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CHINA RESOURCES (HOLDINGS) CO., LTD.

SOCIAL RESPONSIBILITY REPORT 2020



CHINA RESOURCES (HOLDINGS) CO., LTD.
Social Responsibility Report

2020

Where There is CR, There is Hope

The year 2020 is an extraordinary year. The unexpected COVID-19 pandemic dragged the world economy into its worst recession after WWII and the tension between China and the US continued to increase. Influenced by external factors, CR also experienced a rare decline in financial performance in the first half of the year. In spite of these challenges, CR Group has been carefully implementing the decisions of the central government and scientifically coordinating pandemic control and business operation to contribute to “stability in six aspects and security in six areas” (ensure stability in employment, financial operations, foreign trade, foreign investment, domestic investment, and expectations; ensure security in job, basic needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments). With the efforts of all employees, CR achieved double-digit annual growth, further implemented reform measures, and successfully completed the tasks assigned by the central government in poverty alleviation, showing strong momentum for future development.

The efforts and achievements of CR Group in economic, social and environmental aspects have fully demonstrated the vision and mission of CR Group.

Where there is CR, there is hope.



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Remarks

Wang Xiangming

Chairman of China Resources Group



Upgrading the CR Hope Town and Comprehensively Engaging in Rural Vitalization

In retrospect, the year 2020 has been an extraordinary year for the world, for the country, and for CR Group. It is also a decisive year to build a moderately prosperous society in an all-round way and realize the first Centenary Goal. In spite of all the challenges, CR Group successfully completed the construction of two CR Hope Towns in Jianhe and Hong'an, living up to its commitment to the central government in targeted poverty alleviation. Moreover, CR Group won China Charity Award again, and ranked 1st in terms of CSR Development Index among China's top 300 enterprises. After winning the tough battle against poverty and completing the building of a moderately prosperous society in an all-round way, consolidating the results of poverty alleviation and further implementing the rural vitalization strategy become the priority of addressing issues concerning agriculture, rural areas and farmers in the present and the near future. Today, at the starting point of a new era, I would like to share my observations and reflections in relation to CR's efforts in rural vitalization.

Following President Xi Jinping's important instructions on poverty alleviation, CR Group has, in the long run, resolutely implemented the decisions of the CPC Central Committee and the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), taking poverty alleviation as a critical political task and an honorable mission. As early as in 2008, the Group proposed to make donations through companies and employees, to build Hope Towns in old revolutionary bases and poverty-stricken areas. In the past 12 years, CR Group has donated more than RMB 1 billion to establish 12 Hope Towns across the country. With the vision of "environmental improvement, industry support, organization remodeling and spirit reshaping", Hope Towns directly benefited more than 3,000 rural households and over 10,000 residents, delivering better-off lives and well-beings to over 100,000 people in the surrounding areas.

In 2017, the 19th National Congress of the Communist Party of China proposed the national strategy of rural vitalization to build rural areas with thriving businesses, pleasant living environments, social etiquette and civility, effective governance, and prosperity. Therefore, CR Group and CSR Research Center of the Chinese Academy of Social Sciences conducted a joint study on rural vitalization policies to identify the most optimal solutions to poverty alleviation. The development of CR Hope Town in the past 12 years has been a positive attempt for central enterprises to engage in rural vitalization.

In the past 12 years, CR has created pleasant living environments in CR Hope Towns by developing high-quality residential buildings, environment-friendly urban infrastructure, and multi-functional public utilities. The improvement of education, healthcare and elderly-care facilities could effectively fill the infrastructure gap in rural areas. Through adopting these measures, CR Group successfully changed the living environment in rural areas and enabled local residents to enjoy the same convenient and comfortable life as urban residents do. In this process, CR also gained the recognition of local people and governments.

In the past 12 years, CR has realized thriving business and prosperity in CR Hope Towns with industry support as the threshold. In promoting rural vitalization, CR established the basic model of “business + cooperatives/hotels for poverty alleviation + villagers. The model makes full use of the diversified business operation and resources of CR Group to help local farmers to establish cooperatives and homestay inns with local resources to develop modern agriculture and tourism. Through supporting the development of local business operations, CR Hope Towns have realized “one town, one specialty” with the integrated development of primary, secondary and tertiary industries. The goal of building rural areas with thriving business and prosperity has been basically realized.

In the past 12 years, CR has established effective governance in CR Hope Towns through organizational restructure. For each CR Hope Town, CR Group would upgrade the village committee to rural community neighborhood committee. Moreover, The Article of Association of CR Hope Town Cooperatives identifies that a certain percentage of the profit of the cooperative will be used to cover the collective expense of CR Hope and that the profits of homestay inns will be wholly used to fund the development of public services and facilities in the local area. In this way, the cooperatives and homestay inns become collective economic organizations of CR Hope Towns. In the construction of CR Hope Towns, CR attaches great importance to nurturing local economic leaders and outstanding grass-root CPC members through supporting them to become leaders of cooperatives and homestay inns and recommending them to participate in the election of the village committee. It is hoped that the system could help to establish a sound and effective rural governance model in CR Hope Towns.

In the past 12 years, CR has promoted social etiquette and civility in CR Hope Towns with a view to reshaping local culture. While supporting the development of local business, CR also attaches great importance to protecting local culture and promoting good traditions of the Chinese nation. For example, CR Group helps to renovate ancestral temples and establish local role models and village code of conduct to promote the good traditions of the agricultural culture. Under the guidance of CR and local governments, residents of CR Hope Towns got rid of the bad habit of gambling and stopped engaging in superstitious activities. CR Hope Towns are gradually becoming rural areas with social etiquette and civility with the pursuit for positive and healthy lifestyle becoming the mainstream.

In retrospective, I have three points to share.

We should firmly uphold the leadership of the Party. Rural vitalization is the most important political task for central enterprises in the fulfillment of social responsibility in the new era. Since the 19th Communist Party of China National Congress, President Xi Jinping has issued a series of important instructions on implementing the

rural vitalization strategy, proposing clear requirements and goals. We should follow the instructions and the deployment of the CPC Central Committee to ensure a good start of rural vitalization with concrete progress, because rural areas are the key to realizing the great rejuvenation of the Chinese nation and rural vitalization is of great significance to the realization of the second centenary goal.

Second, we should take concrete actions. To realize rural vitalization, financial and material aid is not enough. We should send work teams to local villages and take concrete actions. For each CR Hope Town, we would send a project team composed of young employees from different business operations to stay in local villages for at least 24 months. After that, a special business support team would be sent to help with the development of specialty agriculture and tourism. Since 2008, CR has dispatched a total of more than 500 outstanding young employees to stay in CR Hope Towns to live and work together with local villagers. Their knowledge of local areas is of great help to ensure the progress and effectiveness of the development of CR Hope Towns.

Third, we should work hard to achieve real progress. To realize rural vitalization, we need to achieve thriving business and common prosperity. Promoting the development of business is the key to realizing rural vitalization. Therefore, central enterprises should make full use of their own business operations to tap the potential of local resource endowments to develop business with local characteristics. Since the proposal of the national strategy of rural vitalization on the 19th Communist Party of China National Congress, CR has been making full use of its diversified business operations to establish Homestay Elan and Hope Farm in Hong’an Hope Town, Jianhe Hope Town and Yan’an Hope Town. This helps to promote the comprehensive development of the primary, secondary and tertiary industries, extend the industrial chain of agriculture, retain the secondary and tertiary industries in rural areas as much as possible, and leave the profits and jobs to local residents. In this way, a new model of business support featuring the development of a “rural complex” has been established, gaining increasing public recognition. Now, Hong’an Hope Town and Jianhe Hope Town receive over 1,000 tourists a day on holidays. 17 households in Jinggangshan, Hong’an, Jianhe and Yan’an Hope Town are running homestays under the support of CR Group. With significant increase in income, the goal of common prosperity has been basically realized.

According to the CPC Central Committee and SASAC, after the realization of poverty alleviation goals, the priority of work concerning agriculture, rural areas and farmers will be shifted to comprehensively promoting rural vitalization. Therefore, we have three priority tasks for the next stage.

First, developing rural vitalization plan for the “14th Five-Year Plan” Period and building 5 new CR Hope Towns. Since early this year, CR Group has been working on the strategic plan for the “14th Five-Year Plan” Period under the guidance of SASAC, which contains a special plan for rural vitalization. During the “14th Five-Year Plan” Period, we will follow the national strategy of rural vitalization to build rural areas with thriving businesses, pleasant living environments, social etiquette and civility, effective governance, and prosperity to build 5 new CR Hope Towns in Nanjiang, Sichuan; Linxia, Gansu and Tonghua, Jilin. Rural vitalization cannot be realized without the support of cities. Therefore, we will choose areas near economic centers of towns and counties as the sites for our new Hope Towns. In this way, we could use the resources of counties and towns to drive the development of villages, so as to build Hope Towns into regional centers serving farmers and realize the integrated development of urban and rural areas.

Second, upgrading existing CR Hope Towns and improving management to drive rural vitalization with thriving business. For existing CR Hope Towns, especially those built before 2018, we will review the progress of business support projects according to the requirement of the rural vitalization strategy to upgrade specialty agriculture and animal husbandry and address inadequacies to promote the integrated development of the primary, secondary and tertiary industries and ensure the sustainable and rapid development of CR Hope Towns. On the basis of this, we will give full play to the role of CR Mixc Lifestyle in property management to introduce “CR Housekeepers” into CR Hope Towns to promote cultural and ethical progress and build social etiquette and civility while providing high-quality property services.

Third, integrating the resources of CR Group to extensively engage in rural vitalization. During the “14th Five-Year Plan” Period, we will actively guide profit centers to make full use of their advantages to engage in rural vitalization in all aspects. In the area of consumer products, CR Vanguard will continue to support high-quality agricultural products and CR C’estbon will focus on promoting the eco-friendly development of water sources. In the area of Healthcare, CR Sanjiu and CR Jiangzhong will actively engage in the front-end of the medical and pharmaceutical industry through the construction of traditional Chinese medicine production bases. In the area of urban construction and operation, CR Land will continue to play the role of the general contractor of rural vitalization projects, and CR Cement will engage in rural vitalization through promoting green mining. In the area of energy and services, CR Power will actively develop clean energy

projects with wind and solar hybrid power generation, and CR Gas will ensure clean energy supply to rural areas. In the area of technology and finance, CR Finance will establish a rural vitalization fund to service rural vitalization with financial instruments.

President Xi Jinping said, “bringing about rural vitalization in a country as large as China with almost 1.4 billion people is an unprecedented feat. With no ready-made model to emulate, we must rely on ourselves to forge a path forward”. Therefore, CR Group will follow the laws of rural development and stick to the principle of scientific design to build one CR Hope Town after another. We will spare no efforts to realize the goal of building 30 CR Hope Towns around 2035, when China becomes a great modern socialist country and CR welcomes its centenary. We will continue to promote progress in rural revitalization and contribute to the realization of the second centenary goal!

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



69th ranking in Fortune Global 500




8 Hong Kong listed companies, among which, CR Land Limited is a HIS constituent stock



A total asset of RMB 1,798.89 billion


Industrial Status

CR Beer (0291.HK)




Snow, one of its flagship brands, has been the world's largest beer brand in terms of sales. In 2019, CR Beer began to cooperate with Heineken to expand its product lines into the high-end market. Now, it operates 74 beer factories in China.

CR Land (1109.HK)



A front-runner of comprehensive urban investors, developers and operators in China's mainland with operations in 83 cities at home and abroad. In 2020, CR Mixc Lifestyle was established to take over property management and commercial operational service from CR Lan Limited. CR Mixc Lifestyle (1209.HK) is a Hong Kong listed company being included as a HIS constituent stock market in 2021.

CR Capital




Providing comprehensive, diversified, high-quality, customized financial services with business operations covering banking, trust, asset management, financial leasing, insurance, public fund and equity investment.

CR Chemical Materials (301090.SZ)




CR Chem-Mat ranks the seventh in the world and the fourth in China in terms of productive capacity with an annual output of 1.6 million tons of bottle-grade PET chips. HUALEI has become a well-known brand in the PET chip industry. Its products are widely used in the package of drinking water, hot-filled bottled beverage, soda drink, cooking oil and alcohol, as well as blood collection needles, films and chip materials for medical use.

CR C'estbon




One of the earliest Chinese companies specialized in the production of bottled water with the C'estbon series as its major brand. Currently, the company has a number of product lines, including Afternoon Milk Tea, Fire Coffee, Mulene sports drink and Mishui beverages. In 2019, CR C'estbon became a partner of the China National Team, providing beverage products.

CR Cement (1313.HK)



CR Cement is a large and competitive cement, clinker and concrete producer in South China with 10 integrated facilities for the treatment of household wastes, municipal sludge and industrial hazardous wastes. CR Cement has been included in HSCI and HSCCI. In 2019, it has made new breakthroughs in aggregated, prefabricated construction, new materials and man-made stone materials, etc.

CR Vanguard



It is one of the largest retailers in China, operating more than 3,240 stores in 113 cities in China. CR Vanguard has many subsidiary brands, including CR Vanguard, Vanguard Mart, Suguo Supermarket, Ole and Bit.

CR Property




It has been operating in Hong Kong for 40 years, with business operations in China's mainland, Hong Kong and Thailand. Its properties include office buildings, shops, residences, hotels, apartments, etc.

CR Ng Fung



It is one of the largest food companies in China. Its business covers the production, processing, distributing, retailing and transportation of meat, rice, fruits, comprehensive food and agricultural products. It operates 8 large-scale rice processing plants, 5 large-scale slaughtering and meat processing centers, 1,000+ fresh meat direct-sale stores and 4,000+ distribution outlets in China's mainland. It occupies an important position in the Hong Kong market with its fresh meat, frozen meat and food with Chinese characteristics.

CR Gas (1193.HK)



One of the largest municipal gas operators in China. Its business covers pipeline gas, gas filling stations, gas appliance, comprehensive energy services, etc. with operations in 25 provinces, autonomous regions and municipalities, serving over 40 million households.

CR Healthcare



It specializes in investing in and operating the health industry. It owns 178 healthcare facilities and more than 25,000 beds and is the largest shareholder of CR Medical (1515.HK)

CR Life Sciences



CR Life Sciences focuses on precision medicine, biological technology and digital medical care. It aims to strengthen cooperation with domestic and foreign partners to build an open global platform for the innovation, incubation and transfer of technology in the field of Life Sciences.

CR Power (0836.HK)



It is one of the leading comprehensive energy service providers in China in terms of efficiency and profitability, covering wind power, coal-fired power, hydropower, PV power, distributed energy, electricity sales, comprehensive energy services and coal with business operations in 31 provinces, autonomous regions, municipalities and SARs in China. CR Power has been elected for 14 consecutive years as one of the Platts Top 250 Global Energy Companies and Forbes Global Top 2000 Listed Companies.

CR Pharmaceutical (3320.HK)




China's leading medicine group, focusing on the development, manufacturing, distribution and retailing of medicine and health products. It owns 4 listed companies, namely CR Sanjiu (000999.SZ), CR Double Crane (600062.SH), CR Jiangzhong (600750.SH), and Dong-E E-jiao (000423.SZ). It owns 178 logistics centers around the country, covering 29 provinces, municipalities and autonomous regions. "Sanjiu", "Dong-E E-jiao", "Double-Crane", "Jiangzhong", "Zizhu" and "Teck Soon Hong" are household brands.

CR Microelectronics (688396.SH)



A leading company in China that owns a complete semi-conductor chain that covers chip design, wafer fabrication and package testing. Its products include power semi-conductors and intelligent sensors, providing a whole range of semi-conductor products and services to customers.

CR Env Protection

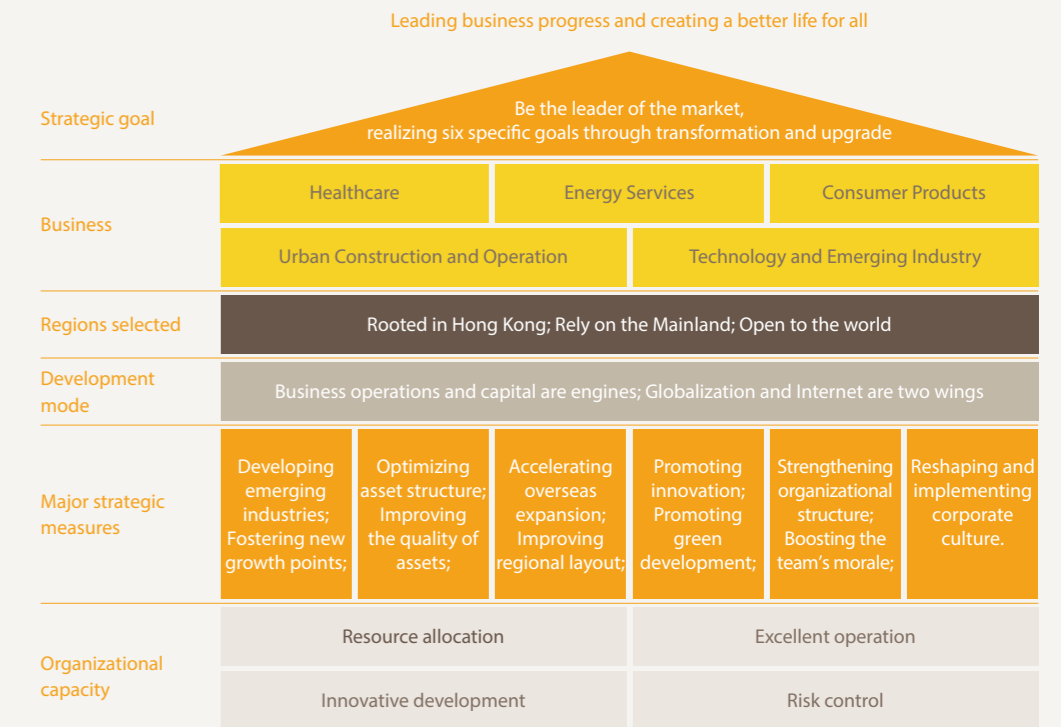


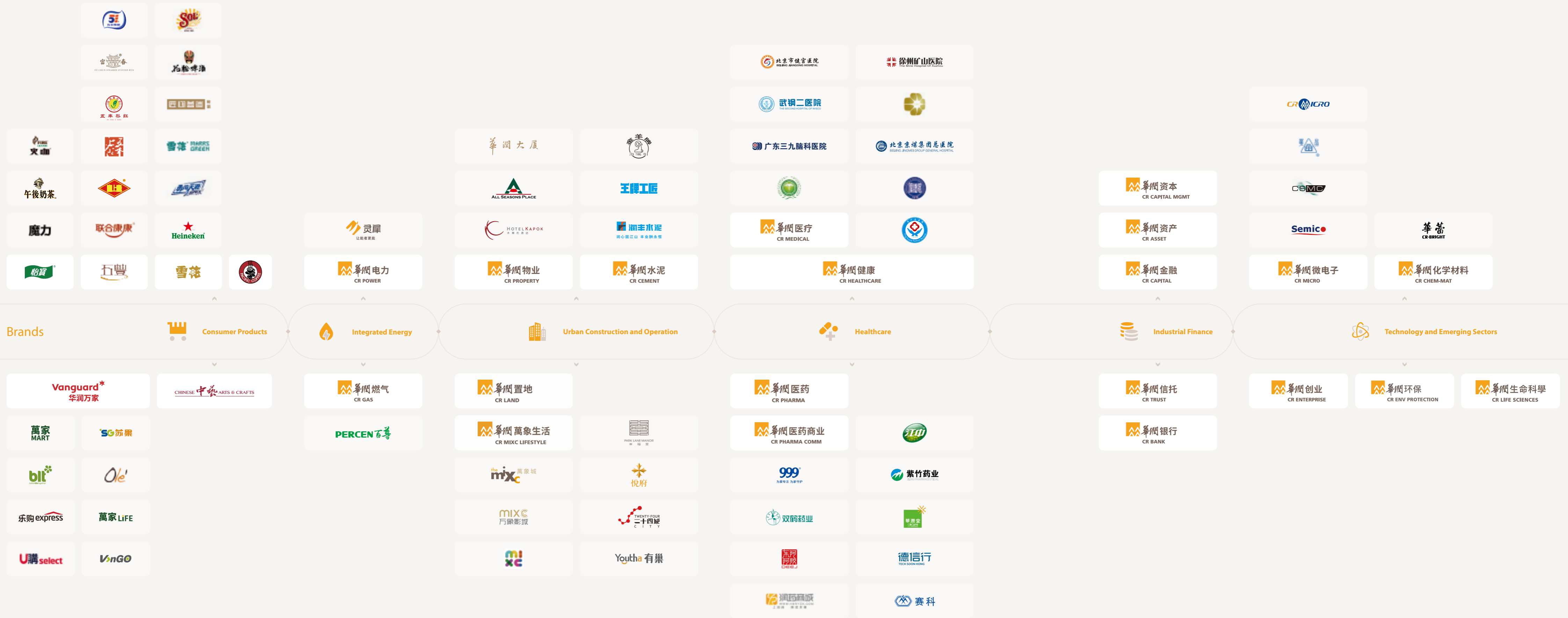
Focusing on water treatment and solid waste management with promoting technological innovation as the priority. Its main business covers industrial sewage treatment and is expanding to municipal sewage, water environment governance and the desalination of sea water. It owns 23 wholly-owned or held companies in China.

