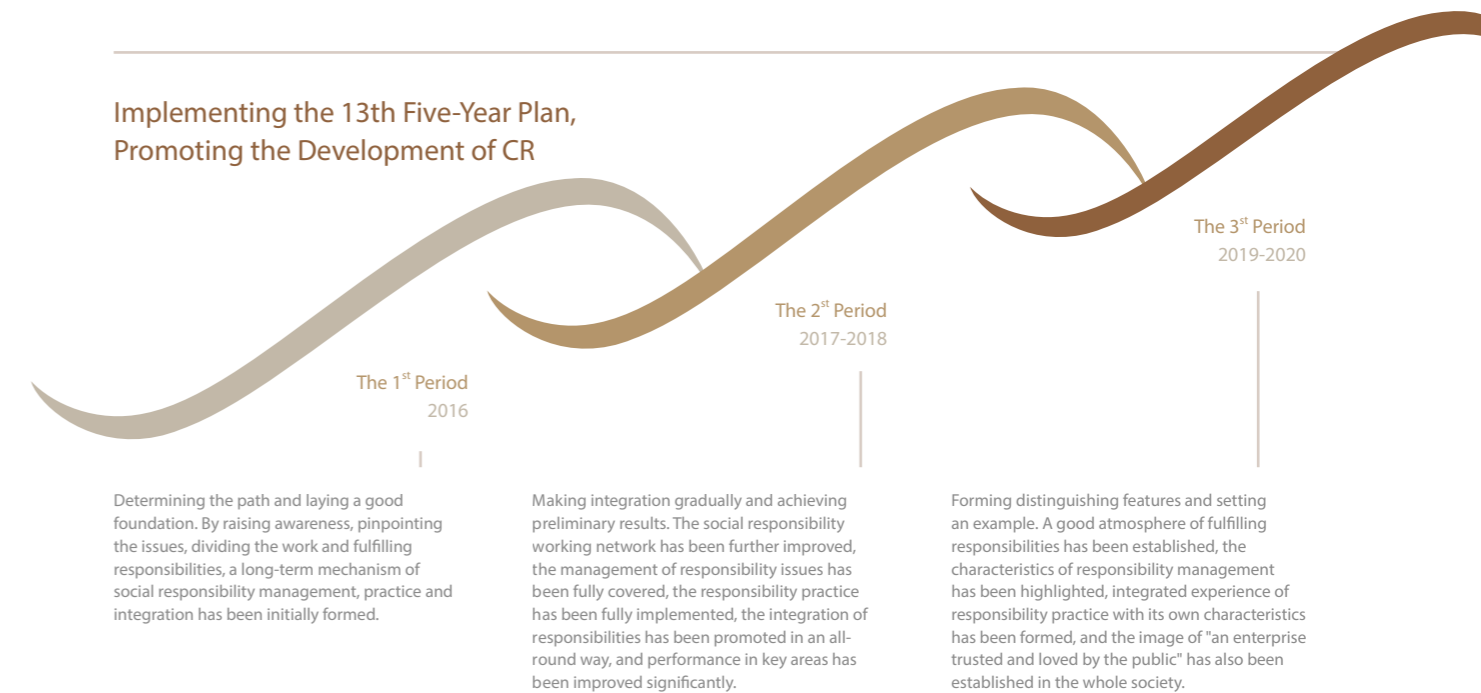


## Strategy

During the 13th Five-Year Plan period, in accordance with the general requirements of SASAC's "Guideline on National Enterprise Fulfilling Their Social Responsibilities", combined with the group's specific goals on social responsibilities in this period, the group office has made a lot of efforts in the aspects of promoting the publicity and implementation of social responsibility cultural concept, establishing social responsibility management and organization system, improving social responsibility management regulation, deepening the integration of social responsibility and enterprise operation, carrying out social responsibility practice, strengthening social responsibility industry communication, and innovating social responsibility communication mode, effectively enhancing the group's responsibility competitiveness and sustainable development ability.

The year 2019 marks the end of the 13th strategic Five-Year Plan period of CR, and the group has achieved remarkable results on social responsibility management.

## Implementing the 13th Five-Year Plan, Promoting the Development of CR



## Promoting the Integration of Responsibilities, Taking Various Parties into Consideration

Taking fulfilling social responsibilities as the internal driving force for sustainable development, CR kept promoting the integration of social responsibility into corporate strategies and major decisions, into daily business operation and functional management, into supply chain management as well as community co-construction, making it a conscious action of the group.

**Integration into corporate strategies and major decisions.** CR paid full attention to the expectations and appeals of interested parties, comprehensively analyzed the impact of corporate decisions on the economy, society and environment, and integrated social responsibilities into corporate strategy formulation and major decisions, maximizing the comprehensive value of the group.

**Integration into daily business operation and functional management.** The group was committed to integrating social responsibilities into the functional lines of strategy, human resources, finance, legal affairs, auditing, supervision, informatization and EHS, as well as business links including engineering, research and development, design, procurement, production and sales, effectively managing the impact of its own operations on interested parties.