Corporate Culture

Mission	Lead the Business Progress and Build a Better Life Together		
Vision	Be a Global Enterprise with Accumulating Public Trust and Popularity		
Value	Integrity First, Performance Driven, Human Oriented, Innovation Constantly		
Philosophy	Make it Solid	Make it Stronger	Make it Bigger
	Make it Good	Make it Longer	
Spirit	Pragmatism	Professionalism	Synergy
	Dedication		

CR Strategic Orientation During the "13th Five-Year Plan" Period





2020 Highlights

Ten Major Events



CR Group ranks the 69th in the Fortune Global 500 in 2020



CR Group held mobilization meeting for the implementation of the three-year action plan for SOE reform



CR Group held "13th Five-Year Plan" review meeting to ensure a good start of the "14th Five-Year Plan" Period



CR Group has made significant progress in poverty alleviation: under the targeted poverty alleviation efforts of CR Group, Haiyuan County in Ningxia Hui Autonomous Region shook off poverty; Hong'an CR Hope Town in Hubei and Jianhe CR Hope Town in Guizhou have been established; CR Group held the meeting on poverty alleviation



CR Group made full use of its diversified business structure and extended resources to facilitate COVID-19 pandemic control around China



CR Group resumed the training program for corporate executives



CR Group took the initiative to establish Digitalization and Collaborative Innovation Alliance of Central Enterprises in the Greater Bay Area



CR Group launched the "Applying for CR, Working for the Future" large-scale recruitment program for Hong Kong



CR Group released *CR Code of Business Conduct*

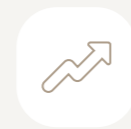


CR Microelectronics (688396) successfully went public on Shanghai's STAR Market; CR MixC Lifestyle (1209.HK) went public on Hong Kong Stock Exchange

Key Performance



Total asset
1,798.89
billion (RMB)



a year-on-year growth of
11.2
%



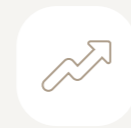
Total profit
80.97
billion (RMB)



a year-on-year growth of
11.6
%



Revenue
686.12
billion (RMB)



a year-on-year growth of
4.8
%



Net profit
59.04
billion (RMB)



a year-on-year growth of
15.6
%



CR Group has been awarded as a Class-A enterprise in the 2020 Annual Review of Heads of Central Enterprises for Business Performance by SASAC of the State Council

Achievements and Awards

CR Group has ranked 1st in terms of CSR Development Index among China's top 300 enterprises for 4 consecutive years (including Top 100 SOEs, Top 100 private enterprises and Top 100 foreign enterprises)

Corporate Social Responsibility Blue Book (2020), Chinese Academy of Social Sciences

CR Group got "good" for the 4th year in a row in the annual assessment of poverty alleviation

State Council Leading Group of Poverty Alleviation and Development

CR Group won China Charity Awards
Ministry of Civil Affairs

CR Group's *Becoming Outstanding Corporate Citizen--Facilitating Rural Vitalization with CR Hope Town Project* was awarded 2019 Top 10 best research programs by SASAC

Chinese Academy of Social Sciences/SASAC

CR Group's 2019 Social Responsibility Report was given a 5-star rating by the CSR Expert Committee, and won the 2020 Golden Bee Excellent CSR Report Evergreen Award

Chinese Expert Committee on CSR Report Rating / *China Sustainability Tribune*, Golden Bee Think Tank

Enriching Lives, Nurturing Dreams, a documentary celebrating the 80th anniversary of the founding of CR Group, won the annual documentary award on the 26th Chinese Documentary Festival, and is collected by the State Archives Administration of the People's Republic of China

China TV Artists Association/Public Works Bureau of Shenzhen Municipality/Shenzhen Federation of Literary and Art Circles

CR Group won the highest award of "Hong Kong Green Awards" for the 4th year in a row. China Resources (Holdings) Co., Ltd. won Gold Award for Green Management Award, Platinum Award for Environmental, Health and Safety Award, and Gold Award for Corporate Green Governance Award. CR Enterprise, CR Snow, CR Power, CR Land, CR Gas and CR Property, etc. also won awards.

Hong Kong Green Council

CR Group was listed among the Top Ten Central Enterprise Think Tanks

Central Enterprise Think Tank Alliance/Research Center, SASAC

CR Group won outstanding organization award in SASAC Quality Control Knowledge Contest, ranking the 7th among central enterprises

SASAC

Jianhe CR Hope Town project team (recommended by SASAC) and CR project team for targeted poverty alleviation (recommended by Ningxia Hui Autonomous Region) won "National Outstanding Organization Award for Poverty Alleviation". Zuo Junjie, Vice General Manager of CR Power Northeast Region, won "National Outstanding Individual Award for Poverty Alleviation"

CPC Central Committee, State Council

CR & WISCO Central Hospital won "National Outstanding Organization Award for COVID-19 Pandemic Control"; Jiang Ying, General Manager of CR Medical, Taian, Wang Xiuhong from The Second Hospital of WISCO, and Wang Liwei from Liaoning Health Industry Group won "National Outstanding Individual for COVID-19 Pandemic Control"

CPC Central Committee, State Council, CPC Central Military Commission



Poverty Alleviation

Victory

Over the years, CR has made full use of its diverse resources and has been actively engaged in the construction of Hope Towns as well as targeted poverty alleviation. Enterprises at all levels of the Group have carried out various forms of poverty alleviation work based on their own business types, and achieved positive results. In the year of decisive victory in poverty alleviation and in building a moderately prosperous society in all aspects, we have conducted in-depth interviews with those involved in poverty alleviation and rural revitalization. Through their stories and pictures, we aim to demonstrate our explorations and achievements in these two areas as well as our sense of historical responsibility that come along as we are fulfilling our social responsibility as a key SOE with revolutionary traditions.

STORY 1

CR Land

Seed of Youth
Spreading at
Hope Towns



Wang Jia

Project leader of
Yan'an CR Hope Town



Zhang Wei

Project leader of
Jianhe CR Hope Town

The newly renovated brick cave dwelling is the residence of the team of CR Hope Town Project in Yan'an. There is a striking red banner hanging on top of the cave: "With 60 days of hard work, to celebrate the 100th anniversary of the founding of the CPC." In the cave, two rows of desks stand against the wall. The desks are stacked with computers and materials on its top. This crowded cave is the workplace for several post-80s and post-90s. Pinned on the blackboard in the corner dedicated for Party building and learning are thick piles of learning reports submitted to the temporary Party branch.

"Yan'an was extremely cold in December. Cold currents at the end of the month would even drive the temperature down to minus 25 degrees. That was the coldest weather I have encountered in Yan'an for three years. Due to extreme weather conditions, the site was shut down while team members are still on the site preparing for the resumption of work in the next year. Guided by the management team, we found the right direction for this project and won local recognition." Wang Jia, manager of the project, wrote in his learning report in the fourth quarter of 2020.

Yan'an CR Hope Town is located in Mafang Village, Nanniwan Township, with a planning area of about 270 mu (or 0.18 km²). After completion, it will benefit 563 people in 167 households. The idea of three-party collaboration lies at the core of this project: CR, the government and the villagers join hands to build a beautiful homeland. "At the beginning of the project, the tripartite framework agreement promised that CR Construction, a subsidiary of CR Land, would undertake the general contracting task with zero profit." Wang Jia regards it as a promise that CR Construction will not charge any management fees, nor will it aim for any profit for the construction. Its operation mode will be no different from any charity and public welfare projects.

Environmental renovation is the key of CR Hope Town projects. It can not only transform the living conditions in rural areas, but also enable villagers to enjoy the comfort, good sanitation and convenience brought by urban civilization. In order to show villagers the results of

the transformation, the project team convinced Li Xin, Party secretary of the village, to take the lead in renovating his old house. In the south of the cave, the team built an insulated sunroom to protect the family from cold weather in Northern Shaanxi as well as a new kitchen and a water-closet. "Having seen the newly-built and renovated sample houses, villagers were reassured and signed up for the renovation project one after another. In the future, we hope to transform the surplus caves in the village into homestays to attract more tourists." Wang Jiachang speaks glowingly of their future planning.

Dry toilets were everywhere to be seen in Yan'an Hope Town. CR launched a "toilet revolution" and introduced integrated sewage treatment devices for each household, which solved the problem of sewage discharge that used to be a headache for dry toilets. The quality of treated water can reach the first class B standard. It can also be directly used to water vegetables and feed livestock.

"How to change the dry toilets into water-closets, and how to treat the sewage?" According to Wang Jia, when he first came to the village, there was no municipal sewer system. Wang's initial idea was to install an integrated sewage treatment system for each household. With the support from the government of Baota District, a public sewer system was built in the village. Although the devices were good, the villagers were reluctant to use them due to high electricity fees. As a result, the utilization rate of the equipment

was quite low. "Considering the actual conditions, we designed a simpler facility, which is the three compartment septic tank. We equipped toilets with a foot actuated flushing device, which can not only save water but also protect the device from frost." Wang Jia explained that all members of the team dispatched by CR Land have their own strengths and can solve problems at the construction site any time any where. Some major in engineering construction, while others are professionals in contracting, civil engineering, or fine decoration. As all members fulfilled their own duties and worked closely with each other, the project proceeded on time with due effects.

"CR Land strived with all its might in the whole project management process." Wang Jia especially mentioned that in the bidding stage when CR Land were recommending excellent suppliers from nearby regions, the approval for all the bidding companies shall go to the regional management team of CR Land for strict checks based on their rich experience. As the project proceeded, we arrived at the phase for professional subcontracting. "CR Construction has a resource pool that only includes companies with certain qualifications, which also served to ensure compliance in subsequent project



▲ Wang Jia (first from right) discusses about the drawing for Mafang Theatre with his team members Yan Huan and Wang Tao at the construction site to make sure that the construction on site could run smoothly.



▲ Zhang Wei (second from left) talks with villager Ms. Xiao about the project together with his team members Yan Xiao and Zheng Haitao.

tendering process.”

When Wang Jia worked together with villagers in Yan’an, Zhang Wei was selling the concept of Hope Towns to ethnic minorities from door to door in Jianhe County, Qiandongnan Prefecture, Guizhou Province.

There are only 238,000 people in Jianhe County, 96% of whom are Miao and Dong ethnic minorities. Jianhe County is a state poverty county and also one of the 14 deeply impoverished counties in Guizhou Province. In 2016, CR planned to build a Hope Town in Jianhe County, and chose Zhaizhang Village in Yangasha Street as the location. In Miao language, “Zhaizhang” means “the most beautiful place”. The village lies against mountains at the back. On the other sides, the village is surrounded by a green ribbon—the beautiful Qingshui River. The project team hopes to build this place into “the land of promise along Qingshui River and the paradise in Miao Village”.

In the early stage of the renovation, a major task is house demolition. Jianhe Township mainly consists of old villages of Miao nationality. These villages are typically small and overcrowded with poor housing quality and living conditions. “Among the several Hope Towns, Jianhe faced the heaviest workload in house demolition and relocation. More than 140 households in the village had to be relocated with houses pulled down to make room for replanning and reconstruction.” Zhang Wei recalled their

work at that time and described it as “suffering”.

Language barrier is a the first obstacle for communication. The local people speak Miao language or other Chinese dialects. Using mandarin to publicize our relocation policy proved futile. “At first, we couldn’t find a way out. Then we found young cadres in the village who could speak both languages to help us communicate,” Zhang Wei said.

How to gain the trust, support and understanding of Miao compatriots had been a headache for the team. The most fierce confrontation comes from a holdout from a “nail household” who once threatened to kill one of Zhang’s colleagues in the project team. Zhang Wei took everyone, with wine and foodstuff, to the villager’s home and explained in detail the relocation policy. “In the end, the holdout was persuaded by us,” Zhang Wei, the man with big beard, said with a hearty smile. In the end, the villager not only accepted the construction concept of CR Hope Town, but also became a staunch supporter who helped us mobilize the villagers.

“Our team also got firm support from CR Land and its subsidiaries!” said Zhang Wei. Each enterprise would work with their associated businesses and mobilize all forms of social resources to facilitate the construction of the project. For example, CR Construction joined hands with the working committee of CR Guizhou and CR Snowflake Beer and organized donation

activities at the square of the village each year. So far, more than ten events were held with all sorts of donations that range from rice, flour, grain, oil, winter quilts, to desks and chairs, schoolbags and stationery.

In April 2019, CR Land invited villagers to participate in the annual meeting organized by CR head office in Chengdu. In October 2019, CR invited villagers to participate in the revolution-themed sports meeting held in Chengdu and to visit other Hope Towns so as to learn about the development prospects of the town. A villager named Tian Fuli was ready to share the experience with virtually everyone after returning from CR’s annual meeting, “China Resources is a very competitive big enterprise which dedicated itself to helping us build our hometown!”

On December 11, 2020, Jianhe CR Hope Town completed its construction. Zhaizhang village, which used to be a dilapidated and backward village, has become a clean and beautiful “paradise in Miao village”. In the future, Yan’an Hope Town will also explore the revolutionary history and traditional culture of Mafang Village in Nanniwan Township, and make revolution-themed rural tourism the leading industry that can drive the economic restructuring of the village.

Energetic, hardworking and dedicated young people like Wang Jia and Zhang Wei are everywhere to be seen in CR Hope Towns. They work closely with their team members and, together with residents of the old districts and ethnic minorities, witness the transformation of the town as well as the change of the villagers’ mindset.

Now, the land which was once barren has renewed itself. Villagers lead an idyllic existence in a village that is booming with human kindness and vitality.

STORY 2

CR Ng Fung

We Saw Prosperity in Xihaigu



Mu Hua

Director of the Poverty Alleviation Office in Haiyuan County

Haiyuan County of Ningxia Hui Autonomous Region is located in Xihaigu area, which is regarded as “the poorest and most barren land in the world”. Haiyuan is a poor county located in an arid area. It is also home to old revolutionary base areas and settlements of Hui nationality. The place was named one of “the most unfit place for human settlement” by the United Nations. How to develop the economy and lift people out of poverty under such harsh natural conditions are the problems that Mu Hua, director of the Poverty Alleviation Office of Haiyuan County, has thought long and hard.

“Haiyuan county has long been a big county of agriculture and animal husbandry. The county has a tradition of raising cattle, but the industry suffers from a small overall size, mixed breeds, and backward breeding technology.” Mu Hua recalled that at the end of 2012, the Poverty Alleviation Office of the State Council and the State-Owned Assets Supervision and Administration Commission (SASAC) designated Haiyuan County as the target county under CR’s poverty alleviation responsibilities. Haiyuan County’s Party committee and government conducted elaboration discussions with CR and finally decided to breed high-quality beef cattle and pursue a development path that features the integration of grass and livestock industry.

CR Ng Fung was quick in dispatching a young and capable team to stay in Haiyuan County all year round. Wang Jing joined the Farming Department of Haiyuan China Resources Agriculture Co., Ltd. in 2014. In just a few years, she has been promoted to be the manager of EHSQ Department of the company. She recalled that 2014-2015 was the period for early feasibility study, mainly on site selection for the cattle farm and training for beef cattle farming technology. They also went to the countryside to understand the local conditions such as cattle mating technology with frozen semen and veterinary technology, as well as forage species and forage intake.

“Haiyuan suffers from its arid climate, scarce resources, and backward breeding technology. On weekdays, farmers have to go to other places to invite experts to breed cows. Cattle mating technology with frozen semen is both expensive and not very successful in the local area.” At the same time, Wang Jing pointed out that the planting industry was also underdeveloped due to the arid climate. Despite of the great demand for beef cattle as people of



▲ Haiyuan beef cattle base operated by CR Ng Fung has become one of the largest cattle farming bases with the most modernized facilities in the five provinces in Northwest China.

Hui nationality love beef and mutton, the long growth cycle and average quality of traditional yellow cattle led to low market acceptance and difficulties in arriving at a fair price.

In order to enhance poverty alleviation by developing the beef cattle breeding industry, CR launched the “CR fertile-cow bank” in 2015 to help poor households out of poverty by means of credit sale with an innovative model of “base + cooperative + farmers”. The core of such a model lies in: CR helped rural households to introduce excellent breeds of fertile cows (Simmental), and each cow will be provided with a three-year interest free loan of 6,000 yuan and a government subsidy of 2,000 yuan. Farmers will only need to raise 2,000 yuan by themselves, which means a quality fertile cow is available with only 2,000 yuan. Each household could raise 2-5 cows on credit, and after 1 year, the cows born will be kept and bred in order to expand the scale; the bulls, after feeding for another 10 or 12 months, be sold back to the company as beef. With that, farmers are able to repay the loans, and the credits collected would be put back to the capital pool of the cow-bank, to support more households in poverty. The Group will concentrate and accelerate the breeding of buying-back beef cattle in its base, and then sell them to Hong Kong and other high-end markets.

Considering the status quo in Haiyuan’s grass and livestock farming industry as well as the farmers’ traditional life style and way of production, CR invested RMB 385 million in Caowa Township to build a beef cattle breeding base that combines grass and livestock farming. Among that,

RMB 120 million was used to purchase the highly recognized “Simmental cows” and sell them to farmers on credit. The virtuous circle could encourage farmers to gradually expand their cattle business.

“CR Ng Fung has a department named 530 which is responsible for the credit sales of fertile cows,” said Wang Jing. This department was established under the “530 plan” on poverty alleviation in Haiyuan County. The plan aims to help each poor household raise 5 cows or 30 sheep, so as to achieve the overall target of poverty alleviation in 2020. At first, poor households did not believe or understand the concept of “fertile cow bank”. Our colleagues would find eligible farmers and explain the supporting policies to them with the help of the Party secretary and the director of the village. They would introduce the credit sales process in detail and organize regular trainings for farmers in the village, provide veterinary services, treat sick cows, breed cows and deliver calves.

“To sell cows on credit and buy back cattle. This is good business!” Yang Shenggang, a villager in Xinzhuang Village of Jiucui Township, Haiyuan County, has a flexible mind. As soon as the policy was issued in 2015, he bought four fertile cows on credit from CR and got three calves the next year. “Compared with local breeds, the new breed grow fast with a higher quality. In addition, the County Bureau of Agriculture and Animal Husbandry provides free breeding service. As soon as the calves go to the market, I can earn more than RMB 30,000.” Standing beside the cowshed, Yang was beaming with joy.

“Door-to-door publicity was replaced by

a scramble for cattle purchase on credit,” said Mu Hua. In the past two years, even some migrant workers have returned home to raise cattle. The CR model not only solved the financial problem for poor households, but also helped the masses get rid of the attitude of “waiting for, relying on and requesting aid.” It brings hope and confidence to poor households as they rely on themselves for development.

But raising cattle is no easy job. Many poor households in Haiyuan County knew nothing about how to prevent or treat bovine diseases. Despite CR’s interest free loans and government subsidies, they still got butterflies in their stomach.

In order to remove technical barrier for farmers and promote scientific breeding, CR Ng Fung launched a social service system of veterinary service and mating technology with frozen semen for towns and surrounding villages. The county has established 16 animal husbandry technology service stations that provide comprehensive services ranging from COVID-19 prevention, quarantine, disease diagnosis and treatment, to mating technology and animal husbandry science and technology. All these efforts aim to ensure standardization and high-quality development of the industry by putting in place technical service and training guidance in the whole process of feeding and production. “In 2016, we also set up a laboratory for hygiene inspections of cattle forage and feed,” said Wang Jing. Now the goal for EHSQ department is to bring standardized management to this industry.

“CR’s targeted poverty alleviation work in Haiyuan County is huge in terms of top-level design, yet it also emphasizes fine management and standardization when the plan is implemented,” Mu Hua marveled at the success of the project. As the calves grow, poor farmers see hope. More and more farmers sign up for the project. Cattle farming has become a real industry, while Haiyuan, a big grass and livestock producer worthy of the name. Nowadays, many farmers in Haiyuan may not know the name “Simmental cattle”, instead they call it “CR cattle”.

Success in beef cattle breeding industry still requires more efforts from the Party committee and government of Haiyuan county as well as CR Ng Fung in expanding the industrial chain. In Caowa base, isolation houses, fattening houses, concentrate feed processing workshops, forage sheds and silage cellars were built. At present, Haiyuan beef cattle base is one of the largest cattle farming bases with the most modernized facilities in the five provinces in Northwest China. The Industrial Development Department of CR Ng Fung is also helping Haiyuan County to forge a beef cattle industry chain with CR’s market channels established from its long-term business of supplying live calves to Hong Kong and CR’s supermarkets and department stores all over the country under the brand Vanguard.

In 2018, Haiyuan China Resources Agriculture Co., Ltd., the people’s Government of Haiyuan County and Northwest Agriculture and Forestry

University jointly established the Western High-End Beef Cattle Industrial Development Research Institute. The collaboration aims to establish a sound science and technology service and support system for animal husbandry in Haiyuan County by introducing technical services and training guidance in the whole process of breeding and production, such as training and promotion of new technology in grass and livestock industry, introduction of improved breeds and scientific breeding.

“Our goal is to build a high-end beef cattle demonstration county,” said Mu Hua. Haiyuan County has gradually formed a breeding network centered on Jiatang base and a finishing system based on Heicheng slaughterhouse. On the one hand, we introduce excellent breeds of fertile cows such as Simmental and Angus, while developing new high-quality and high-end beef cattle breeds. On the other hand, Haiyuan Ng Fung Meat & Food Co., Ltd. was established for deep processing of beef cattle so that an industrial chain that integrates cutting, processing, sales and distribution for grass and livestock as well as high-end halal beef and mutton is formed, creating Haiyuan’s own brand of geographical indication.

Witnessing the growth and changes brought by the project, Mu Hua was deeply touched. “The CR Project has opened our minds to new ways of poverty alleviation. It has brought hope and opportunities for the poor people to accumulate wealth. It has trained talents, added jobs, and helped achieve sustainable and sound development of the grass and livestock industry. And as a result, the project truly realized the transformation from “giving fish” to “teaching people how to fish”.

Haiyuan County was designated as the target poor county for CR’s poverty alleviation efforts in 2012. It was officially removed from the poverty list in March 2020. During the past eight years, the income of Haiyuan people has increased and the concept of cadres changed. People there now enjoy a better neighborhood and greater momentum for economic growth. In Xihaigu area, “the poorest and most barren land in the world”, we have secured the decisive victory in the fight against poverty. Mu Hua said, smiling, “at present, CR and the government of Haiyuan County are still deepening their cooperation. In the future, we will make greater strides towards rural revitalization!”



▲ In 2015, when CR Ng Fung just started to sell fertile cows on credit in Haiyuan County, the villagers showed great enthusiasm. The picture shows villagers selecting their fertile cows.

CR Property

Sweet Life

Shared Farm



Zhang Fei

General Manager
of Hotel Elan in
Hong'an

Taking the Shanghai-Chengdu expressway to leave Wuhan via Huangpi, in an hour you'd enter Hong'an, China's No.1 County of Generals. In April, 2017, CR Group located its 10th Hope Town in Zhangjiawan Village, Qiliping Town, Hong'an County.

"Starting from Jinggangshan Hope Town, we launched the Hotel Elan Project in sync with the development of characteristic country inns, combining standardized management and personalized designs." Having come from CR's subsidiary Hotel Kapok to Hope Town, Zhang Fei, the general manager of Elan Hotel in Hong'an, participated in the construction of two Elan Hotels, first in Jinggangshan and then in Hong'an.

"Jinggangshan and Hong'an have one thing in common, that is, 'Red Tourism' resources," explained Zhang Fei. Qiliping, the biggest town in Hong'an County, has a main street named Changsheng Street, which is always crowded with tourists. CR Property built a public welfare Elan Hotel based on the town's resource endowments and CR's industrial advantages, in its first attempt to shift poverty alleviation through agriculture and animal husbandry to that driven by tourism, exploring a model that can realize integrated development of the primary, secondary and tertiary industries.

The hotel is managed by CR Property with its staff employed from the locality. All profits are given to the local government for public welfare purposes and the industrial development of the town. Today, Hotel Elan ranks No.1 in Ctrip reviews as a

quality hotel recognized by the public. It also promotes the development of country inns and "Red Tourism", giving birth to various new industries.

As a sister brand of Hotel Elan, Hotel Kapok has been supporting the project vigorously since the beginning of the project planning, transferring its operation and management experience to CR Hope Town. When talking about the operation of the hotel, Zhang Fei said that more local managers were needed to ensure the sustainable development of the hotel. Hotel Elan also provides job opportunities to the children of the villagers, encouraging them to work as interns and honing their skills so that they are well-prepared to work in the future. After three months of systematic training, villagers began to realize service involves not only cleaning work, but also completion of standardized work according to the regulations. At present, 90% of the hotel's core employees are local villagers, and they can well identify with CR Group's social responsibilities and values with renewed mental outlook.

"CR Property identifies itself as the guardian of Hope Towns as well as an advocator of social responsibilities. In the Town, we are not only responsible for running the hotel and property management, we also give the villagers substantial help", said Li Chuan, General Manager of the Hope Town Business Department of CR Property. Poverty alleviation is not just about building a Hope Towns, but also about continuous assistance to boost industrial development

based on the resource endowments of different towns, thus they come up with the idea of building a country inn named "Guesthouse of Fulfilled Dreams".

First, the villagers should accept and recognize the value of the work. CR Property has done a lot in this aspect. They found professional planning and designing teams at the stage of inn design and decoration. From the overall arrangement in the room to the materials used, all is economic and ecological while meeting the actual needs of modern people who wish to return to nature.

"CR Property encouraged us to open inns and gave us RMB 40,000 as material subsidies," said Zhang Quansong, a resident in Zhangjiawan Village. The TV sets, air conditioners and beddings in the four rooms of their inn were all sponsored by CR Property. It turned out that upon completion of the construction, CR Property would donate goods and materials that worth RMB 20,000 to 50,000 to each family to help them arrange standardized guest rooms, as well as personal items such as beddings to ensure comfort of living. Li Chuan said: "We provide one-stop services which even include helping villagers register their inns in State Administration for Market Regulation and log on to websites like Ctrip and Qunar for recommendations, and providing professional training afterwards to help villagers achieve standardized management and digital service."



▲ The characteristic lobby of Elan Hotel in Hong'an CR Hope Town

The industrial support in Hong'an Hope Town goes beyond Hotel Elan and "Guesthouse of Fulfilled Dreams". It also encompasses the Intangible Cultural Heritage Street and the "Shared Farm", all of which constitute a complete industrial chain. "Only by synthesizing all touristic resources can we attract visitors to the Town and hotels in huge numbers," Zhang Fei commented.

Walking on the Intangible Cultural Heritage Street, you could see traditional Anhui architecture with cornices and bracket sets everywhere. You may see banners for intangible cultural heritage items such as Shadow Play, Dangqiang Gongs and Drums, Hong'an Textile, Hong'an Embroidery and Small Hanging Wine waving in the wind. "There is innovation in addition to inheritance." Zhang Fei said, pointing at the hand-painted gable manga, which is everywhere to be seen in the town. These seemingly inconspicuous details of design make the town a popular destination for tourists from nearby areas.

In the "Shared Farm" built after the villagers' land was transferred, visitors only need to subscribe for a one-year use right of a 32-square-meter shared vegetable garden to become a "honorary villager" of the town. They can experience farming activities such as planting and picking at any time. Besides, they may also enjoy shadow play and gongs and drums in the shadow play theater and experience the country inn and the special local cuisines of Hong'an. The project team also carried out the digital transformation featuring "Internet + agriculture" for the farm. Cameras were installed in the farm so that customers can observe their small vegetable garden online in real time through a WeChat mini-program.

The expansion of the town's assistance model to include red tourism, rural tourism, recreational agriculture, and intangible cultural heritage industries serves as reference for industrial poverty alleviation in the Hope Towns of Yan'an and Jianhe, which facilitated the



▲ Elan Hotel is a rural hotel which provides accommodation, catering and patriotic training with a total of 40 rooms.

sustainable development of the rural economy and progress from poverty alleviation to rural revitalization.

"We have come a long way from the first 'Mountain Spring Inn' in Jinggangshan Town in 2017 to the 'Guesthouse of Fulfilled Dreams' in Hong'an Town, and now Yan'an Hope Town is also building cave inns. In the future, we plan to build 100 inns in various Hope Towns." Li Chuan believes that assuming corporate social responsibility is an ongoing thing, and it is necessary for poverty alleviation workers to not only launch projects but also provide assistance in operation. They should, on the one hand, help villagers open inns and restaurants, while, on the other hand, foster an ecosystem of sustainable and circular development and bring together more social forces and attract more social funds. In the future, professional farmer cooperatives will be built to allow this industry to continue to grow and develop. More importantly, "In this process, villagers would foster a high degree of recognition of the social responsibilities of state-owned enterprises,

so that they would actively participate in the construction of their hometown in a harmonious social atmosphere."

Today, the assistance model centering on a "pastoral complex" built by Hong'an Hope Town begin to deliver results. The town's primary, secondary and tertiary industries' assistance projects all work in synergy, while in turn the revenues are used to fund the development of local industries, providing public welfare jobs for poor villagers, supporting property management in Hong'an Hope Town, and assisting civil affairs such as covering public affairs expenditures and helping the town's elderly widows. In the square in front of Menshoutang in Zhangjiawan Village, the villagers on the other side of the river would come here from time to time to enjoy the cool breezes, listen to operas, watch open-air movies, and dance the square dances. The long-lost noise of excitement and popularity has returned.

STORY 4

CR Bank

We Are All Heart-warming Teachers



Lai Junjie

Staff member of the Investment Banking Department of CR Bank Headquarters



Zhang Yaqiong

Corporate Account Manager, Qianhai Sub-branch, Shenzhen Branch, CR Bank

"The first time I arrived in Haiyuan, the wind was chilling, the dust raging like a storm. The barren, grotesquely cracked land made me feel a bit insecure, but serenity and peace soon took over." Lai Junjie was among the first volunteers selected by China Resources Bank to teach voluntarily in Haiyuan Hope Town. In his diary he wrote: "Since there had never been teachers of music, art and PE, the kids were in ecstasies when they saw us. They surrounded us with enthusiasm, their eyes full of curiosity and desire for knowledge. Seeing their innocent and adorable smiling faces, I felt so warm inside."

"Runxin Gardeners" aid education activity is an individualized student aid program tailor-made by China Resources Bank for the large number of left-behind children in poor households in Haiyuan in face with the lack of teachers for music, PE and fine arts. At present, a total of 8 volunteers have been dispatched in 4 programs, with 2 people in each group and 1 month in each program, offering a total of 320 class hours. In addition to regular music, PE and fine arts classes, the volunteers also utilized their own strengths to offer courses preferred by students, such as military combat, textbook plays, musical instrument performance, and natural experiments. They also set up art interest groups, basketball teams, etc., to arouse students' interests in learning and enrich their spiritual life.

Using his excellent physical skills acquired when he was enlisted in the army, Lai Junjie offered physical education classes to the children. In the first class, he asked the children what they wanted to learn and everyone shouted in unison: Military Combat! When children in the city hear the term "military training", they would complain about the exertion. The children in Haiyuan, by contrast, cherish and yearn for such an opportunity. The determined and earnest faces deeply moved the volunteer teachers.

One of the fourth batch of volunteers, Zhang Yaqiong, was also amazed. She will always remember what happened when she walked into the classroom on the first day. The whole class was reciting ancient poems aloud, welcoming her in such a simple way. "I was deeply touched, tears welling in my eyes. I felt like an angel with wings and a halo. So I made up my mind that I would try my best to show them the

unknown world outside and guide them to explore the greater world."

Guanqiao Village, where the Hope Town was situated, is not an isolated place. However, every teacher and parent there would agree Gaokao, or the College Entrance Exam, is the only thing that can change their children's destiny, so children have to make unconditional sacrifices for the three core subjects "Chinese, Maths and English", putting aside any of their hobbies. Zhang Yaqiong recalled that every noon after lunch, the kids would seize every second to do their homework, usually in twos or threes, on the playground. Writing the pinyin of Chinese characters seems easy. For those children speaking broken Putonghua, however, it can be extremely difficult.

Tian Xiang from Class 1, Grade 5, was a timid boy. There were three brothers and sisters in his family. His father worked outside their hometown and his mother worked as a farmer at home. The household was not well-off. Zhang Yaqiong noticed that this child in a music class. Since there were no music teachers, the music equipment donated by China Resources Group was usually stacked in a classroom. The classes of music, sports and art offered by the support teacher seemed to have opened up a "beautiful new world" for the children.

Many of the children in the class were exposed to musical instruments for the first time. Tian Xiang got an erhu, and he began to play in smarty pants. "Although these children have no chance of learning

any extracurricular skill, their musical talent is too brilliant to conceal. I can read expectations from their curious and evasive eyes." Zhang Yaqiong, through keen observation, discovered the boy's talents and began to offer separate lessons to Tian Xiang. She hoped that in addition to the exam-oriented education, the child could be edified by art. After returning to Shenzhen, she bought an Erhu and some related courses books, and asked her colleagues to bring them to Tian Xiang, hoping that he would keep practicing.

"In this short period of time, perhaps we can't teach children much knowledge and skills, but we can impose a positive influence on their values and outlook on life, tell them about the outside world, and instill hope for their future lives and work hard for it." Lai Junjie talked about that unforgettable experience which reminded him of another memorable experience.

One day after class, a middle-aged woman with a turban on her head approached on an old bicycle and said: "Teachers, please wait a minute." She explained that she was the mother of a third-grade student surnamed Ma. As a single mother, she usually lived on odd jobs in the town. Her son became introverted and his academic grades began to drop since the death of her husband. In the past few days, however, her son would happily mention the new teachers when he came home from school every day. This time she made a special trip to ask the volunteers to encourage her son to be more positive towards life. Lai Junjie promised the mother. He said, that maybe the true meaning of this short teaching career.



▲ Lai Junjie, one of the first batch of volunteers from CR Bank, is tutoring students from Haiyuan CR Hope Primary School in calligraphy.



▲ The last class of the 4th batch of CR Bank's volunteer teachers Zhang Yaqiong, Li Zhifang and their students. The class was full of hope, and it was hard for everyone to say goodbye.