**Integration into supply chain management.** CR adhered to the promotion and implementation of the concept of social responsibility in both the upstream and downstream of the supply chain and focused on responsibility issues including compliance with laws and regulations, safety and environmental protection, employee rights and interests, transparent operation as well as fair competition. With admittance audit and joint declaration, it has enhanced the awareness of partners to fulfill their responsibilities together with the group.

**Integration into community co-construction.** CR has paid special attention to community co-construction and charity activities. It has created jobs through economic activities and technological development, increased wealth with social investment, promoted and protected cultural and artistic development by enriching education and skills development plans, and popularized knowledge of electricity, gas and drug safety and helped groups in need with free medical consultation to improve the service quality of the community.

## Establishing a Responsible Brand, Creating Brand Value

CR kept carrying out social responsibility practice projects and gradually established good social relations with external interested parties. With more and more positive feedback from the outside, the popularity and reputation of the brand have been continuously improved, further forming a differentiated brand advantage and creating good brand value.

■ The popularity and reputation of CR brand has been improved, a responsible brand image has been established, and the mission and value of national enterprises focusing on people's livelihood have been fulfilled.

**CR Double Crane** has actively undertaken the national and local disaster relief and emergency tasks over the past decades. Whenever there is an influenza or epidemic, the production department arranges production ahead of time, and the storage department works overtime to deliver goods, just to ensure the emergency medication of the hospital, thus creating a brand image featuring "People's Livelihood Comes First";

**CR Pharma Comm's** "Run Yao action" provides health services closer to the people's needs and solves the problem of medication at the grassroots level, which has been highly praised by drug manufacturers and pharmaceutical regulatory authorities;

**Zhengzhou CR Gas** has been building the service brand of "Mr. Niu" for 20 years, winning extensive social recognition and respect.

■ By integrating the concept of social responsibility into production and operation as well as giving more connotation of social responsibility to products and services, the group has gradually formed a unique brand image among consumers, enhancing the differentiated advantage of CR brand.

**CR C'estbon's** "100 Libraries Program" has built 222 public libraries in 29 provinces, autonomous regions and municipalities, and more than one million books have been collected by the end of 2019, which not only opened a window of knowledge for children in poor areas, but also laid a foundation of responsibility for CR C'estbon brand;

**CR Snow Breweries** took the lead in optimizing the alcohol ester ratio according to the physical characteristics of Chinese people, and became the first enterprise in China's beer industry to incorporate the alcohol ester ratio index into the management system, effectively solving the problem of headache after drinking and winning the favor of the market;

**CR Vanguard** promoted the use of new fully biodegradable shopping bags in its supermarkets, guiding customers to form sustainable consumption habits gradually.

## Organization

### Senior Management Actively Promoted Responsibility Value Recognition

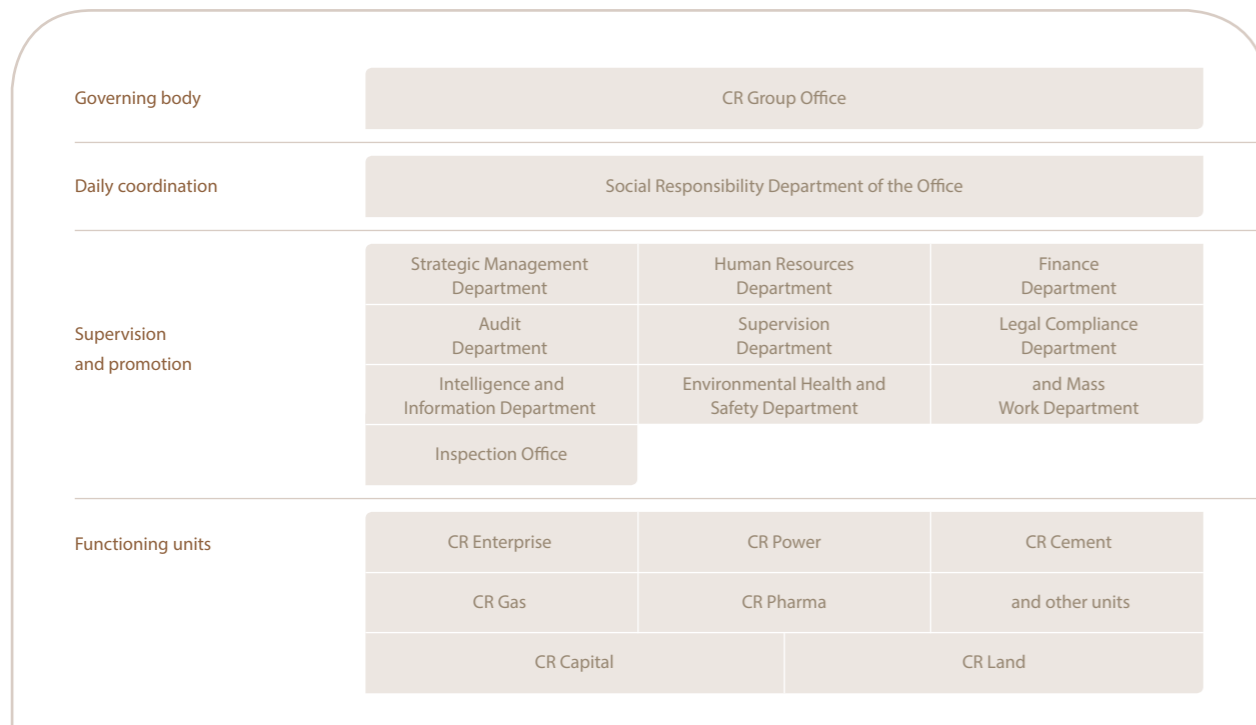
Members of the board and leading group of CR attach great importance to the group's social responsibility. Members of the group's poverty alleviation leader group have visited designated poverty alleviation counties and hope towns for many times, and it has become a common practice of CR to combine organizational construction with poverty alleviation. In 2019, 218 people of the group's senior management visited those areas in 27 batches, including 82 people in Guangchang in 12 batches and 136 people in Haiyuan in 15 batches.

Leaders	Time	Places	Contents	Important Instructions
All group leaders	June, 2019	Designated poverty alleviation counties of the group-Haiyuan County	Inspected the progress of poverty alleviation in Haiyuan County  Attended the completion ceremony of Haiyuan CR hope town;  Visited the temporary cadres at Zhongwei and Haiyuan and held a forum.	The then-General Manager Wang Xiangming said that Haiyuan CR hope town was the eighth hope town built by CR in China, and it was also a practical measure for the group to carry forward the spirit of the long march and respond to the call of the country to tackle poverty. CR would take practical actions to help the villagers live a good life and get rid of poverty as soon as possible.
Director Ma Lu	July, 2019	Designated poverty alleviation counties of the group - Guangchang County	Inspected the modern agriculture demonstration park of Guangchang County as well as the "Co-creating a Well-off Society" program at the new rural demonstration site of Pengtian village, Xujiang town.	
	September, 2019	Designated poverty alleviation counties of the group-Haiyuan County	Visited the group's temporary cadres at Haiyuan county;  Organized a delegation of outstanding young people from Hong Kong to visit Ningxia and inspect the CR hope town in Haiyuan.	

### Improving the Leading Organization and Working Mechanism to Provide Guarantee for Responsibility Management

In the process of social responsibility management and practice, CR has gradually formed a basic social responsibility organizational structure with the Group Office as the social responsibility governing body, the Social Responsibility Department of the Office as the daily coordination department, and each department of the group as the social responsibility implementation department in professional fields. The strategic business units and the first level profit center of the group connect with the functional departments of the headquarter, accept the guidance and assessment of the group, and construct the social responsibility work promotion system linking the upper and lower levels of the group in an organized way. The establishment and improvement of the organizational system provides a strong organizational guarantee for the systematic promotion of the group's social responsibility management.





## System

### Improving Responsibility Management System, and Enhancing Responsibility Management Effectiveness

In the process of promoting social responsibility management, CR regards system construction as a significant approach to enhance its social responsibility ability. Through establishing, improving and timely revising system standards, the systematization and normalization of the Group's social responsibility are promoted, forming a relatively complete social responsibility system, to promote its effective social responsibility management.

Basic Management System	CR Social Responsibility Management Measures, CR Social Responsibility Manual, CR Charity Management Measures
Responsibility Implementation and Evaluation System	CR Social Responsibility Management's KPI System

### Constructing a Responsibility Indicator System, and Forming a Scientific Evaluator

Since 2011, CR has carried out research on the indicator system of social responsibility management, in order to promote the further integration of corporate social responsibility management, corporate strategic development, as well as corporate operation and management. In recent years, CR has gradually established a complete set of social responsibility management system, covering the Group's internal management abilities, stakeholder relationships and external development environments systematically. The system has considered CR's actual business and consulted materials, including SDGs, CASS-CSR4.0, GRI Sustainability Reporting Guidelines (G4) and SASAC's *The Guiding Opinions On the Fulfillment of Social Responsibilities by Central Enterprises*. The improved social responsibility management indicator system includes six responsibility fields: economic responsibility, staff responsibility, client responsibility, environmental responsibility, partner responsibility, and public responsibility, as well as relevant responsibility management, involving 32 topics and 119 key indicators. This indicator system has established a comprehensive social responsibility management system for CR, and has provided another scientific evaluator to measure the Group's development more comprehensively in a long-term, in addition to the business performance appraisal system.

### Developing Responsibility Evaluation, and Promoting Continuous Improvement

After the release of annual social responsibility report, CR, consulting CASS's five-star rating standard for social responsibility reports, will systematically assess both the social responsibility report's compilation and social responsibility practice of subordinate profit centers, as well as give comments, find problems, make suggestions, and supervise implementation on Group's business planning meeting and social responsibility meeting of that year.



The Group set up Social Responsibility Award in 2018 and included it in the Group's Outstanding Performance Award, to promote social responsibility management, effectively publicize the Group's social responsibility achievements, as well as encourage and mobilize more enterprises and individuals to actively participate in social responsibility practices. In 2019, the Group received a total of 27 responsibility fulfillment projects for Social Responsibility Award, submitted by 20 units. After the audit and evaluation of social responsibility experts and the Group's party committee, 5 projects in total were selected for gold, silver and bronze awards.