In the documentary of Supporting Education with volunteers as the main narrative, the volunteer teacher asked the children to draw the beautiful hometown in their hearts, but the mountains in the children's paintings were all yellow. Due to the lack of water, their world changed from a riot of colors to a monotonous yellow. Although the natural environment was harsh, they couldn't bear to see the children's minds dry up. The volunteer teachers hoped to sow a seed in the hearts of these innocent souls so that the seed would take root, germinate, grow exuberantly into a big tree touching the sky.

Art is more precious than merely imparting knowledge, since it can help shape a rich spiritual world in children. Ma Limin, Vice President of CR Bank, remarked, "CR Bank has a young and talented team. They are vigorous, caring, capable and versatile. They rely on their strengths to deliver art education which the children in impoverished regions usually lack access to.

"Even philanthropy work requires expertise. Practicability and sustainability are two priorities." Said Ma Limin. To make sure that the "Happy Learning" program may continue to benefit children, CR Bank put in place a series of system designs. From 2018 to 2019, CR Bank introduced the "135 Student Aid Scheme" based on field research in the Hope

Town of Haiyuan. The scheme includes 1 characteristic activity, 3 charitable programs and 5 student aid campaigns. One characteristic activity is to donate nearly 200 cash crops—red fruit trees to Haiyuan so as to build a "Runxin Charity Forest"; 3 charitable programs include "1+1" Party Branch Assistance Program, the "Runxin Gardeners" employee aid education plan and "Hand in Hand" inter-school pairing program; 5 student aid activities include happy classroom, happy sports, home visits, scholarships and bursaries, as well as material donations.

"Runxin Gardeners" volunteer teaching campaign is just one of the three charity plans. In addition, the "1 + 1" Party Branch Assistance Program has developed a long-term mechanism to help poor students one-on-one; "Hand In Hand" inter-school program paired the renowned Zhuhai Gongbei Primary School with Haiyuan CR Hope Primary School, providing good educational resources to the students in Haiyuan through remote teaching, courseware sharing, test question exchanges and other measures. Through the above-mentioned programs, we have realized the combination of short-term assistance and long-term support, and that of material donations and spiritual companionship.

Today, the "Runxin Charity Forest" is transforming the 3,000 square meters of desertified land into greenland. The concept of "nourishing and cultivating the mind" lies at the core of CR's culture. Those young volunteers have paved the way for children in Haiyuan to pursue their dreams. Through these actions, they also built a second hometown for themselves, where many children are chasing their future fearlessly and happily on the "Square of Childhood Dreams".

STORY | 5

CR Power

Innovating for Change
for Win-win
for Prosperity



Zuo Junjie

Deputy General Manager (in charge of work) of CR Power Northeast Region

Fuchuan Yao Autonomous County of Guangxi is a well-known contiguous destitute area. Located near the borders, the poor county is a former revolutionary base inhabited by ethnic minorities. Zuo Junjie, Secretary of the Party Committee and General Manager of CR Hezhou Power Plant, has racked his brains to answer such a question: how to make full use of industrial advantages to achieve targeted poverty alleviation and ultimately win the battle against poverty?

“We face surplus of energy generation that cannot be balanced with our demand, especially for energy generated during the wet summer season, whereas Guangdong suffers from a shortage of electricity as consumption culminates in summer. So why not transport our surplus energy from this poor area to Guangdong to even up supply and demand?” After much deliberation, Zuo Junjie quite innovatively proposed the initiative of “Transporting Electricity from Hezhou (Guangxi Province) to Guangdong”.

On April 19, 2019, after 27 months of unremitting efforts, “Transporting Electricity from Hezhou (Guangxi) to Guangdong”, the country’s first large-scale targeted poverty alleviation project for energy industry led by CR Power, successfully commenced. From 2019 to 2020, CR Hezhou Power Plant sent 3 billion kWh of electricity to Guangdong Province annually. The power transportation between the two provinces has yield substantial results in Fuchuan’s battle against poverty. With that success, the project was then extended for another 3 years after coordination. Now, the five-year electricity transportation project is expected to increase the local industrial output value by RMB 4.95 billion and tax revenue by RMB 225 million, thus efforts to realize poverty alleviation and rural revitalization can work in synergy. Zuo Junjie emphasized that these taxes have played a critical role in promoting local infrastructure construction, boosting economic development and adding jobs in Fuchuan. The project is indeed an innovative move in poverty alleviation.

“CR Power is not only a contributor to the city’s GDP, but also a guardian of the environment.” Zuo Junjie is planning for another big move in his mind. He wants to promote the transformation and upgrading of the Hezhou CR Circular Economy Industrial Demonstration Zone through innovation in power generation, which not only works to overcome environmental barriers in pursuing local economic development, but also builds up a “green engine” for poverty alleviation in the county.



▲ On April 1st, 2018, CR Power’s 30MW Photovoltaic Project for Poverty Alleviation in Zhawo Township, Heishui County officially started in ice and snow.

Guangxi has a typical Karst Landform, and Hezhou is the biggest production base of calcium carbonate powder. There are more than 300 companies, producing hundreds of thousands tons of waste slurry in Hezhou every year. There was a time when the waste slurry wasn’t properly handled and the polluted river became translucent with a whitish substance on its surface. CR Hezhou Power Plant, as a thermal power plant, has its own resource advantages. The sulfur dioxide in the flue smoke can react with the calcium in the waste slurry to synthesize gypsum, which is needed in cement production. “If the two are combined, we can both promote the transformation and upgrading of conventional thermal power and make effective use of marble waste slurry.

Determined to do it whatever it takes, a technical team of more than 50 people was soon dispatched to the Hezhou Power Plant. Starting from scratch, after 198 days of arduous struggle—with 14 trials conducted, over 4,000 tons of waste slurry consumed, and a number of technical problems tackled—they finally succeeded in replacing desulfurizers in thermal power plants with calcium carbonate waste slurry, “using waste to treat waste and turning waste into wealth”.

With Hezhou Power Plant as the core, Hezhou CR Circular Economy Industry Demonstration Zone also introduced CR Cement Plant and CR Snow Breweries. Following the development philosophy of “strengthening the leading enterprises, supplementing the industrial chain, fostering cluster effect and expanding the industrial chains”, the demonstration zone is also continuously broadening its industrial scope, extending its business to various fields including new building materials, food processing, stone production, machinery

manufacturing, and pharmaceuticals. Among them, 10 enterprises have started mass production, achieving an industrial output value of RMB 150 million and generating taxes of more than RMB 10 million. With the establishment of enterprises one after another, poverty alleviation work in Fuchuan has also achieved remarkable results.

Besides, Zuo Junjie and his colleagues of CR Power also helped CR Sanjiu Pharmaceutical to build a Chinese medicinal planting base that covers 5,000 mu in Fuchuan County (equaling 3.33 km²), benefiting more than 3,000 poor people. Hezhou Power Plant donated RMB 10 million as education and poverty alleviation funds to Fuchuan County to build a CR Primary School that can accommodate more than 1,000 students. It also invested more than RMB 2 million in setting up charitable public welfare accounts to help poor villages build nursing homes, roads and other infrastructures. The company also carried out a series of public welfare activities such as “Student Aid Through Donation” and “Caring for the Elderly Initiative” regularly, helping more than 60 poor students realize their college dreams.

On February 25, 2021, Zuo Junjie was awarded the honorary title of “National Advanced Individual in Poverty Alleviation”. Speaking of this lofty honor, he said remarked, “In this battle against poverty, I have fully realized that only by identifying our own destiny with the development of the country, can party members and cadres realize their self-worth and foster sustainable development of society.”

“Traditional coal-fired power projects have a large scale and strong driving force, which can play an immediate role in local economic

and social development.” Xia Meng, head of business development in the Strategic Investment Department of CR Power, pointed out that by contrast, CR Power’s new energy projects are distributed all over the country with a wider coverage and thus can be more closely linked with the development of various villages in the project area to form a virtuous interaction. For example, the photovoltaic power station project in Heishui County.

On the Mawo Mountain at an altitude of 3,410 meters, rows of blue photovoltaic panels shine in the sun. At the foot of the mountain is Heishui County, Aba Tibetan and Qiang Autonomous Prefecture of Sichuan. It is a state-level poor county located in the eastern part of the Qinghai-Tibet Plateau under harsh natural conditions and frequent occurrence of natural disasters such as drought, rainstorms, and hail.

On November 4, 2016, CR Power and Heishui County signed the *Strategic Cooperation Framework Agreement on Poverty Alleviation and Development Project for Solar Photovoltaic Power in Heishui County*. On April 1, 2018, the project officially started in Ruoduo Village, Zhawo Township. In just three months, a 30-megawatt centralized photovoltaic power station was completed and put into operation.

According to the poverty alleviation agreement signed between CR Power and Heishui County, the county government invested to obtain part of the shares of the power station. The annual dividends from the shares were all used on poverty alleviation, such as providing assistance to the registered poor population and those incapable of laboring in Heishui County. In the following



CR Power has provided Heishui County with poverty alleviation funds through profit distribution and free donations

4.032

million (RMB)



offering financial assistance to

1,932

registered poor households

two years, CR Power provided Heishui County with RMB 4.032 million as poverty alleviation funds through profit distribution and free donations, and assisted 1,932 registered poor households.

“One of our basic concepts is to fully discover quality local resources and ‘turn resources into assets and even equity’. Local governments set up poverty alleviation and development companies and use poverty alleviation funds to invest in new companies, and jointly develop projects with CR Power. The revenues will then be allocated to the poverty alleviation and development companies, and finally distributed to the poor households through secondary allocation.” Xia Meng said that during the construction of Heishui project, the village-level roads were reinforced and reconstructed to improve traffic and travel conditions. Meanwhile, villagers were mobilized to participate in the project, and each household realized an increase in income ranging from RMB 20,000 to 80,000. After the project was put into operation, the Southwestern Region of CR Power as well as Ruoduo Village and Erniunai Village of Heishui County also carried out joint construction activities. “For all projects, we highlight the engagement of local communities.”

Sanjixue is a villager aged 46 in Ruoduo Village. He used to make a living by farming land and collecting herbs in the mountains. His household only earned RMB four to five thousand a year. Since the start of the project, he has made RMB four to five thousand in less than a year—almost as much as he made in the previous 10 years—by working as a security guard, digging drainage ditches and carrying photovoltaic panels at the power station. “Now we have built our new house and we do not worry about the money for our kids’ education any more.” When he talked about his income over the past half a year, this simple middle-aged man looked content and happy.

We take it from nature and give it back to society. CR Power’s new energy poverty alleviation projects focus on photovoltaics and wind power. We not only spread our concept of “lucid waters and lush mountains are invaluable assets”, but also locate most projects in severely impoverished areas or old revolutionary areas, which usually pose obstinate challenges to the fight against poverty. By the end of 2020, CR Power had implemented 14 wind power and photovoltaic poverty alleviation projects in Hubei, Guangdong, Guangxi and other regions, and issued a total of RMB 57.04



By the end of 2020, CR Power had implemented 14 wind power and photovoltaic poverty alleviation projects in Hubei, Guangdong, Guangxi and other regions, and issued a total of

57.04

million (RMB)
in poverty alleviation funds

million in poverty alleviation funds. These funds have been distributed to poor households by the local governments through dividends or salaries for public service posts, benefiting more than 18,000 poor families. “A new energy project has a service life of 20 years, which can guarantee sustained and stable income for poor households in the future, who are the most difficult part of our poverty alleviation work”, said Xia Meng.

“Tapping into local resources, improving local economy, benefiting local people, and protecting local ecosystems” is the guiding philosophy for CR Power’s poverty alleviation efforts. Tapping into local resources is to make full use of the local resource endowments. Although often with poor natural conditions, these places nevertheless have abundant wind and solar energy resources which makes them ideal locations for new energy power station projects. Improving local economy means we need to consider what kind of development model can directly benefit the local governments. Benefiting the people means that the projects should ultimately achieve win-win results which include government satisfaction, corporate benefits and people’s wellbeing, and secure virtuous interaction among the three parties. Finally, protecting the local ecosystems means we cannot sacrifice the environment for economic development. When implementing the project, we need to prioritize local ecological restoration as well as water and soil conservation, and advocate new energy industries that are green and environmentally friendly.

It is precisely because of our strict adherence to this development philosophy that CR Power’s projects received active support from all parties and are continuing to generate dividends, realizing a win-win situation with the benefits shared by all.



CR Vanguard

All Kindness for All



Min Qing

Deputy General
Manager of CR
Vanguard



▲ In 2009, Suguo Supermarket, a subsidiary of CR Vanguard, established the first farmland-supermarket synergy base in Yanhe Village, Xuyi County, Jiangsu Province. The picture shows a harvest of cabbage in the base.

Amid joyful singing and dancing, the sweet and aromatic apples are served to people. An on-site tasting event of "Shapotou Apple" was held in Shenzhen CR Vanguard Supermarket, attracting customers to stop and take a bite. At the same time, special agricultural products such as white lotus seeds and tea tree mushrooms from Guangchang County, Jiangxi Province, Chinese cabbage from Xuyi County, Jiangsu Province, and sticky corn from Xingcheng, Liaoning Province, are entering CR Vanguard through a stable production and sales chain that transport fresh produce directly from local farms to supermarkets. Thanks to the "Vanguard Rural Revitalization Plan", farmers do not need to worry about sales anymore.

"For a long time, CR Vanguard has insisted on leveraging its own advantages and actively engaged itself in the Group's targeted poverty alleviation task in various provinces and regions." Min Qing, deputy general manager of CR Vanguard, explained, "In 2019, in order to make our poverty alleviation work systematic and brand embedded, we formally proposed the 'Vanguard Rural Revitalization Plan'."

The missing link between products and market is one of the obstacles for development in impoverished regions. By matching production capacity with demand, CR Vanguard, together with its partners and the local government, proactively built poverty alleviation bases for fresh produce in poor areas. By standardizing the production process of farmers, increasing the competitiveness of the products, and contiguously optimizing the supply chain from the farm land to the supermarket, the operating capacity of the whole chain is improved, the intermediate links are reduced, thus creating more

profits for farmers.

Poverty alleviation cannot be achieved overnight, nor can it be achieved simply by linking production with sales. Since impoverished regions lack funds, talents, technology and management experience, changes have to be made step by step, and it takes time for us to see tangible benefits.

"To be honest, when doing business with farmers, we find that both the scale of agricultural production and the degree of industrialization are inadequate. Therefore, the cooperation between farmers and CR Vanguard takes time." Xu Zhijiang, assistant general manager of CR Vanguard, is the person in charge of the operation of Vanguard's poverty alleviation base. He said that starting from the selection of commodities, Vanguard is gradually introducing market-oriented mechanisms to promote the quality of agricultural products.

CR Vanguard has opened more than 3,000 stores across China and recorded over 1 billion customer visits. Such a volume has been a major boon to the "Vanguard Rural Revitalization Plan", enabling differentiated product designs and promotion plans based on big data analysis.

Guangchang County, Jiangxi Province is the birthplace of Tea Tree Mushrooms (Camellia Agrocybe). The planting scale of edible fungi in the county exceeds 230 million, with an output value of over RMB 500 million. "We are optimistic about the quality of Guangchang mushrooms, but there are many varieties of mushrooms on the market. And they

are all large-packaged, thus homogeneous competition is in place." Xu Zhijiang said that in order to gain a bigger share in the market, they redesigned the packaging, using small packages and highlighting the source of origin. By doing so, we have accelerated industrialized, large-scale and brand-oriented development of poor areas, and gradually fostered their capacity for sustainable development and better participation in market competition.

Talent cultivation occupies a pivotal position in the "Vanguard Rural Revitalization Plan". "The key to poverty alleviation lies in talents." For this reason, CR Vanguard has selected professionals to stay in the villages, sharing their advanced managerial experience with targeted industrial guidance. Wang Kewei, a senior purchasing manager who oversees Fresh Produce Purchasing in the Commodity Department of Vanguard Liaoning Company, was dispatched to Langyue Village, Baita Manchu Township, Xingcheng City, Liaoning Province as the first secretary of the village. Soon after Wang Kewei took office, he registered the "Xingcheng Langyue Runnong Farming Specialized Cooperative" for Langyue Village, and signed a formal vegetable supply and marketing contract with Vanguard. In 2019, after the "vegetable greenhouse" in the village was officially put into operation, the 138 poor people in the village increased their income by an average of RMB 36,600 per year, and the village's collective income increased nearly 40 times year-on-year.



In 2019, after the "vegetable greenhouse" in the village was officially put into operation, 138 poor people in the village increased their yearly income by an average of

36,600

RMB



The collective yearly income of the village increased nearly

40

times

CR Vanguard has always emphasized base construction. Xu Zhijiang believes that it involves long-term considerations. "Now all the products we choose have local characteristics, but how to fully integrate product characteristics with consumer needs, turn them into selling points and realize large-scale production? These are questions we have been thinking about."

The construction of the base also has higher standardization requirements. For example, large-scale production must reach more than a few hundred acres, standardized management and control require that fertilizers be environmentally friendly and pollution-free, while management emphasizes indicator certification as well as systematic training for professionals.

In 2009, Suguo Supermarket, a subsidiary of CR Vanguard, established the first farmland-supermarket synergy base in Yanhe Village, Xuyi County, Jiangsu Province. With the concept of source control in mind, they evaluated the soil, air quality, and fertilizer use of the base to ensure product safety. In order to boost sales, Suguo Supermarket assisted that local cooperative should scientifically select planting varieties, established a purchase mechanism with a minimum purchase price, and formed a stable farmland-supermarket synergy model. In 2020, Suguo Supermarket purchased more than 5,100 tons of agricultural products from Yanhe Village, with the purchase amount exceeding RMB 12 million. Suguo also carried out training to improve the villagers' planting skills. After training, local villagers have been able to carry out production activities in accordance with the standards of pollution-free vegetable production and cultivation, which has greatly improved the market competitiveness of local agricultural products.

In terms of sales channels, CR Vanguard has set up special sales channels for poverty alleviation products in both brick-and-mortar stores and Vanguard apps. Now there are more than 2,500 such sales platforms offline, and Vanguard app is also running virtual stores, such as Guizhou Pavilion and Jiangxi Pavilion.

Through the platform, we can better introduce products from poor areas to consumers with not only the value of the products themselves but also the stories behind them. Xu Zhijiang attaches great importance to brand building. He reiterated that the stories behind the products must be told. Only value recognition can lead to behavior recognition. He keenly pointed out: "A smiling face of an elderly person in a poor area or a text of a few lines can show consumers how good their deeds of buying poverty alleviation products are."

In Xu Zhijiang's view, poverty alleviation is not just about giving charity, but also a process of helping and supporting each other. There are currently 49 counterpart assistance bases across the country at the headquarters level. By the end of 2020, a total of 19,000 tons of agricultural and sideline products had been sold, and the sales amount was about RMB 130 million.