#### Winning Projects for 2019 Corporate Social Responsibility Award

Social Responsibility cases		Awards
z	Integrating high-quality resources from parties, and undertaking the engineering construction of the Hope Town actively	Gold Award
CR Vanguard	Targeted Project to Support Xinjiang	Silver Award
CRBC	"Happy Education" charity	Silver Award
CR Medical	"Moisturizing Heart" patient service system	Bronze Award
CR Gas	Zhengzhou China Resources Gas has continuously built its "Master Bull" service brand for 20 years	Bronze Award

## Culture

Focusing on the Group mission of “leading business progress and co-creating a better life”, CR refines and shapes a CR-featured expression of its responsibility culture, and publicizes responsibility philosophy to stakeholders, promoting the deep rooting of responsibility culture and making responsibility fulfillment a self-conscious action, through compiling social responsibility reports, organizing social responsibility trainings, and developing social responsibility assessment and evaluation.

### Promoting Report Compilation to Cover All Three Grades of Enterprises, and Strengthening Management with Compilation

Social responsibility reports are not only favorable to reveal corporate social responsibility performance, but also effective for enterprises to carry out social responsibility management. Starting from the white paper compilation on corporate citizenship construction in 2008, CR has compiled its social responsibility reports for 13 consecutive years, and has taken an up-bottom popularization of social responsibility philosophy, making the philosophy all-staff-covering, to enhance all-staff-awareness of fulfilling responsibility and guide social responsibility practice.

In recent years, the Group has actively promoted various strategic business units, first-grade profit centers and subordinate third-grade enterprises if permitted, to compile and release social responsibility reports or short-form reports independently. In 2019, the whole system of the Group released a total of 28 independent social responsibility reports, including 1 from the Group headquarter, 21 from strategic business units/first-grade profit centers, and 6 from subordinate third-grade enterprises, which effectively promoted the development of social responsibility across the whole CR system.



In 2019, the whole CR system released a total of 28 independent social responsibility reports, continuing to achieve three-grade-covering report compilation

### Organizing Responsibility Training, and Promoting the Deep Rooting of Responsibility Culture

In recent years, the Group has normalized social responsibility trainings. Before the start of the social responsibility report compilation, considering its annual management theme, CR convenes its social responsibility meeting regularly, and invites participators, including divisional social responsibility leaders, contacts, social responsibility experts from its departments, strategic business units and first-grade profit centers. The participators have a training and a discussion related to their work topics, including social responsibility management, report compilation, as well as responsibility communication and publicity. During the report compiling, the Group also holds regular meetings for the report's executive editors, inviting them conduct phased discussions on the compilation.

### Enriching Research on Responsibility Theory

In 2019, the Group further strengthened its communication and cooperation with superior departments such as the Bureau of Sci-Tech Innovation and Social Responsibility of SASAC and the State Council Leading Group Office of Poverty Alleviation and Development, as well as authoritative research institutes of social responsibility, such as China CSR Center of CASS and Golden Bee CSR Consulting, developing a number of social responsibility studies.

#### ■ Responsibility Management Research

Compiling the manuscript of *CR's Mission-leading Social Responsibility Management* with Golden Bee CSR Consulting, to systematically range the Group's social responsibility management and practice in recent years.



▲ *CR's Mission-leading Social Responsibility Management* with Golden Bee CSR Consulting

Participating in CASS's compiling of the *Basic Materials on Corporate Social Responsibility* and focusing on CR's theoretical summary of the assistance model to donate and build Hope Towns, across the country in recent ten years. Forming a research report – *Establishing Hope Towns, and Boosting Rural Revitalization*, which was selected as a typical case of the book.

Participating in the first selection of “Targeted Poverty Alleviation Cases by Enterprises” held by the State Council Leading Group Office of Poverty Alleviation and Development. Focusing on the systematic arrangement and theoretical summary on the “basic cow bank” assistance model of Haiyuan, a fixed-point poverty alleviation county. Forming a research report – *CR's Model for Fixed-Point Poverty Alleviation in Haiyuan*, and winning the first place of this selection.