Entering a new stage of rural vitalization and development, CR Vanguard will continue to enhance base construction, standardize poverty alleviation, and promote industrialization, scale and brand development. Only in this way can "one-way assistance" become "mutual assistance". At the same time, it will also help CR Vanguard better serve consumers and enhance the competitiveness of the front end of the industrial chain.

The building of poverty alleviation brands also enriches Vanguard's brand connotation. At present, the market competition is becoming increasingly homogeneous. Brands with commodities



▲ Products from Vanguard's farmland-supermarket synergy bases all over the country are transported to the supermarkets.



By the end of 2020, a total of

19,000

tons of agricultural and sideline products had been sold



The sales amount was about

130

million (RMB)

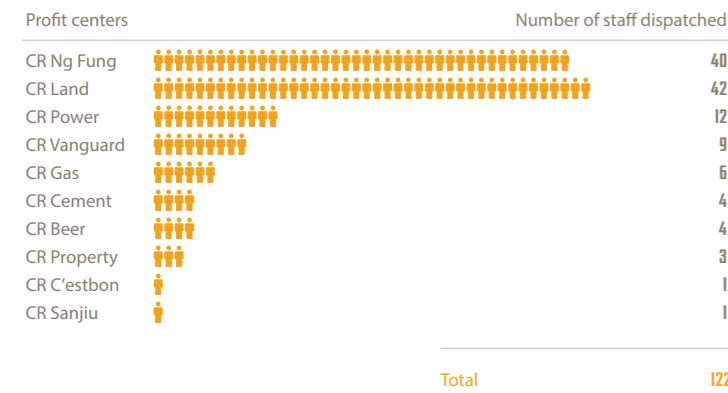
at similar levels mostly have resources available to supply chains similar as well. Therefore, private brands become a strategic focus of Vanguard's future development. Featured poverty alleviation products should also be combined with Vanguard's own brand to highlight its characteristics and make best use of its selling points. For example, Vanguard's own brand of Guangchang Lotus Seeds is on its way to large-scale production.

The real meaningful poverty alleviation lies in industrial support, and the focus is to streamline all links in the industrial chain, supply chain, and value chain. Xu Zhijiang said that CR Vanguard is currently strategically positioned as an omni-channel retailer, which he hopes will be broader and more sustainable in the future.

CR Hope Towns as Platform: the Poverty Alleviation Work Carried out by CR Subsidiaries

Selecting personnel to participate in the construction of CR Hope Towns

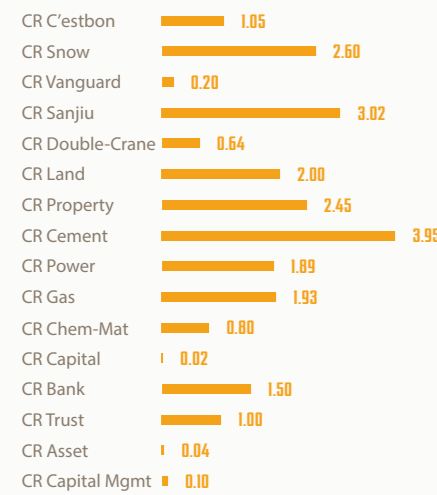
Since 2008, all enterprises of CR Group have selected a total of 122 outstanding young people to join the CR Hope Town project team. They stay on the front line of poverty alleviation, and directly participate in the construction of Hope Towns.



Enterprises of CR Group Donate Money and Materials to CR Hope Towns

Since 2008, the profit centers of CR have directly donated RMB 23.19 million in funds and materials to 11 Hope Towns across the country to support their construction and development.

Unit: million (RMB)



CR Trust donated funds to support the development of "Hope Farm" in Hong'an Hope Town

In 2019, CR Trust donated

1 million (RMB)

through "Runxin Charitable Trust" for the construction of the Hope Farm in Hong'an Hope Town.



CR Ng Fung and CR Property Assist Industrial Development in Hope Towns

With planting and breeding industries at its core, CR Ng Fung has provided industrial assistance to five Hope Towns in Baise, Xibaipo, Shaoshan, Gutian, and Jinzhai. CR Property, with country inns and hotels as its pillar industry, has supported four Hope Towns of Jinggangshan, Hong'an, Jianhe and Yan'an in their industrial development.



CR Land Contributes its Manpower to the Construction of Hope Towns

Since 2008, CR Land has selected 42 outstanding young employees to participate in the construction of Hope Towns. The project managers of Hope Towns were basically dispatched from CR Land, and all the general contracting tasks were undertaken by CR Construction, a subsidiary of CR Land, on a zero-profit basis. CR Land has fully dedicated itself to the construction of Hope Towns.

CR Land has organized owners and partners to carry out charity activities in Hope Town

Donated funds and materials to Hope Towns through various forms totaling nearly

2 million (RMB)

CR Vanguard Supports Poverty Alleviation and Hope Towns' Industrial Development by Boosting Consumption of Products from Poor Areas

Since 2015, CR Vanguard has continued to help sell agricultural products from Hope Towns. The accumulative sales volume of virgin fruit, eggs, kiwi fruit and other agricultural products in Hope Towns has reached

95 million (RMB)

By boosting consumption of these products, CR Vanguard made its own contribution to poverty alleviation and the Hope Towns' industrial development.

CR Snow Donated Money to Build Snow Plazas in Hope Towns

CR Snow Breweries Ltd. has so far donated more than

2.6 million (RMB)

It Donated Money to Build Snow Plazas for CR Hope Towns in Xibaipo, Zunyi, Jinzhai, Haiyuan, Jianhe, Hong'an and Yan'an.



Health Poverty Alleviation by CR Pharmaceutical

CR Double Crane

CR Double Crane and its partners jointly launched a charity activity named "In the Field of Hope" for CR Hope Town.

Number of public service activities held since 2018

6 frequency

The drugs and materials we've donated worth a total of **640,000** RMB

organized **200** medical experts and clients to participate in voluntary clinics in Hope Towns, ward rounds in the county hospitals as well as exchanges with experts and hospital presidents.

CR Saike

CR Saike launched a "Hope Town Charity Trip" for its clients. Starting from 2017, each year Saike would organize 4 public service activities in Jinzhai Hope Town, covering nearly one thousand clients. Its free clinics has also brought benefits to nearly a thousand people with **100%** of satisfaction from the clients on the doctors.

CR Sanjiu



From 2009 to 2012, the company has donated a total of RMB 3.02 million to CR Charitable Fund for the health stations in Hope Towns.

CR Healthcare & CR Medical Health Poverty Alleviation Projects

9

CR Healthcare & CR Medical mobilized their affiliated hospitals and carried out 9 free clinics activities in Hope Towns. They paired up with health stations in Hope Towns to help improve the diagnosis and treatment capacity of rural doctors.



CR Cement Brings Technology to Hope Towns

In 2016, CR Cement donated a science laboratory to Jinzhai Hope Town; in 2017, CR Cement donated colorful cement and used it to build two squares for villagers in Jinggangshan Hope Town: Tushan Square and Runfeng Square. From 2018 to the end of 2020, CR Cement donated permeable bricks, flurospar and other new-type energy-saving materials to Haiyuan, Jianhe, Hong'an and Yan'an, in an effort to facilitate sustainable development in these towns.

CR Power Donated Money to Build PV Power Stations and Solar Street Lamps to Hope Towns

In 2009, CR Power Donated Money to Build the largest solar power station in Guangxi Autonomous Region in Baise Hope Town as well as solar street lamps for six Hope Towns.

CR Gas has donated

1.6 million (RMB)

to Hong'an Hope Town, to build gas facilities and equipment, and helped Hong'an Hope Town supply gas in January 2020.

CR Gas Donations: From Kitchenware to Clean Energy

Since 2015, through infrastructure construction support, education aids, selling of agricultural products on a commission basis, and donation of kitchenware and stoves, CR Gas has donated funds and materials worth a total of

1.93 million (RMB)

CR Bank: From "Happy Learning" to "Runxin Gardener"



1.5 million (RMB)

CR Bank started to hold "Happy Learning" public welfare activities in Hope Towns in 2012. By the end of 2020, it has organized 8 student aid activities and donated a total of RMB 1.5 million worth of financial and material assistance. In Haiyuan Hope Town, CR Bank further upgraded "Happy Learning" project into "Runxin Gardener" project. The bank not only donated grants and school supplies, but also carried out four "Runxin Gardener" teaching activities, offering 320 class hours of quality education courses on music, PE and fine arts, in an effort to improve the outlook and all-around quality of children in Haiyuan Hope Primary School.

Other Poverty Alleviation Efforts by Subordinate Enterprises

>>> "10,000 Enterprises Assisting 10,000 Villages" Campaign

In the context of national poverty alleviation, the Poverty Alleviation Office of the State Council and All China Federation of Industry and Commerce, together with other organizations jointly launched the campaign of "10,000 Enterprises Assisting 10,000 Villages" in January 2016. In response, provincial and municipal governments launched a series of campaigns such as "1,000 Enterprises Assisting 1,000 Villages" and "100 Enterprises Assisting 100 Villages" to pair up enterprises and poor villages in targeted poverty alleviation efforts.

Enterprises under CR has donated

186 million (RMB)

Counterpart assistance to

188 poor villages

Located in

35 nationally designated poor counties

Number of village cadres dispatched

43

Directly helped

4,620 registered poor households

>>> Poverty Alleviation Through Consumption

>>> Coordinated Poverty Alleviation Projects

>>> Other Poverty Alleviation Projects

CR Gas

>>>

CR Gas has donated a total of **RMB 21.59 million** of poverty alleviation funds and dispatched **27** village cadres. Its targeted poverty alleviation efforts involve **93** poor villages (16 of which are located in nationally designated poor counties) and **8,171** people in registered poor households.



CR Power

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CR Power donated about **RMB 153 million** in total and dispatched **7** village cadres. It helped more than **18,000 poor families** through charitable donations and industrial poverty alleviation efforts.



CR Jiangzhong

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CR Jiangzhong has helped Nanzhou Village and Tiandong Village in Nanfeng County (provincial poor county) of Jiangxi Province with a total donation of **RMB 4.864 million**. It helped improve infrastructure and supporting facilities, provided industrial development support, and directly benefited **20** registered poor households in these two poor villages.



CR Jiangzhong has also set up a poverty alleviation task force who would stay in the poor villages for four years in a row for poverty alleviation.

CR Vanguard Poverty Alleviation Base for Fresh Produce

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CR Vanguard worked with local governments and partners in an effort to build poverty alleviation bases for fresh produce in poor areas. These moves aim to standardize farmers' planting methods and optimize the supply chain "from farm to store" so as to expand income channels for farmers and provide consumers with more high-quality agricultural products. This model serves to realize "win-win results" directed at targeted poverty alleviation, optimization of the supply chains and improvement of consumer services. As of December 2020, Vanguard has built **34** fresh produce bases nationwide, covering poor counties and villages in provinces such as Anhui, Jiangsu, Guizhou, Jiangxi and Hainan.



CR Vanguard

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Vanguard has donated **RMB 770,000** in total. It helped **49 poor villages**, benefiting **7,883** people in registered poor households. Vanguard has also dispatched **one cadre** stationed in Langyue village, Xingcheng City, Liaoning Province as the first secretary of the village.



CR Snow

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CR Snow has donated more than **RMB 4.5 million**, dispatched **7** temporary cadres, and helped **30** poor villages by dispatching cadres, donating goods and materials, as well as providing industrial assistance.

CR Vanguard Helps Sell Agricultural Products from Poor Areas

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CR Vanguard leveraged its own advantages in sales channels to help solve the sales problem for agricultural products from poor areas. It engaged itself in poverty alleviation by boosting the sales of products from poor areas. From 2015 to December 2020, Vanguard helped sell more than **800,000 tons** of agricultural products from poor areas, with a purchase volume of nearly **RMB 380 million** and a sales volume of more than **RMB 250 million**, which brought tangible benefits to poor counties in may provinces including Gansu, Guangxi, Guizhou, Hainan, Hebei, Hunan, Jiangsu, Jiangxi, Liaoning, Qinghai, Shaanxi, Sichuan, Zhejiang, Anhui and Hubei.



CR Gas CR Power CR Bank CR Trust

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These companies have been actively engaged in poverty alleviation through consumption, with more than **RMB 4 million**'s worth of agricultural products purchased from poor areas.

CR Power & CR Ng Fung Coordinated Efforts in Implementing the Poverty Alleviation Project for Beef Cattle Industry in Taibus Banner

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CR Ng Fung has been assisting CR Power to develop the new energy market in Xilin Gol. They obtained the right of exploitation for 1 million KW of wind power and 200,000 KW of photovoltaic power in Xilingol League. In return, CR Power donated RMB 100 million to Taibus Banner as poverty alleviation fund. CR Ng Fung helped manage the fund and used the capital to help Taibus Banner develop its beef cattle farming industry.



DEEJ & CR Leasing Joint Efforts in Implementing the Poverty Alleviation Project for Black Donkey Industry in Aohan Banner, Inner Mongolia

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Dong-E-E-Jiao Co., Ltd., China Resources Financial Leasing Co., Ltd., and Aohan Banner Government of Inner Mongolia joined hands and established Aohan Banner Donkey Industry Development Fund based on the model of "government + finance + leading enterprises + farmers" to carry out financial leasing project for donkey industry. Through this model, the donkey stock on hand in Aohan Banner **doubled** (from 200,000 to 400,000), while farmers' income increased by **RMB 2 billion** in three years.



CR Gas "Coal-to-Gas" Project in Rural Areas

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CR Gas has been actively engaged in the "Battle Against Air Pollution" and promotion of clean energy for heating in rural areas. By the end of 2020, around **1.15 million rural households** from provinces such as Hebei, Shandong, Henan, Shanxi and Shaanxi have joined the "coal-to-gas" project, with gas supplies provided to more than **4,600 villages**, attracting an investment of about **RMB 5.5 billion** in rural gas infrastructure construction.



CR Power Poverty Alleviation Project for New Energy Investment

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CR Power has been actively exploring the business development mode of combining new energy development with local poverty alleviation. By the end of 2020, the total capacity of implemented wind power projects under CR Power reached **1.105 million KW**. The company also issued an alleviation fund totaling **RMB 33.92 million**. Around **16,580 poor people** in **5,526 poor households** directly benefited from CR Power's poverty alleviation efforts with yearly increase in **77 poor villages'** collective income.



CR Power "Transmitting Electricity from Hezhou to Guangdong" Targeted Poverty Alleviation Project for the Energy Industry

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In 2019, CR Power launched a targeted poverty alleviation project named "Transmitting Electricity from Hezhou to Guangdong", which is China's first project that transports power from poor areas to developed areas. The implementation period of the project is 5 years, which can bring an increase of about **RMB 4.95 billion** in industrial output value and an increase of **RMB 225 million** in tax revenue for Fuchuan Yao Autonomous County of Hezhou City. The project will also provide **2,000 jobs** for poor people.

CR C'estbon: One Hundred Library Project

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Since the launch of the "One Hundred Library Project" in 2007, CR C'estbon has built **225 rural libraries** in poor villages across the country to deliver the best books for rural children.



CR Pharma Comm: "Health-Themed Poverty Alleviation Campaign in China"

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From June to December 2018, China Resources Pharma Comm launched the "Health-Themed Poverty Alleviation Campaign in China". The campaign included health-themed poverty alleviation and public-service activities such as special donations, free clinics, drug donations, patient education, medical training for rural doctors and drug knowledge publicity in 80 stations, covering poor areas and old revolutionary base areas of 27 provinces where the company's business operates. The campaign attracted a total of **35,000 participants** and raised **RMB 4.8 million** of donation for poor areas with **19,000 beneficiaries**, which improved the public health services of poor areas.



CR Cement

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CR Cement has donated cement to help poor villages build bridges and roads and strengthen infrastructure construction. Since 2015, CR Cement has donated **RMB 8.742 million**'s worth of cement, launched **327 donation** projects for bridge and road construction, and built hundreds of roads for poor villages.



CR Healthcare & CR Medical

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Taking its affiliated hospitals as a platform, CR Healthcare & CR Medical made active efforts in coordinating social public welfare resources. It absorbed funds and resources from many public welfare institutions, including CR Charitable Fund, Ai You Foundation and Handpicked Love Foundation, organized charitable donations for enterprises, and carried out poverty alleviation projects based on healthcare and medical services to help people who suffer from illness-related poverty.



Economic
Responsibilities

Empowering
High-Quality Growth

01

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Concept and Vision

The year 2020 is an extraordinary year. Faced with various challenges, CR Group has been united as one, seeking response and seizing development opportunities. It takes "leading business progress and building a better life" as its mission and "outperforming the market index and facilitating transformation and upgrading" as its strategic goal. In accordance with its development model of "relying on industry and capital while drawing strength from the internationalization process and Internet technologies", CR Group has dedicated itself to achieving sustained growth in both scale and strength, steady increase in operating efficiency, and marked improvement of operation quality. Confronted by the sudden onslaught of the pandemic, CR Group has withstood the historical test and demonstrated its sense of responsibility in protecting "people's livelihood in the big country". It served as the backbone in our drive to secure the decisive victory of building a *Xiaokang* society in all aspects. CR also played an important role in ensuring the successful conclusion of the 13th FYP as well as a smooth start of the 14th FYP. All these achievements bring the company one step closer towards the goal of becoming a "world-class enterprise with global competitiveness".



SDGs Responses

Our Performance



Becoming the Pillar, to Lead a High-quality Development

In 2020, faced with severe situations unprecedented in history, the Group made careful deployment according to the time and situation. It coordinated COVID-19 prevention and control as well as production and operation in a scientific manner, and worked hard to "ensure stability on the six fronts and security in the six areas". On the one hand, CR continued to increase resource investment in traditional business sectors, focusing on quality growth, efficiency reform as well as scientific and technological innovation, in an effort to empower the transformation and upgrading of traditional businesses and strengthen the weak links in high-quality development. On the other hand, CR continued to deepen the reform of systems and mechanisms, and optimize corporate governance, in order to lay a solid foundation for high-quality growth. Having achieved double-digit growth for the year, the Group goes on to deepen reforms and release its development momentum.

Enhancing the Competitiveness of Main Businesses Through Transformation and Upgrading

CR continues to facilitate the transformation and upgrading of traditional business sectors such as big consumer industry, energy services, as well as urban construction and operation. It also aims to accelerate the cultivation of new growth magnets and further enhance the core competitiveness of its main businesses in order to secure its position as an industrial leader.

In 2020, CR Snow continued to enrich its product portfolio despite the impact from the COVID-19. The company focused on high-end market and launched a high-end product, "Heineken Silver" beer, to fuel its transformation towards high-end growth. CR Snow also improved its brand image and set a new high in terms of market value. CR Vanguard accelerated its exploration on new retail models with higher efficiency in developing new and innovative business modes such as Vanguard Mart and Vanguard Life and officially opened its first Vanguard City. CR Power celebrated its first success in securing a clean energy assets ratio higher than that of coal power, while scaling new heights in the volume of wind and solar energy integration with breakthroughs in power sales business and smart energy projects. CR Gas achieved breakthroughs in hydrogen energy business and continued to expand its charging business. CR Land spun off part of its operations and created the new platform named CR Mixc Lifestyle which was successfully listed with an impressive P/E ratio achieved under a unique business model that features "property management and commercial operational service". Phase 1 of the whole-process intelligent manufacturing factory in Tianyang, one that CR Cement developed leveraging its 5G, IoT and big data technologies, commenced operation.

- 1 On July 31, 2020, Heineken launched "Heineken Silver S Plan" Party in Shanghai
- 2 On December 9, 2020, CR Mixc Lifestyle, a company established by CR Land by spinning off its commercial operation and property management businesses, was successfully listed on the main board of the Stock Exchange of Hong Kong (HKEX) and became HKEX's third largest IPO in 2020.



^ Investment Driven Approaches to Boost Capital Vitality

CR Group further optimized the allocation of strategic capital investment and channeled resources to industries prioritized in major national strategies as well as industries addressing critical national development needs. Based on the Group's existing industrial layout, CR allocated more resources to technological innovation and strategic emerging industries, increased capital investment in national key development regions, and made active efforts in developing new industries, new business forms and new growth magnets, making full use of capital to guide and support corporate strategies and businesses.

In 2020, CR Land acquired 69 urban renewal projects, with a new land reserve area of 14.92 million square meters. Most of these projects are located in four regions, namely Guangdong-Hong Kong-Macao Area, the Yangtze River Delta, Beijing-Tianjin-Hebei Area, Chengdu-Chongqing Economic Zone, and nine major cities in the nation, including both first tier and second tier cities in China. These projects will enable the Group to enhance its comprehensive strength in urban investment, development and operation. CR Capital Mgmt successfully acquired city'super and Dirui Medical. The former acquisition led CR to increase investment in people's livelihood industries, accelerate deployment of new industries, and further enhance its business scale and influence in the Hong Kong's retail market, while the latter further optimized the CR's strategic layout of medical equipment in its general health busines. CR Capital and CR Asset completed the acquisition and implementation of Yukang Project and worked with CR Gas to gain the control of gas in Chongqing, and created a new platform for industry and finance synergy in central and local enterprises.



On September 8, 2020, the International Investment Forum of the 2020 China (Xiamen) International Fair for Investment and Trade & Silk Road Investment Conference was held in Xiamen. Wang Xiangming, Chairman of CR Group, attended the forum and delivered a keynote speech.

^ High-Quality Development Driven by Innovation

CR Groups strives to boost innovation for high-quality growth by establishing organizations, improving mechanisms, prioritizing innovative fields, enabling innovation results and scaling up R&D input. In 2020, the Group was selected into the third batch of national demonstration bases for mass entrepreneurship and innovation, and set up a national post-doctoral scientific research workstation. Among the 25 profit centers of the Group, 14 centers set up innovation committees, 5 centers formed science and technology associations, 13 centers built scientific research platforms, while 1 set up an academician workstation, 4 established postdoctoral workstations, and 4 founded joint laboratories. CR Group prioritizes digitization, intelligence and IT application in its transformation. It encouraged "+intelligence" development in production, operation and management, facilitated a number of R&D projects, and enabled transformation and utilization of new technologies.



On July 18, 2020, CR successfully held the second CR Reform and Development Forum, which focuses on industrial development and digital transformation.

^ Structural Optimization and Breakthroughs

During the 13th FYP period, CR put its seven main business into five business segments so as to make room for structural optimization and resources allocation. In 2020, CR eased its investment in industries with over capacity such as coal and thermal power industries, while accelerating its deployment in new energy, pharmaceutical and healthcare industries. In this context, CR Microelectronics offered its shares to the public and was formally listed, while the market value of CR's beer business also increased. In addition, the Group arranged a number of industrial funds to boost new development momentum in the fields of big consumer, general health, new energy, biomedicine and so on. Urban operation sector played a prominent role in driving profits while the general health sector was vital in boosting scale. At the same time, there was a marked increase in the profits of big consumer sector. In response to SASAC's requirements on streamlining business management, CR simplified its legal person structure from 15 levels to 12 levels, and reduced its maximum levels of management from 8 levels to 4 levels.

^ Growth Achieved by Cost Reduction and Efficiency Enhancement

All enterprises of the Group strived to reduce unnecessary expenses in strict compliance with the expense budget. Comprehensive measures have been taken—from institutional building, optimization of assessment scheme to strengthening on-site investigation and guidance—to enhance corporate governance for enterprises running under deficit, control inventory and reduce receivables. For example, CR Land boosted its sales and improved the structure of inventory assets; CR Vanguard optimized its commodity structure and inventory management to speed up commodity flow; CR Power reduced coal consumption for power supply through measures such as technical transformation; CR Cement continued to reduce standard coal per ton of clinker and overall power consumption; CR Gas organized another round of bidding and evaluation in order to reduce the cost of main materials; CR Micro reduced procurement costs by gathering suppliers in price negotiations and increasing the localization rate of materials and spare parts.



^ Serving National Strategic Goals and Enhancing Regional Business Layout

CR Group formulated regional development strategies such as integrated development in Beijing-Tianjin-Hebei region, Yangtze River Delta, Chengdu-Chongqing Economic Circle and Guangdong-Hong Kong-Macao Greater Bay Area. It sought industrial transformation and upgrading in the fields of innovation, R&D, modern manufacturing, service industry, urbanization, public services, livelihood projects, large-scale infrastructure, ecological environmental protection and consumption upgrading, and selected a number of influential and feasible demonstration projects to foster national and regional development and facilitate industrial upgrading and structural optimization.

^ New Breakthroughs in Regional Expansion >>>

In Guangdong-Hong Kong-Macao Greater Bay Area, Guangzhou Nansha China Resources International Logistics Co., Ltd. was unveiled; CR Bank successfully issued financial bonds to help small and micro enterprises in the Greater Bay Area; Pacific Coffee launched the first entrepreneurship training project in the Area; CR Capital Mgmt launched 8 funds that involve around RMB 12.3 billion; China Resources Guangdong Pharmaceutical Co., Ltd. handed over the first drug [Rho(D) immune globulin] and medical device (the titanium rod) imported from Hong Kong to Shenzhen Hospital of the University of Hong Kong under the "Hong Kong and Macao Medicine and Equipment Connect" policy. The Group has also made new progress in reshaping its business in Hong Kong: the CR Enterprise Warehousing Project has been put into operation; the innovative business format U Select operated by CR Vanguard has driven Vanguard's Hong Kong business to achieve profitability; the market share of CR Ng Fung Hong Kong in live swine industry has reached a record high; and the Roof PV Project of CR Power has been officially completed.



Beyond Dreams, the first entrepreneurial training programme of Pacific Coffee and HKCT (Hong Kong College of Technology) at the Greater Bay Area has attracted more than 800 participants in two years. On April 19, 2021, after training and assessment, 24 young people from Hong Kong set out for Pacific Coffee stores in Shenzhen for a seven-week internship. The picture shows 23 of them holding an internship meeting at Pacific Coffee store in UperHills LOFT in Shenzhen.

In Xiong'an New Area, CR Land won the bid for the Green Building Exhibition Center Project. Other projects under CR Land in Xiong'an includes business service centers, high-speed railway station hub area and etc.

The Group signed strategic cooperation agreements with 13 provincial and municipal governments in Guangxi, Hubei, Fujian and Sichuan. It has organized 5 regional strategic seminars and in-depth discussions on the regional development strategies for Beijing-Tianjin-Hebei Area, the Greater Bay Area, Yangtze River Delta Area and Chengdu-Chongqing Economic Circle and identified development strategies for these four key regions.

CR's Southeast Asia business, UK Offshore Wind Power Phase II Project, Oatly Project, Ethiopia and Laos Cement Project and other overseas projects are proceeding smoothly.

^^ Improving Corporate Governance and Accelerating Management Promotion

CR Group has effectively grasped the reform opportunities brought by pilot scheme for state capital invested enterprise, the three-year action plan for SOE reform, and optimization and restructuring of state-owned economy. It goes on to explore a path suitable for modern governance of SOEs by accelerating management promotion through a series of measures including optimizing management and control system, promoting mixed ownership reform, standardizing the construction of the Board of Directors as well as strengthening internal control and compliance.

^ Injecting Vitality into SOEs Reform

In accordance with the overall reform plan of "three horizontal and three vertical approaches, innovative development and political engagement", CR Group has actively promoted the improvement of management and control system, optimized the functions of CR Headquarter, strengthened the delegation of authority, and enhanced the core ability of "capital management". The strategic business units have further clarified their responsibilities, optimized their models and improved efficiency in the aspect of management and control.



CR Group has established a leading group responsible for three-year reforms on SOEs, compiled and released a three-year action plan for CR reform. To actively promote mixed ownership reform, CR Group has held managers' meetings for mobilization and deployment, in which the objectives, implementation paths, division of responsibilities, timing and milestone assessment of each reform task have been clarified. A mechanism has been established for the Group's main leaders to hold monthly meetings and review progress reports. All the work has been proceeding in an orderly manner.

^ Progress Made in Specific Reform Projects >>>

CR Micro has been successfully listed on the Science and Technology Innovation Board, and the Silicon Project has been invested in. CR Chem-Mat has been listed as the pilot of "Double 100" campaign; CR Sanjiu and CR Biopharmaceutical have been identified as the pilot of "Science and Technology Innovation Action". Mixed ownership reform in C'estbon and Pacific Coffee has been carried out in an orderly manner. "De-institutionalization at Headquarter" at the group level has been completed on schedule. At present, a long-term working mechanism has been established to solidify the previous achievements and will be applied in directly-affiliated enterprises.

▲ Optimizing the Construction of the BoDs and Improving the Corporate Governance System

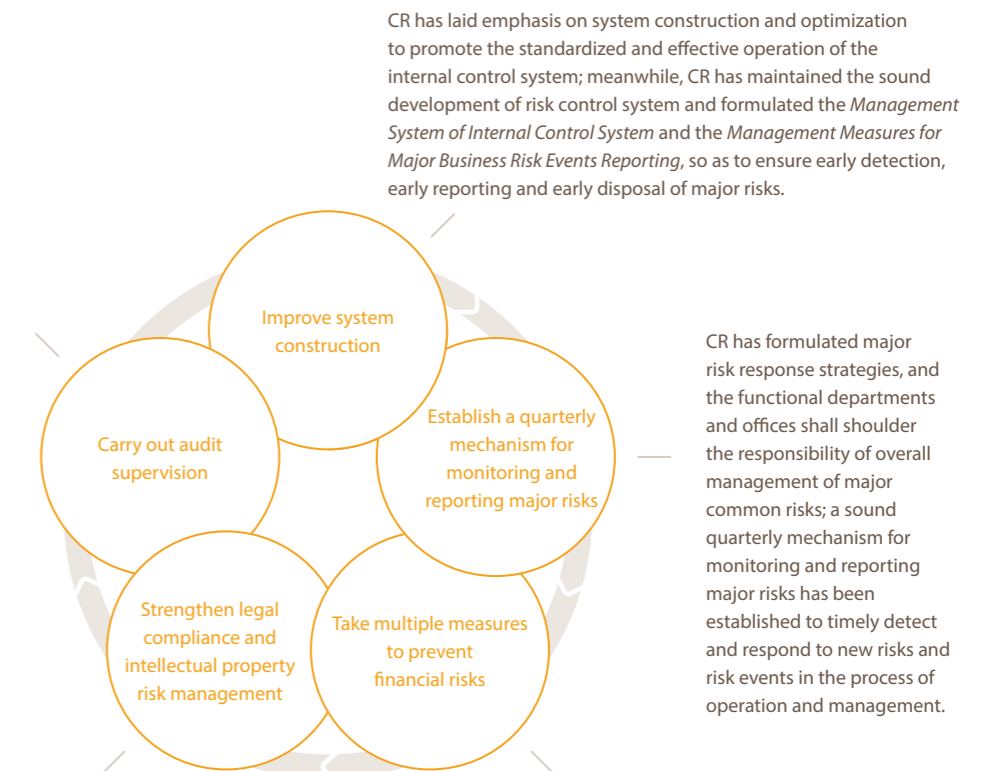
CR Group has continued to optimize the construction of the Board of Directors and given full play to the role of the Board of Directors in framing strategies, making decisions and preventing risks. Meanwhile, CR Group has promoted the improvement of the corporate governance system in subsidiary and sub-subsidiary enterprises and formulated the *China Resources' Management Measures for the Directors and Supervisors* to promote the construction of a sounder and more standardized and efficient corporate governance system.



▲ Consolidating the Construction of Internal Control and Compliance, and Strengthening Risk Prevention

To further strengthen the construction of internal control and risk prevention system, CR Group has promoted the establishment of a number of corporate governance systems and strengthened the management of procurement, investment and asset disposal. Investigation and risk prevention in the fields of debt, investment, legal issues, finance, EHS and business with the United States and Hong Kong have been strengthened. Special risk governance revolving around key businesses, key areas, important links, overseas assets, important posts and key personnel has been carried out. CR has implemented law-based corporate governance, promoted the integration of risk, internal control and compliance management, and held the bottom line of no systemic and major risks.

CR has focused on the key and difficult issues and high-risk areas affecting the implementation of national policies and the Group's strategic planning, and carried out more than 450 audit projects, covering the implementation of national policies, the performance of economic responsibilities, investment and M&A, internal control, overseas business, engineering construction, procurement, sales, production and operation, financial management and other areas; According to the *Key Issues of Internal Audit of Central Enterprises in 2020* issued by SASAC, CR has carried out inspections on trade risks, financial derivatives management, non-material bidding and procurement, loss control and disposal of inefficient and invalid assets, which has effectively prevented major common risks.



In terms of compliance management, CR has reviewed and approved the *Code of Business Conduct* and *Compliance Management System*, and carried out the pilot construction of compliance system with CR Environmental Protection as the pilot unit. In terms of legal risk management, CR has completed the compilation and revision of *Legal Risk Management System, Management Measures for the Formation, Custody and Provision of Internal Evidence*, and *Legal Risk Management Manual of China Resources*. In terms of intellectual property risk management, CR has continued to protect rights and crack down on infringement, and a total of 137 enterprises that infringe intellectual property rights stopped their illegal acts throughout the year.

In the face of major emergencies such as COVID-19 and oil price plunge, CR has taken a series of measures to cope with: first, encourage issuing long-term bonds, reduce short-term refinancing pressure and prevent liquidity risks; second, make a forward-looking judgment on the trend of RMB, control the exchange rate risk, and adjust the exchange rate risk control strategy according to the changes of COVID-19 situation; third, take advantage of the low interest rate environment after the outbreak of the COVID-19 to reduce the financing cost; fourth, promote the concentration of capital settlement, prevent operational risks, and formulate the *Measures for Accountability of Financial Operational Risks*.



^ Strict Rules on Information Disclosure

Under the regulatory situation supported by the revision of *Securities Law* and *Criminal Law*, on the one hand, CR Group has further clarified the importance of compliance disclosure for the sustainable development of listed companies, as well as the basic principles, rights and responsibilities of information disclosure; on the other hand, CR Group has, from the inside, made clear the compliance information disclosure process and insiders management, which has ensured the authority and independence of the secretary and the office of the Board of Directors in information disclosure, and additionally, information disclosure compliance has been regarded as one of the reference standards to appoint senior management personnel and inside directors or supervisors/employee directors or supervisors and assess their performance.

^ Protecting the Rights and Interests of Minority Investors

CR Group encourages listed companies to hold performance briefings after the disclosure of regular reports to timely inform investors of the latest development, or take the initiative to show the company's competitiveness and development potential to the existing and potential investors, and listen to investors' opinions and suggestions on industry development and enterprise management through on-site investor survey, securities strategy meetings and shareholder visits. CR Group also encourages listed companies to timely and comprehensively respond to investors' questions through the investor hotline and other channels, and enhance the transparency of management.

CR Medical has actively communicated with minority investors through multiple measures

CR Medical has a dedicated IR mailbox to receive public inquiries and feedbacks on the Company. The office of the Board of Directors pays prompt attention to the relevant information in Snowball Forum and stock bar on the website of eastmoney, and tracks the latest comments made by the market and investors. In terms of external communication activities, the office of the Board of Directors has participated in a series of events to fully communicate with the investors online and offline, including the fourth "Golden Hong Kong Stock" Award Ceremony and roadshow by Zhitong Finance, the 7th China Annual Summit by HSBC, the Online Forum "Corporate Day" by Puyin International, the 15th China Investment Summit by Citibank, 2020 Guruclub Global Investment Carnival and the closed-door meeting of GF Securities.



On the roadshow of 2020 Guruclub Global Investment Carnival, investors actively interact with CR Medical



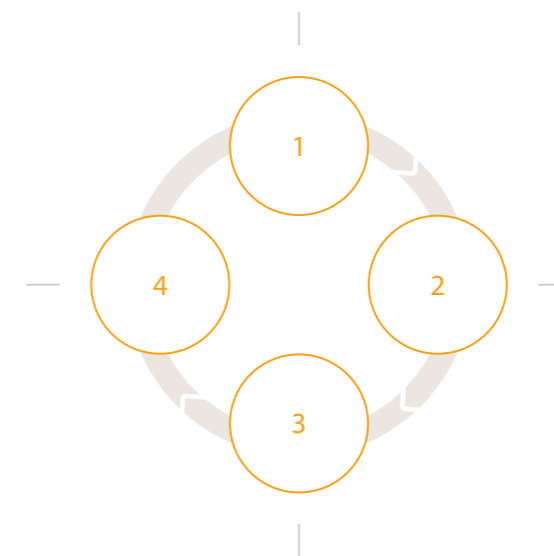
^^ Sparing No Effort to Combat Corruption and Building a Clean Enterprise, and Strictly Holding the Bottom Line of High-quality Development

CR has spared no effort to build an "Overall Supervision" work pattern, earnestly rectified each requirement proposed by the inspection team, and punished the corrupt leaders with a "zero tolerance" attitude, which has enabled CR to achieve an overwhelming victory in anti-corruption campaign and form a clean and positive working environment.