#### ■ Responsibility Practice Research



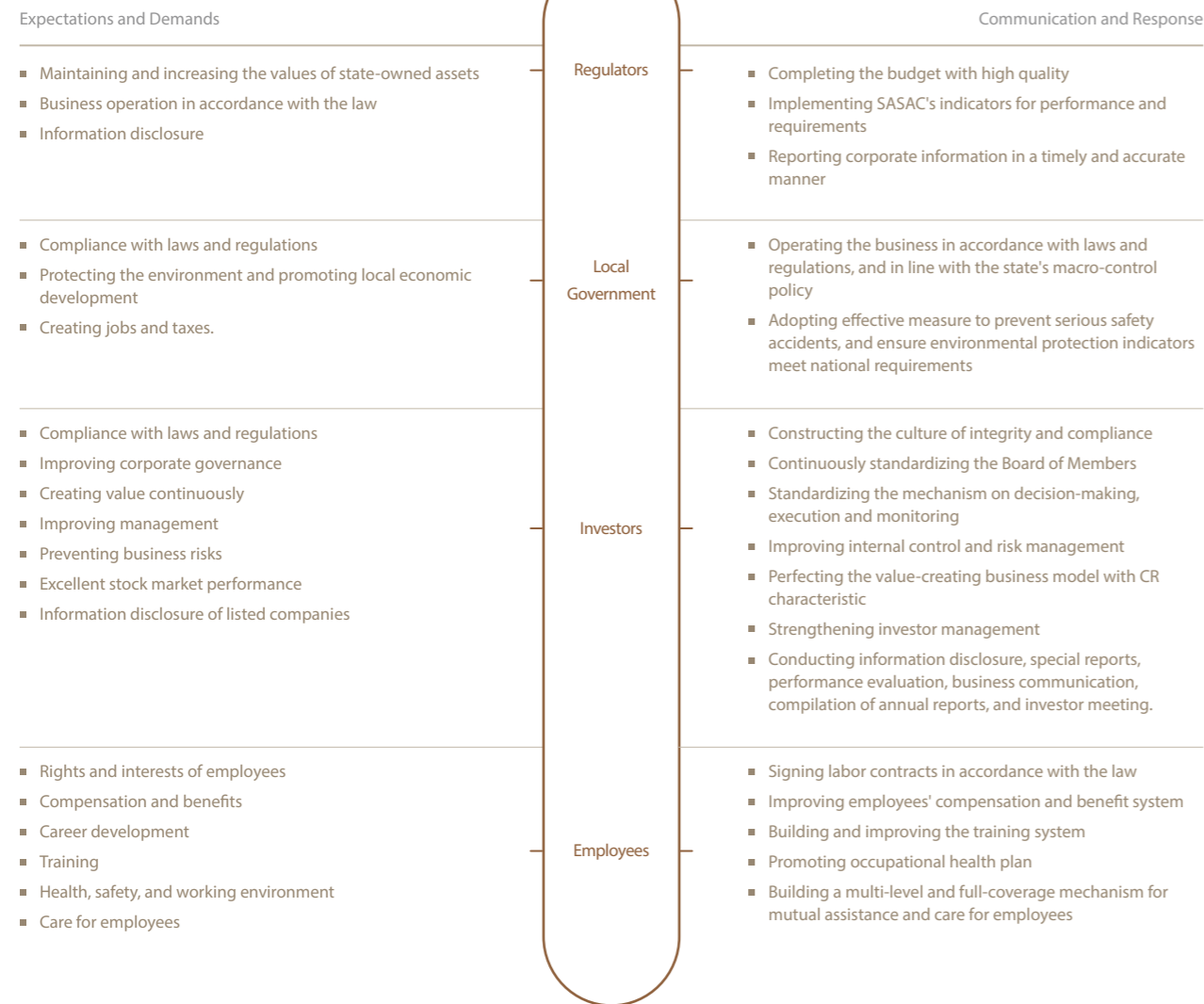
▲ *The Basic Materials on Corporate Social Responsibility* by CASS; the *50 Cases of Targeted Poverty Alleviation by Chinese Enterprises* by the State Council Leading Group Office of Poverty Alleviation and Development;

## Participation

### Identifying and Responding to the Demands of Relevant Parties, and Creating an Enabling Environment for Development

CR adheres to the principle of "compilation promoting management". While writing the social responsibility report, the Group starts with consulting with stakeholders and focuses on the spotted problems in last year's social responsibility report, so as to consider the demands of all relevant parties and center on major CSR issues, and urge related units to improve their work accordingly. All the results will be reflected in the new year's social responsibility report, not only as a response to stakeholders' demands, but also to win the support of all sectors of society for the sustainable development of the Group.

#### Demands of Stakeholders and CR's Response



#### Expectations and Demands

- Promoting industrial progress
- Creating a favorable business environment
- Expanding the areas of products and services
- Advocating fair and win-win cooperation

- Providing high-quality products and services
- Ensuring the quality and safety of products and services
- Safeguarding the rights and interests of customers
- Speeding up the innovation of products and services

- Information disclosure and dissemination
- Media interaction
- Industry-university-research cooperation

- Environmental protection
- Harmonious community
- Public welfare
- Safety and security

#### Communication and Response

##### Suppliers and Business Partners

- Conducting industrial exchanges
- Promoting responsible procurement and accountability in the supply chain
- Participating in formulating industrial policies
- Reflecting suggestions of opinions of the industry

##### Clients and Customers

- Improving the availability of products and services
- Establishing quality and safety standards for food, medicine, housing, etc.
- Constructing the customer management system
- Speeding up product and business innovation

##### Media and NGOs

- Providing external publicity materials in time, inviting media to visit and disclosing information through multiple channels
- Building a platform for industry-university-research cooperation
- Participating actively in professional exchanges and experience sharing, and establishing a brand image

##### Community Residents

- Strengthening environmental management, reducing pollutant emissions, accelerating transformation and upgrading, developing circular economy, and providing green workplace
- Participating actively in community building
- Developing targeted poverty alleviation, building hope towns, etc.
- Organizing volunteer activities
- Strengthening safety production management

# Appendix

## Strengthening Communication on Responsibilities, and Sharing Value

### Strengthening Communication on Responsibilities

CR has carried out various forms of internal and external communications on social responsibilities, such as setting up public open days, publishing relevant information on its website and official WeChat account, inviting social responsibility experts to visit projects where social responsibilities are well performed, organizing media publicity, conducting corporate exchanges, etc., to form a communication mechanism for internal and external stakeholders. In addition, CR also actively explores the new media, and has integrated factors like H5, AR animation, VR panoramic visual effects when presenting the report.