^ Focusing on the First Responsibility of the Supervision Committee and Comprehensively Improving Governance Efficiency

CR has integrated supervision resources and promoted the joint force of the "Overall Supervision". CR has established the Supervision Committee of China Resources, which acts as the standing advisory body of the Executive Committee and the deliberative body of the "Overall Supervision" and is responsible for putting forward opinions and suggestions on supervision to the Executive Committee. Two "Overall Supervision" meetings have been held, which have effectively promoted the integration of supervision resources. Multiple subjects, including those from supervision, audit, finance, law and other organs, have actively interacted and learned from each other, giving full play to the joint force of supervision.

CR has attached great importance to corruption and work style in the field of poverty alleviation and escorted the fight against poverty. By organizing the "Overall Supervision" meetings, CR has urged the office of CR Group and the related departments, including the finance department, legal compliance department, to strictly control and guide, in the aspects of project initiation, budgeting, project construction, settlement audit and project evaluation, the construction of CR Hope Towns in an all-round way and during the whole process.



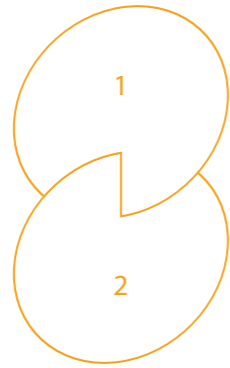
CR has strictly controlled personnel selection and employment and conducted strict supervision throughout the whole process, which starts from the initial stage of personnel selection and employment. Earnest and prompt response has been made to opinions on building a clean enterprise. In 2020, the supervision departments at all levels replied to 1,941 pieces of opinions and complaints, involving the promotion or employment of 5,970 leaders or employees, of which 59 received deferred or negative comments.

CR has kept an eye on key nodes and resolutely addressed the practice of formalities for formalities' sake, bureaucratism, hedonism, and extravagance. CR has issued notices before New Year's Day, Spring Festival, May Day, Dragon Boat Festival, Mid-Autumn Festival, National Day and other major festivals to urge them to strictly follow discipline requirements and to prevent those misconducts from emerging. Enterprises at all levels have been required to implement the important instructions by General Secretary Xi Jinping on saving food and preventing waste, to strengthen daily supervision, and to fight against the practice of extravagance and waste.



Strictly Following the Disciplines and Enforcing the Policy of Accountability, and Accelerating the Construction of Systems and Mechanisms against Corruption

Sufficient attention has been focused on key areas to maintain the fight against corruption with all strength. CR has continued to strengthen anti-corruption efforts in the fields and links of commercial sales, bidding and procurement, contract management, investment and M&A, fund management, personnel selection and employment, and taken resolute measures to investigate acts such as embezzlement of state-owned assets by taking advantage of their positions, illegal personnel selection and employment, violation of the stipulations with regard to decision making on major issues, appointment and removal of important cadres, arrangement of major projects and use of large amount of funds, as well as violation of eight-point decision by the Central Party on improving work conduct, and ineffective performance of their duties.



CR has deepened efforts to address both symptoms and root causes and further standardized the exercise of rights. CR has also worked out the "panorama" of clean enterprise construction and anti-corruption situation, revised the *Ten Commandments of China Resources*, and formulated the *Record and Report System for Leading Cadres of China Resources to Intervene in Major Events*, which have further standardized the power exercise behavior of leading cadres and prevented leading cadres from intervening in major events.

Publicizing Education on Integrity and Honesty, and Strictly Enforcing Disciplines and Rules

CR has normalized education on integrity and honesty and given full play to the role of case warning. Two Group-wide education meetings have been held, in which typical cases involving discipline violations and even crimes within CR Group were reported. After the meetings, the typical cases reported were timely printed and distributed to enterprises at all levels of CR Group, with the intention to urge each cadre and employee to reflect and learn from the cases.

CR has spared no efforts to publicize intensive education on integrity and honesty to build a strong ideological defense line. "The Road of CR", a training program for outstanding managers, has set up a special course to cultivate the trainees' awareness of honesty, integrity and responsibility by demonstrating typical cases as warning examples. The construction teams of CR Hope Towns have carried out education in integrity and honesty with the themes of "a clean heart helps win the battle against poverty" and "a clean heart helps consolidate and expand the achievements of poverty alleviation", which has urged the frontline cadres in the construction of Hope Towns to be honest and do practical and useful deeds for the masses.



On December 8, 2020, CR Group convened the second education meeting on integrity and honesty in 2020

Our Commitment

Commitment Made in 2020 >>>

To continue to maintain the fight against corruption with all strength and accelerate the construction of systems and mechanisms that cadres do not dare, are not able, and ultimately have no desire to be corrupt; to build an "Overall Supervision" work pattern to pool joint efforts and enhance supervision effectiveness; to strengthen education on integrity and honesty for managers at all levels and continue to create a clean and positive entrepreneurial environment.

To ensure that the Group's performance growth remains above the average level of central enterprises.

To enhance the competitiveness of major industries, such as consumer products, urban construction and operation, and energy services, through investment; at the same time, to promote the development of strategic emerging industries, such as healthcare, semiconductors and sensors, environmental protection and Life Sciences.

To accelerate the disposal of ineffective and low-effective assets, to further optimize the industrial structure and make up for the shortcomings of high-quality development.

To actively promote the use of "Cloud" and "intelligence", to increase independent research and development of information technology and product design, and to push the overall intelligence level to a new level by combining internal and external efforts.

To expand the business in the Greater Bay Area in accordance with the planning and requirements of the *Development Strategy of Guangdong-Hong Kong-Macao Greater Bay Area*.

Commitment Performed in 2020 >>>

Established the Supervision Committee of CR Group and integrated supervision resources, which promoted the joint force of "Overall Supervision"; maintained the strong momentum in anti-corruption in key areas, and promoted the construction of systems and mechanisms that cadres do not dare, are not able, and ultimately have no desire to be corrupt; promoted the normalization of education on integrity and honesty and gave full play to the role of warning cases.

The Group's turnover and profits listed as one of the first rank among central enterprises, achieving the goal of outperforming central enterprises and national economic growth.

CR Land newly undertook 69 urban renewal projects, with a new land reserve area of 14.92 million square meters; CR Capital Management successfully acquired city/super and Dirui Medical; CR Financial Holdings and CR Assets completed the acquisition of Yukang project and cooperated with CR Gas to take control of gas in Chongqing; CR Micro was successfully listed on the Science and Technology Innovation Board, and the Silicon Project has been invested in; CR Chem-Mat was listed as the pilot of "Double 100" campaign; CR Sanjiu and CR Biopharmaceutical were identified as the pilot of "Science and Technology Innovation Action".

CR's enterprises tried their best to reduce unnecessary expenses, strictly implemented the expense budget, and comprehensively promoted the governance of loss-making enterprises and the special work to control accounts receivable and inventory from the aspects of system construction, optimizing the assessment scheme and strengthening on-site investigation and guidance.

We enhanced intelligent production and operation: CR Land built a benchmark project for smart city complex, CR Cement intelligent manufacturing pilot was launched, and CR Jiangzhong effectively adopted image recognition and machine learning technology. We facilitated online operation of business: 16 profit centers, including CR Sanjiu, CR Double-Crane and CR Bank, fully achieved their online objectives in many fields such as sales, customer service, procurement, supply chain, production and operation. We continued to build a digital innovation platform and completed the R&D and construction of CR cloud platform, industrial Internet platform, big data platform, artificial intelligence platform, IoT platform and blockchain platform. More than 270 systems (accounting for 30%) were successfully transferred to CR Cloud.

In terms of the construction of the Greater Bay Area: Guangzhou Nansha CR International Logistics Co., Ltd. was unveiled; CR Bank successfully issued financial bonds to help micro and small enterprises in Guangdong-Hong Kong-Macao Greater Bay Area; Pacific Coffee launched the first entrepreneurship training project in Greater Bay Area, and CR Capital raised 8 funds in Guangdong-Hong Kong-Macao Greater Bay Area.

Commitment Made in 2021

To improve the supervision system and promote the transformation of "Overall Supervision" from "whether there is" to "whether it works or not"; to follow disciplines and implement accountability, not only to maintain the strong momentum in anti-corruption, but also to protect the entrepreneurial passion of cadres and officials; to promote the construction of systems and mechanisms that cadres do not dare, are not able, and ultimately have no desire to be corrupt, and to give full play to supervision and promote better development; to usher in a new era during which an upright and clean environment will prevail.

The increase in total profit and net profit will match those of the national economy. Operating income and profit will increase steadily, the asset-liability ratio will remain stable, and the ability to maintain and increase the value of state-owned capital will further be improved.

To increase investment in quality development, efficiency reform and scientific and technological innovation of the traditional business sectors; to enable the transformation and upgrading of traditional business, and constantly consolidate and enhance the core competitiveness of the main businesses; based on the key industries that our country lays importance and provides guidance, and combined with the Group's existing industrial foundation, to focus on the fields of semiconductors, new materials, biomedicine, Life Sciences, energy conservation and environmental protection, new energy technologies and so on, and to invest more resources and cultivate new growth levels.

To strengthen the governance of enterprises with long-time losses and large losses; to accelerate the stripping of non-main and non-advantageous businesses that do not have competitive advantages and development potential; to pay close attention to the disposal of invalid and inefficient assets; to strictly implement the three-year work plan to control accounts receivable and inventory, and constantly improve the long-term management mechanism.

In accordance with the construction requirements of "Smart CR 2028" and by full use of the Group's intelligent technology platforms, such as industrial Internet platform, big data platform, artificial intelligence platform, Internet of things platform and blockchain platform, to promote the implementation of digital transformation, and gradually build a new pattern for CR industrial development with information technology as a new capability and engine.

According to the national regional strategy and combined with the Group's strategic layout in Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area and Chengdu-Chongqing economic circle, to improve the regional coordination mechanism, expand high-quality assets based on local conditions, and ensure the efficient implementation of regional business layout.

**Employee
Responsibility**

Working Together to
Create Miracles

02



Concept and Vision

It is CR's persistent pursuit to cultivate a talent team with a sense of mission and responsibility to win market leadership, create organizational advantages, lead value orientation and support the realization of the Group's strategic objectives. CR firmly believes in the idea that talents make the Group stronger and more prosperous, therefore, CR adheres strictly to the people-oriented policy. Adhering to the guideline of "respecting people's value, developing people's potential and sublimating people's soul", CR is committed to building an inclusive organization that is eager to learn. While achieving the great achievements, CR is also committed to building a platform for the employees to enhance their values and enjoy their extraordinary life experience.



SDGs Responses

Our Performance

Key indicators of the rights and interests of CR employees

	2020	2019	2018
Labor contract signing rate (%)	99.53	99.51	99.39
Social insurance coverage rate (%)	99	99	99
The percentage of female managers (under direct administration of the Group or of affiliated companies) (%)	16.16	17.67	18.54
Per capita average paid leave (days)	8	8	8
Employee training coverage rate (%)	96	96	96
Average salary (RMB)	113,500	104,000	92,000
Employee turnover rate (including CR Vanguard)	26.22	30.68	31.55
Employee turnover rate (excluding CR Vanguard)	16.18	20.85	18.83

Statistic on aid to staff

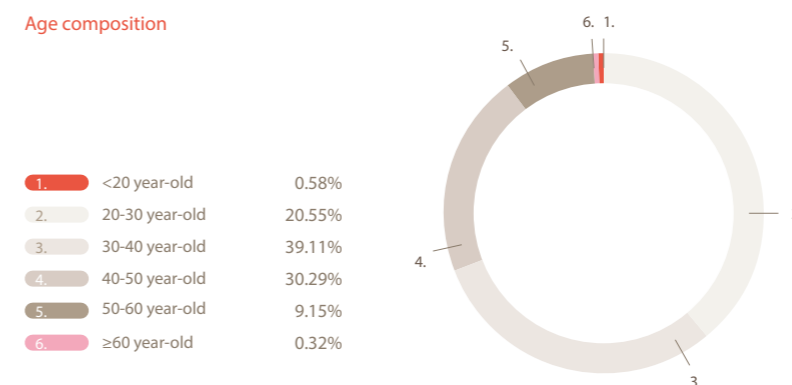
Statistics	2020		2019		2018	
	Person (Household Times)	Amount: million(RMB)	Person (Household Times)	Amount: million(RMB)	Person (Household Times)	Amount: million(RMB)
Aid to employees with difficulties (person times)	5,308	8.2453	5,342	5.2452	7,396	12.9945
Visiting employees with difficulties (Households)	2,137	1.9073	2,361	2.0060	3,924	3.3139
Funding children of employees with difficulties to go to school (person times)	245	0.2946	218	0.2546	679	1.0199
Aid to employees with illness (person times)	1,532	6.2807	4,129	9.8584	2,470	5.4122

Protecting the Employees' Legitimate Rights and Interests, and Creating Opportunities for More People

Employees are the most important resources for CR. CR tailors the employment and welfare system for the employees to protect their legitimate rights and interests. A positive working environment is created for the employees, in which every employee feels at home and tends to unleash their creativity.

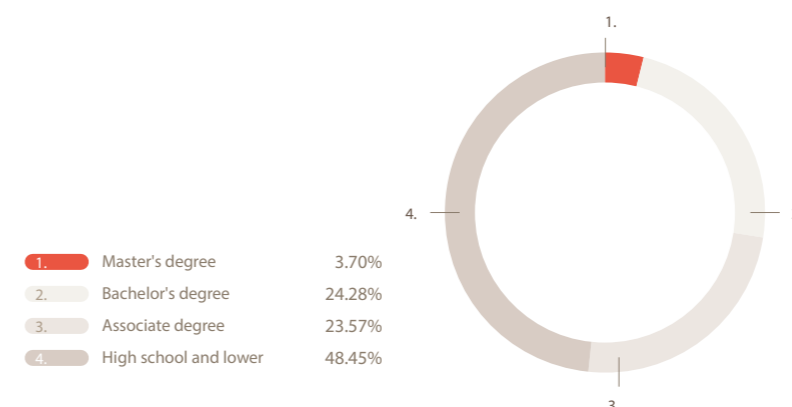
As of the end of 2020, CR had a total of 386,600 employees, with an average age of 37.4. Employees below the age of 40 account for 60.24%, while those with associate degree and above account for 51.55%.

Age composition



Advocating Equal Employment and Equal Opportunities

In recruiting and promoting, CR chooses a corresponding channel based on job requirements and talent supply-demand features, the channels including campus recruitment, social recruitment and inside recruitment. Everyone is treated equally based on job requirements, and no targeted conditions are set. In accordance with the requirements of the labor contract and the principles of fairness, equality and consensus, CR signs labor contracts with the employees and clarifies the rights and obligations of both the employer and employees. In strict accordance with relevant regulations, an open and transparent career development channel is formed within the Group to stimulate the maximum potential of each employee. Women managers under direct administration of the Group or of directly-affiliated enterprises account for 16.16%.



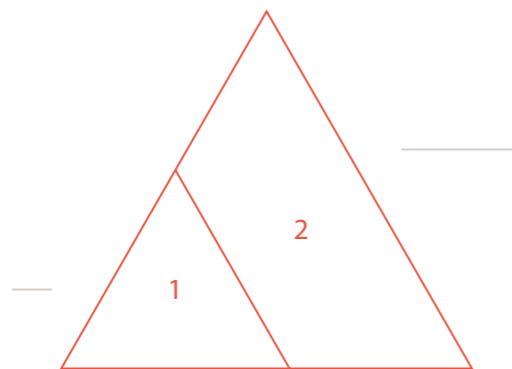
^ Diversified Talents

CR is committed to recruiting more diversified talents for various positions. We believe that the employees with different cultural backgrounds and diverse perspectives can continuously enrich CR's culture and build CR into an inclusive organization.



On October 28, 2020, CR Group launched a three-year large-scale recruitment project in Hong Kong with the theme of "Join Us and Strive for a Brighter Future".

As a central enterprise based in Hong Kong, the Group holds large-scale recruitment fairs in Hong Kong every year. Since the recruitment project with the theme of "Join Us and Strive for a Brighter Future" was launched in 2020, the Group and its subordinate companies have provided more than 1,000 jobs, including 400 jobs from campus recruitment and more than 600 jobs from social recruitment. As of January 2021, 947 employees have been recruited. The project received favorable comments from the Liaison Office of the Central People's Government in Hong Kong, Hong Kong Coalition and Chairman Liang Zhenying.

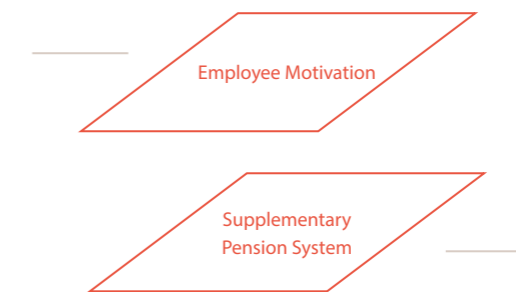


In 2020, in accordance with the requirements of the *Tenth Central Enterprise Recruitment Activity for College Graduates in Tibet, Qinghai, and Xinjiang* issued by SASAC, the Group took part in the recruitment and provided a total of 382 jobs, which strongly supported the employment of college graduates in remote areas.

^ Continuously Improving the Remuneration and Welfare System

According to the common and individual needs of all kinds of employees, combined with the results of employee engagement survey, CR Group adopts comprehensive compensation mechanisms, including cash and non-cash compensation, short-term and long-term compensation, material and non-material compensation, so as to attract and retain the employees to the greatest extent, to stimulate their enthusiasm, to enhance their engagement, and share the achievements with the employees.

CR has actively encouraged its subordinate listed companies to adopt the equity incentive schemes, and non-listed companies to reform the employee stock ownership and project follow-up investment mechanisms: encouraging three listed companies, including CR Sanjiu, a model enterprise of "Science and Technology Innovation", CR Micro, a pilot enterprise of "Double 100 Project", and CR Jiangzhong to formulate equity incentive schemes; implement pre listing strategic placement for the employees of CR Mixc Lifestyle; approving of CR Micro its follow-up investment plan in a silicon project.



CR Group has continued to promote the supplementary pension system in an orderly manner. At present, it has covered the Headquarter and 21 SBUs/ BUs. 1,268 corporate companies have applied supplementary pension system, covering about 255,000 employees. By the end of 2020, the annuity asset balance was RMB 5.064 billion, with a cumulative return rate of 17.91%, of which the return rate in 2020 was 11.73%, surpassing the performance benchmark and the average income entrusted in the same period and guaranteeing the life of the employees after retirement.

^ Promoting Democratic Management

CR has actively explored and improved the democratic management system with the Staff Congress as the main form, and adhered to the openness of enterprise affairs according to the principle of matching the functions and powers of the Staff Congress with the enterprise management authorization. Through regular democratic life meetings and employee satisfaction surveys, CR has followed the employees' reasonable suggestions, safeguarded their legitimate rights and interests and stimulated their enthusiasm to participate in enterprise management.