VR technology was adopted in CR's 2018 social responsibility report, and people can scan the QR code to "read" CR's stories on fulfilling its social responsibilities with a panoramic view.



CR actively takes part in exchanges and seminars on CSR organized by higher-level authorities such as SASAC and the State Council's Poverty Alleviation Office, authorities on CSR such as the Chinese Academy of Social Sciences and Golden Bee CSR Consulting, and mainstream media like People's Daily, Xinhua.net, Southern Media, etc., and has helped launch the China Social Responsibility 100 Forum and participated in relevant activities like the international seminar on China CSR reports and the Honor Ceremony of Corporate Social Responsibility, thus communicating and sharing CR's concepts and practices in the CSR field, and increasing its brand influence.

### Participating in Exchanges with Others



On August 29, CR was invited to attend the Central Corporate Social Responsibility Blue Book (2019) Release Conference cum the Central Corporate Social Responsibility Report Release Ceremony, and shared on the topic of social responsibility management.

## About the Report

The Report is the 13th annual Corporate Social Responsibility Report published by China Resources (Holdings) Co., Ltd. In the spirit of being objective, standardized, transparent and comprehensive, the Report has included important information of CR's efforts to carry out CSR management and fulfill its responsibilities for shareholders, employees, customers, environmental protection, partners and the public in 2019. The Report is published in both Chinese and English. In case of slight differences in content, the Chinese version shall prevail.

### Reliability of the Report

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

### The Time Span Covered by the Report

The time period of the data used in this report lasts from January 1 to December 31, 2019. Some contents may be beyond this time frame.

### The Cycle of the Report

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

### Explanation of the Statistics

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

### Reference of the Report

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

### Special Notes

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

### Access of the Report

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The Report is also available for free download on our website: <http://www.crc.com.hk/responsibility/report/> (To reduce the use of paper, it is suggested that you choose the e-version as long as you can. Thank you!)

Chief Editor: Lan Yi Vice Chief Editor: Wei Yaodong  
Leader of the Editor Team: Yu Feng Team members: Fan Lele, Mao Jingbo.

## Key Performance Indicators for 2017-2019

### Economic Responsibility

	Unit	2017	2018	2019
Total revenue	100 million (yuan)	5,554.5	6,084.6	6,546
Total profit	100 million (yuan)	648.54	661.2	726
Net profit	100 million (yuan)	384.63	451.1	511
Total asset	100 million (yuan)	12,159.23	14,394	16,180
ROE	%	11.56	12.3	11.6
ROA	%	6.46	5.8	5.41
Rate of maintenance and appreciation of state-owned assets	%	115.2	113	123.64
Rank in Fortune Global 500	rank	86	86	80

### Social Contributions

	Unit	2017	2018	2019
Total number of employees	10,000 people	44.84	42.13	39.64
Newly created jobs	10,000 people	4.14	-2.71	-2.66
Total pre-tax profits	100 million (yuan)	910.23	947.4	1,010
Charity donations	100 million (yuan)	1.95	1.12	1.71

### Employee Responsibility unit

	Unit	2017	2018	2019
Labor contract signing rate	%	99.48	99.51	99.51
The coverage of social insurance	%	99	99	99
The percentage of female managers (under direct administration of the Group or of affiliated companies)	%	16.01	18.54	17.67
Days of per capita average paid leave	Day	8	8	8
The coverage of employee training	%	96	96	96
Average salary	10,000 (yuan)	8.14	9.2	10.4

### Customer Responsibility

	Unit	2017	2018	2019
Investment in R&D	100 million (yuan)	12.98	16.2	23.32
Number of patents acquired and under application	quantity	4,523	6,104	6199

### Safe Production and Environmental Responsibility

	Unit	2017	2018	2019
Death rate per thousand people	‰	0.014	0.0024	0.0095
Investment in safe production	100 million (yuan)	13.3	15.1	13.5
Number of emergency drills	time	29,113	31,358	34,064
Number of registered safety engineers	people	1,464	1,610	1,711
Total investment in environmental protection	100 million (yuan)	25.2	23.5	27.5
Investment in energy conservation, emission reduction and technological transformation	100 million (yuan)	20.8	19.1	21.21

## Report Index

Content	CASS-CSR4.0	Report Position		
CR ABCs	Remarks	P2.1-2.2, P4.1	4	
	CR Profile	P4.2-4.4, G1.1-1.2	8	
	Brand Tree	P4.2-4.3	10	
	2019 Highlights	P2.2, P3.1, M1.6-1.7, A2	12	
	CR Vanguard: Always by your sides, to provide the support you need.	M2.1, P3.2	16	
Stories	CR Medical: Working in the Wuhan Jinyintan Hospital with the white coat as my armor.	M2.1, S4.11	20	
	CR Pharma Comm: Medicines can wait, but people can't.	M2.1, P3.2	24	
	CR Gas: Always ready to respond to the call, and to win the fight.	M2.1, P3.2	28	
	CR Land: Helping maintain the normal functioning of the city, and working jointly with all parties to defeat the epidemic.	M2.1, P3.2	32	
	CR Microelectronics: Sending the "Chinese chip" to the frontline.	M2.1, M2.4.P3.2	38	
	Epidemic Prevention and Poverty Relief: Not one less.	P3.2, S1.5-1.6, S4.2, S4.8, S4.12-4.14	42	
	Economic Responsibility	Concept and Vision	G1.2	48
		Our Performance	M1.3-1.4, M1.6-M1.7	48
		Improving Corporate Governance and the Management Level	M1.1-1.2, M1.4-1.5	49
		Sticking to Integrity and Compliance, and Strengthening the Prevention of Corruption	M1.3, S1.1-1.2	54
Leading High-quality Development, and Creating Value for Shareholders		M2.4, M3.4, S4.7	57	
Optimizing Regional Layout, and Actively Participating in National Strategies		M3.4, S1.5	60	
Our Commitment		G1.2, G2.2, A1	61	
Employee Responsibility	Concept and Vision	G1.2	64	
	Our Performance	S2.3, S2.9, S2.15, S2.20	64	
	Protecting the Rights and Interests of Employees, and Enhancing Their Sense of Happiness	S2.1, S2.5, S2.8, S2.10-2.12	65	
	Enriching the Content of Training, and Strengthening the Employees' Innovation Capability	S2.14-2.16	70	
	Caring about the Employees, and Giving Them a Sense of Belonging	S2.13, S2.17-2.18	73	
	Our Commitment	G1.2, G2.2, A1	77	
	Customer Responsibility	Concept and Vision	G1.2	80
Our Performance		M2.4-2.6, M1.6, M2.18	80	
Providing High-quality Products and Services, and Narrowing the Gap between Supply and Demand		M2.1-2.2, M2.14-2.15	81	
Protecting the Rights and Interests of Customers, and Ensuring Fair Trade		M2.8, M2.12-2.13, M2.17, M3.7	85	
Improving Customer Satisfaction, and Exceeding Customer Expectations		M2.9, M2.15	87	
Focusing on Innovative Development, and Creating More Social Value		M2.4, S4.7	91	
Our Commitment		G2.2	95	

Content	CASS-CSR4.0	Report Position	
Environmental Responsibility	Concept and Vision	G2.1-2.2	98
	Our Performance	E1.8, E2.5-2.6, E2.13, E2.17	98
	Pursuing Green Development, and Establishing a Long-term Environmental Protection Mechanism	E1.1, E1.3, E1.5, E1.8-1.10, E2.7	99
	Conducting Green Operation, and Promoting the Ecological Development of Business	E2.3-2.6, E2.16-2.17, E2.20, E2.22, E2.24, E3.3-3.4	101
	Creating Low-Carbon Workplace, and Cultivating Environment-Friendly Behaviors	E1.5, E2.1, E2.9, E2.12, E3.1-3.4	105
Our Commitment	G2.2	107	
	G2.1-2.2	110	
Partner Responsibility	Concept and Vision	G2.1-2.2	110
	Our Performance	M3.16	110
	Developing Strategic Cooperation, and Realizing a Win-win Result	M3.4	111
	Levelling the Playing Field, and Safeguarding the Virtuous Development of the Industry	M3.3, M3.5	113
	Promoting Responsibility Fulfillment in the Supply Chain, and Creating a Responsible Industrial Environment	M1.3, M3.1, M3.8, M3.11-3.12, M3.15, S1.2	114
	Enhance Public Relations and Information Disclosure	M3.6, M1.4	116
	Our Commitment	G2.2	121
Public Responsibility	Concept and Vision	G2.1-2.2	124
	Our Performance	S1.6, S3.4-3.5, S3.7, S4.8, S4.13-4.14	124
	Supporting the Government's Administration, and Advancing the Development of the Greater Bay Area	S1.5, S4.1, S4.10	125
	Creating a Charity Platform for Public Welfare, and Make Full Use of It	S4.6, S4.9, S4.12-4.14	127
	Strengthening Training and Supervision of Safety in Production	S3.1-3.5, S3.7	130
	Conducting Community-building, and Creating a Harmonious Neighborhood	S4.1, S4.9, S4.10	132
	Our Commitment	G2.2	133
	Responsibility Stems from Missions, and Responsibility Leads the Future	—	136
Responsibility Management	Concept and Vision	G1.1-1.2	136
	Social Responsibility Model	G1.1-1.2, G2.3, G4.1, G6.1	136
	Identification and Management of Major CSR Issues	G2.1, G6.1	137
	Strategy	G2.2-2.4	138
	Organization	G3.1-3.3	141
	System	G4.1-4.2	142
	Culture	G4.3, G5.1	144
	Participation	G6.1-6.3	146
Appendix	About the Report	P1.2	149
	Key Performance Indicators for 2017-2019	A2	150
	Report Index	A5	151
	Rating Report	A4	153
	Readers' Feedback	A6	154

## Report Rating

**Rating Report on the China Resources 2019 Social Responsibility 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 *China Resources 2019 Social Responsibility Report* (hereinafter referred to as "the Report").

### I. Rating Criteria

The *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises* (CASS-CSR 4.0) by the Chinese Academy of Social Sciences, and the *Rating Standard on Corporate Social Responsibility Reporting for Chinese Enterprises (2020)* by China Corporate Social Responsibility Report Rating Expert Committee.

### II. Rating Process

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

### III. Conclusion

#### 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 final approval, and the Vice Director of the General Office was the vice chief editor responsible for managing key procedures; the positioning of the Report's function and value is quite specific: an important tool to advocate social responsibility concepts, promote the integration of social responsibility, improve social responsibility management, and strengthen communication with stakeholders; CR identified major topics according to national policies, social responsibility standards both in and out of China, key moves of the Group, and questionnaires to stakeholders; the Group released the *China Resources Group Social Responsibility Management Measures (2019 revised edition)* to improve the existing system. The Report will be released on CR's website, and be presented in print, digital and new-media versions, achieving outstanding performance in process management.

#### Materiality ★★★★★

The Report has systematically disclosed key industrial issues relating to product quality

management, product innovation, occupational health management, R&D of environmentally friendly technologies and equipment, energy and resource saving, management of hazardous chemicals, decreasing "Three Waste" discharging, protecting the environment in surrounding areas, etc., and the information is adequate and detailed, achieving outstanding performance in materiality.

#### Completeness ★★★★★

The Report systematically disclosed 90.62% of the core indicators in the industry from the aspects of economic responsibility, employee responsibility, customer responsibility, partner responsibility, public responsibility and responsibility management, achieving leading performance in completeness.

#### Balance ★★★★★

The Report disclosed detailed negative indicator information such as "death rate per thousand people", "potential safety hazards", "general (or more serious) environmental accidents", "new cases of occupational diseases", "number of annual negative reports", "proportion of employees involving in a crime and transferred to judicial organs", and explained the cause, handling process, and results of cases such as "quality complaint in CR Ng Fung Shenzhen", achieving outstanding performance in "balance".

#### Comparability ★★★★★

The Report disclosed the performance of CR based on 46 key indicators including "rate of maintenance and appreciation of state-owned assets", "total pre-tax profits", "percentage of female managers", "investment in R&D", "investment in safe production", "investment in environmental protection", etc. in 3 consecutive years; and conducted horizontal comparison on "ranking 80th on Fortune Global 500", "ranking 78th in the World's Top 500 Brands", "ranking 1st in terms of CSR Development Index among China's top 300 enterprises", etc., achieving outstanding performance in the aspect of comparability.

#### Readability ★★★★★

The Report is entitled "Shooting for the Better", and comprehensively explains CR's concepts, practices and achievements in fulfilling its responsibilities for stakeholders, employees, clients, environment, partners, the society, etc. it fully responds to the demands and expectations of relevant parties, and interprets CR's understanding of development in the new era. The cover design incorporates warm scenes, not only echoing the report's theme, but also improving its readability. In the report, the part "2019 Highlights" focuses on CR's outstanding performance in 2019, and each section is started

with "Concept and Vision", "Our Performance". "Our Practice", "Our Commitment", making a complete and systematic structure, achieving outstanding performance in readability.

#### Innovativeness ★★★★★

The Report has responded actively to SDGs of the United Nation, and presented the report's progress with the times and CR's pursuit in fulfilling its responsibilities; the Report starts with chapters on "Fighting the Epidemic", telling 7 stories to show CR's scientific arrangement, quick response and impressive achievements in fighting the epidemic, emphasizing CR's responsibilities as a central enterprise. CR has also continued to promote the release of reports by subordinate enterprises, established the "Group headquarter - strategic business unit - first-level profit center - regional company" three-level reporting system, and invited third-party experts to analyze the social responsibility reports released by the Group and its subsidiaries, so as to promote higher-quality information disclosure. Therefore, the Report achieves outstanding performance in innovativeness.

#### Overall Rating (★★★★★)

According to the assessment of the rating team, since the *China Resources 2019 Social Responsibility Report* has 5-star process management, materiality, completeness, balance, comparability, readability and innovativeness, it was awarded a rating of five-star. It is an excellent model for CSR reports.

### IV. Suggestions for Improvement

The disclosure of industrial core indicators shall be increased, so as to make the report more complete.

Vice Chairman of the Evaluation Expert Committee

Head of the Rating Group

Experts of the Rating Group

Process Evaluator, Ren Jiaojiao

Issued on June 18, 2020



Scan the QR code to view CR's rating files

## Readers' Feedback

Dear readers,  
Greetings!

Thank you for taking the time to read CR's 2019 CSR Report. To improve our work on social responsibility and on preparation of the Report, we would like to hear your valuable comments and suggestions.

1. Please identify your stakeholder category

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

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

- 5     4     3     2     1

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

- 5     4     3     2     1

What's your overall evaluation of the structure of the Report?

- 5     4     3     2     1

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? :

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China Resources (Holdings) Co., Ltd



Scan the QR Code to give us your feedback and suggestions  
Your suggestions are our motivation for continuous development



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SOCIAL RESPONSIBILITY REPORT



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**Social Responsibility Report**  
**2019**

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