In order to further promote the implementation of major policy decisions as well as policies and measures, and according to CR Group's work plan for implementing the "Internet plus Supervision", the CR Office has set up a "Grassroots Voice" platform in the intranet and CR Office, which solicits the employees for their clues, suggestions and voices on annual major work deployment and target tasks. CR Group also issued solicitation on the official WeChat account of opinions on issues, such as the Three-Year Reform Action and the 14th Five-Year Strategic Plan, which provided an opportunity for the employees to participate and express.

- 1 CR Group's "Internet plus Supervision" platform
- 2 CR Group's solicitation platform of opinions on the Three-Year Reform Action and the 14th Five-Year Strategic Plan



^ Unblocking Career Development Channels, to Enable More Employees to Play Their Leading Role

CR is committed to providing the employees with a stage to release energy, realize value and change the world. It provides the employees with special trainings in communication, human resources, management skills and operation, so that they can play their leading role in all fields.

^ Continuing to Carry Out Special Programs for Talents

CR has actively implemented the special programs for talents organized by higher-level units: sorting out overseas talent data, applying for qualification of "New Workstation for Post-doctoral Scientific Research", applying for national professional and technical titles, as well as completing entrusted review of national professional and technical qualifications, including accounting series of National Government Offices Administration, political work and engineering series of SASAC, archives series of National Archives Administration, etc; completing the optimization of the post and title system of the Headquarter and carrying out the qualification evaluation, involving 139 personnel, 94 of whom have passed the qualification evaluation, accounting for 17.6% among the employees who work in the functional departments at the headquarter.

^ Deepening the Reform of the Cadre and Personnel System

CR has optimized the manager rank system: optimizing the sequence of the manager under direct administration of the Group from three ranks to two ranks, promoting the delayering of the organization, optimizing the growth path of cadres, and implementing in batches the title reform and assessment of the existing assistant managers.

CR has optimized and improved the cadre management system: revising the *China Resources' Management Measures for the Directors and Supervisors*, which broadens the career development channels for the managers; revising the *China Resources' Management Measures for the Withdrawal of Managers*, which improves the withdrawal mechanism for the managers, and ensures the renewal of the cadre team; formulating the *China Resources' Management Measures for Temporary Appointment of Managers*, which systematizes and institutionalizes the temporary appointment of the managers, and eliminates their worries; promoting tenure system and contractual management, printing and distributing the *Work Plan for Implementing Tenure System and Contractual Management of Management Members in Group's Pilot Enterprises*, which provides support for CR Microelectronics, CR C'estbon, CR Sanjiu, CR Biopharmaceutical to formulate their own plans, and urges CR Microelectronics, CR Sanjiu, CR Chem-Mat to accelerate the establishment of professional manager system; compiling a series of management regulations, including the *China Resources' Management Measures for Managers' Reporting System of Daily Supervision on Important Matters*, and the *China Resources' Management Measures for Personnel Dispatched within the Group*; carrying out special inspection on personnel selection and employment, and random sampling of personal report, and strengthening the daily management and supervision on cadres, which effectively promotes the construction of an "Overall Supervision" work pattern.

In 2020, the appointment and dismissal of managers totaled at 75, while 25 managers that directly reporting to the Group got newly appointed and 16 managers were dispatched to exchange communications across units. These measures have contributed to the efficient coordination between the enterprise reform as well as the distribution of cadre resources.



From campus recruitment to social recruitment, from the mainland to Hong Kong, CR Group and its strategic business units and profit centers have successively held many large-scale job fairs to build a stage for many talents who are committed to become a member of CR.

^ Carrying Out Multi-level Training Programs In an Orderly Manner, and Creating a Talent Echelon with Excellent Quality

For a long time, the Group has established a multi-level talent training system through unique, multi-level training programs. Profit centers have also provided various training programs according to the Group's talent training requirements, their own strategic needs and business features.

Training programs at the Group's level

Training programs for managers



Training programs for Group senior leaders, training programs for outstanding young managers, training programs for newly appointed chief managers, 5th female leadership training program, training programs for newly appointed managers under direct administration of the Group, training programs for Group personnel leaders

Training programs for middle and grassroots level



"Internet and Medical Health" special training program, "Future Star" training camp













Online courses



CR learning and innovation center has jointly held 19 sessions of live streaming lectures named "Health Lectures" with Runxinfang (Comfort Your Heart), 9 sessions of live streaming lectures named "Public Course" with CR Office, 6 sessions of live streaming programs named "CR e Tips" with Intelligence Manufacturing and Information Engineering College, and 12 "Science and Technology Lectures" for the Group's science and technology workers with Shenzhen Association for Science and Technology, universities and scientific research institutes; Online courses, including *Action Learning Online Class, Organizational Experience Essence and Scenario Case Development, Enterprise Case Development and Teaching, Individual Microenterprise Case Preparation, Fish and Team Role*, are available, with more than 145,700 accumulated users.

More than 100 high-quality online courses at home and abroad have been introduced by CR learning and innovation center, covering new employee professionalism, TTT elementary, innovative courses and some leadership courses offered by Harvard Business School and China Europe International Business School; more than 200 audio book resources have been introduced in cooperation with the Himalaya platform. Some of the above courses are compulsory courses for CR learning and innovation center and profit centers, and are widely used in various training programs.

Distinctive training programs organized by business units

<p>CR Ng Fung</p>  <p>Achieving the human resources professional training camp, and setting up "Runcai Class" for procurement and engineering management department</p>	<p>CR C'estbon</p>  <p>"Water-Navigation" mid-level management training camp</p>	<p>CR Power</p>  <p>A two-year training program has been implemented for newly-recruited employees. "Future Star" training program has been implemented for many years.</p>
<p>CR Cement</p>  <p>Offline training programs: management, professional and skill training programs at different levels, various vocational skill competitions and knowledge competitions, and advanced training programs for internal lecturers</p>	<p>Online training programs: more than 280 micro-courses, covering innovative, general, and professional aspects, have been independently developed; a total of more than 100 new courses have been available online; the employees could receive online education regarding COVID-19 prevention and control, management, cybersecurity, business conduct codes and financial affairs. 15 sessions of live streaming training programs have been carried out, and excellent management cases have been exhibited for 18 times.</p>	<p>Professional skill training programs: professional training programs, such as "General Commander of Wind Power Construction Project", "Outstanding Craftsman", "Centralized Control/Auxiliary Control Interdisciplinary Learning"; vocational training programs, such as "Professional Quality", "Compliance Evaluation", "EHS Management Improvement", "HR Three Pillars" and so on.</p>
<p>CR Pharmaceutical</p>  <p>Creating a rich online and offline course library, covering general management, production operation, marketing, laws and regulations, pharmaceutical technology and other categories; encouraging managers and the employees with interests and expertise to become internal trainers.</p>	<p>CR Trust</p>  <p>Launching 12 sessions of "business lectures"</p>	<p>CR Asset</p>  <p>Hierarchical and classified talent training programs focusing on the development of leadership, professional ability and general ability</p>
<p>CR Chem-Mat</p>  <p>Leadership training programs: from 2012 to 2018, 3 sessions of training programs for managers have been held jointly with Shanghai Jiao Tong University, each lasting for about two years.</p> <p>Reserve cadres training programs: started in March 2019, with a training period of 2-3 years. The dynamic growth of trainees has been tracked in real-time manner.</p> <p>Rotational training programs for group leaders: since 2011, group leaders have been organized in batches to participate in the remote training program on post</p>	<p>management ability certification for group leaders of central enterprises hosted by Tsinghua University, with a total of 178 group leaders successfully passing the examination.</p> <p>"Skilled Talent" training programs: Changzhou company under the control of CR Chem-Mat has launched the "Skilled Talent" training program together with Human Resources and Social Security Bureau of Changzhou and its districts since 2011.</p> <p>Internationalized talent training programs: started at the end of May 2017, with 15 trainees into the second stage of training.</p>	<p>CR Capital</p>  <p>Two phases of training program for newly-recruited employees and four phases of fund professional training programs</p>
<p>CR Property</p>  <p>"Quality and Efficiency, Innovation and Development" training programs for managers</p>		<p>CR Vanguard</p>  <p>A total of 10 key programs have been launched for young potential managers, key talents, frontline stores and grassroots employees, covering nearly 70,000 employees. There are 1,827 certified lecturers and 503 courses in the library; 1,018 micro-courses of various themes have been available online.</p>
		<p>CR Life Sciences</p>  <p>Twenty-five sessions of online and offline trainings have been conducted, covering Life Sciences, employee health, general skills, COVID-19 prevention and control, intellectual property rights, technology and innovation, future development of stem cell therapy industry, etc.</p>

Restart high-level training program

From 2001 to 2007, CR has completed 9 phases of high-level training program, which have provided important guiding ideology and strategic policy for realizing two business breakthroughs of "Recreating CR". After 13 years, CR has restarted a series of high-level training programs. To implement the spirit of General Secretary Xi Jinping's reply and the Three-Year Action Plan of the SOE reform, to benchmark against world-class enterprises, to explore the reform of state capital invested enterprises, and to make the strategic blueprint for the Group's 14th Five-Year Plan, CR has reached the consensus and formed strategic policies and measures to guide the future development of CR through internal discussions. At present, with the completion of the first four phases of the program, CR's "14th Five-Year Plan" framework has preliminarily taken shape, which indicates that the "Reshaping CR" strategy has made substantial and significant progress.



From November 4 to 5, 2020, the first phase of high-level training program was held in Xiong'an Campus of CR CR learning and innovation center, with the theme of "Strategic Positioning and Business Model of CR". A total of more than 40 leaders, including Wang Xiangming, Chairman of CR, and other leaders of the Group, as well as the directors of all departments of the offices, strategic business units, primary profit centers and directly-affiliated institutes, attended the training seminar.



The business units have also made active response to the high-level training program and carried out strategic discussion and learning.

Improving Occupational Health Continuously, to Let Employees Enjoy Health and Safety

CR adheres to the policy of "Employees' Health as the Center", and earnestly implements the opinions of the State Council on the construction of healthy China action and the deployment of COVID-19 prevention and control. In strict accordance with the laws and regulations on occupational disease prevention and control, CR clarifies the main responsibility for occupational disease prevention, establishes and improves the occupational health management system and promotes the implementation of occupational health projects. Special efforts have been made in the treatment of dust and poison hazards, as well as in the prevention, control and occupational injury prevention of pneumoconiosis; CR has strictly implemented the requirements of the National Health Commission, SASAC and other superior organs, taken strict measures to prevent and control the COVID-19, and organized regular supervision and inspection on COVID-19 prevention and control; efforts have also been made to strengthen publicity and education on traffic safety, which has improved the awareness of all employees, and protected the life, health and safety of the employees.

Comprehensively Preventing and Controlling the COVID-19 to Ensure the Safety and Stability of the Group

At the beginning of 2020, the outbreak of COVID-19 posed a severe test to the operation and management of the Group. In strict accordance with the major decision and deployment of the Central Government on COVID-19 prevention and control, CR has promptly established a strong leadership system and efficient working mechanism to make a quick response to the prevention and control of the COVID-19 situation and to resume work and production in an all-round way. After the full control of the COVID-19, the Group has continued to do a solid job in normalized COVID-19 prevention and control in combination with the new changes in COVID-19 prevention and control situation. On the one hand, the Group has successively issued the *Notice on Implementing Normalized COVID-19 Prevention and Control Measures*, the *Notice on the Requirements for Normalized COVID-19 Control*, the *Notice on Continuously Strengthening Normalized COVID-19 Prevention and Control*, etc, and a special meeting on COVID-19 prevention and control in Hong Kong has been held in due time. On the other hand, training and experience exchange meetings on COVID-19 prevention and control have been held on the spot plus online live streaming. Units at all levels have been required to systematically sort out the employee groups with high infection risk, and coordinate with local centers for disease control and prevention to vaccinate above-mentioned employees.



Since June 11, 2020, the COVID-19 prevention and control in Beijing has rapidly entered an extraordinary period. The enterprises in Beijing under the control of CR Medical have responded rapidly, and dispatched volunteers to work in the frontline of nucleic acid detection.

Continuously Carrying out Occupational Health Management

Standardize occupational health management within the Group

The enterprises at all levels have studied the laws, regulations and standards on occupational disease prevention as well as the requirements of superior departments and integrated them into their own regulations, operation procedures and operation manuals, which ensures the rapid and effective implementation of laws and regulations into various occupational disease prevention and management activities, realizes the standardization and normalization of occupational health work, and clarifies the main responsibility of enterprises on occupational disease prevention and control.

Carry out various forms of supervision and inspection, and promote the effective implementation of occupational health work

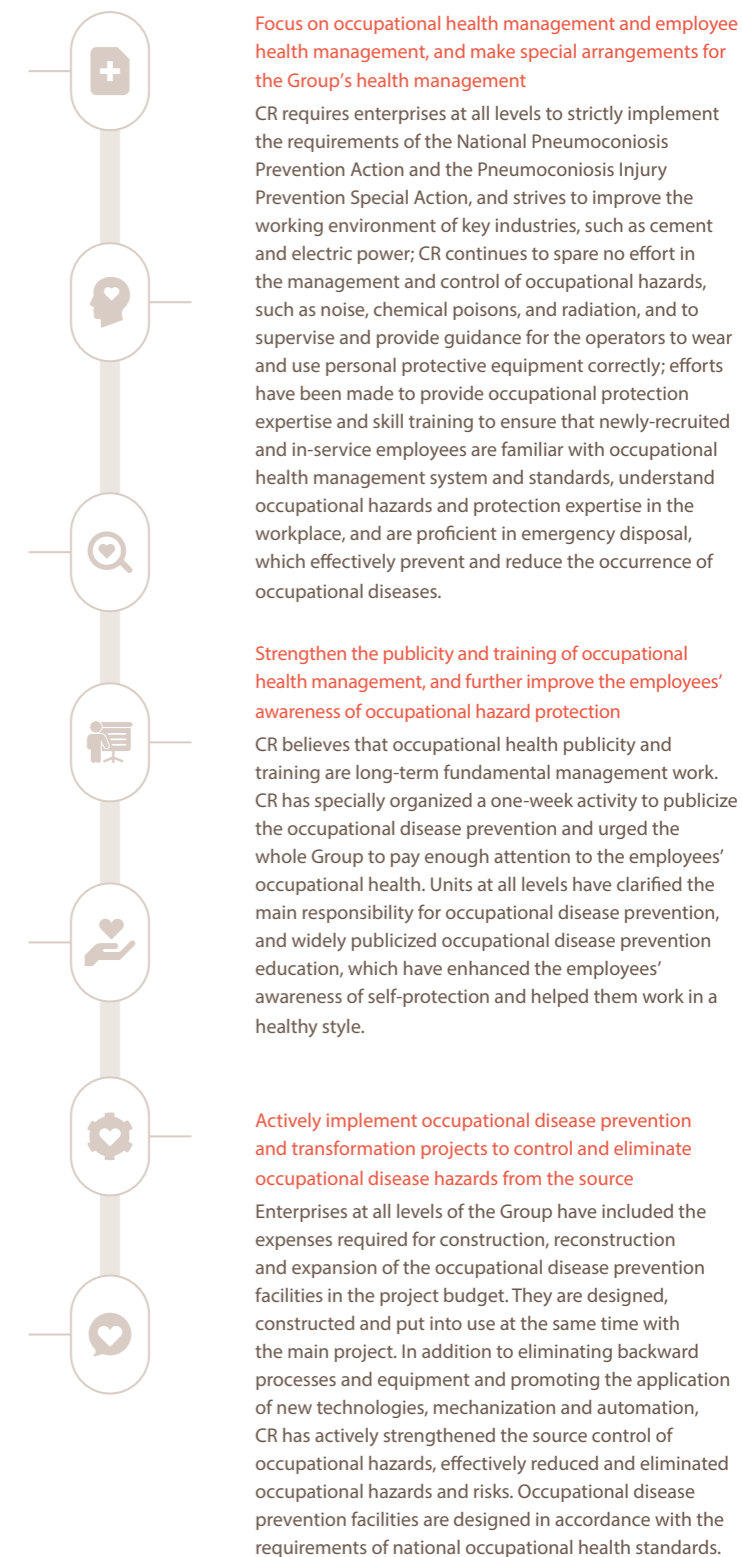
In practice, the Group has formed a supervision and inspection mechanism, combining regular inspection, special inspection, temporary inspection and daily inspection, which ensures the continuous and effective development of occupational health work. In 2020, the Group has completed the occupational health inspection in 42 units at the grassroots level.

Strengthen the protection and management during the labor process to protect the safety and health of the employees

In strict accordance with the laws and regulations on occupational disease prevention, CR's enterprises at all levels have offered necessary articles for labor protection, and carried out daily evaluation and monitoring of occupational hazards in the workplace. For workers exposed to occupational disease hazards, an occupational health examination is conducted before, during and after their leaving their post. Management of occupational health archives has been standardized.

Organize special activities on traffic safety to prevent and reduce traffic accidents

CR has organized and held a one-week activity to publicize traffic safety education. Units at all levels has widely publicized the activity to mobilize more employees to get involved. Traffic safety instruction cards have been prepared, issued and distributed to each of the employees, which helped the employees learn and understand traffic safety rules. Online traffic safety prize-winning competition was also held, with the total rounds reaching 460,000 and the total number of questions answered exceeding 7.5 million.



^ Caring for Employees, to Help Them Live an Extraordinary Life

As a people-oriented enterprise, CR not only provides the employees with a comfortable, safe and humanized working environment, but also cares about the physical and mental health of each employee: helping the employees solve psychological problems in time, relieving their mental pressure, and ensuring that the employees enjoy their work in CR and live a healthy and high-quality life.

^ Creating a Comfortable Working Environment

CR attaches great importance to the office environment of the employees. The Group Headquarter and most of its subordinate units are equipped with facilities, such as canteens, coffee rooms, gyms and infant rooms, and equipment, such as height and weight meters, electronic sphygmomanometers, nutrition balance towers. Some units have even purchased AED defibrillators, which clearly shows the enterprises give priority to the health of the employees.



CR Micro sets up "infant rooms" to provide a good breastfeeding environment for female employees, and in accordance with the requirements of the *Jiangsu Female Workers' Labor Protection Regulations*, CR has formulated regulations on female employee labor protection to ensure that female employees receive fair treatment during their work.

^ Caring for Employees' Mental Health

"Runxinfang" (Comfort Your Heart) is a physical and mental health care project for EAP employees of CR Group. The project carries out its work in accordance with the idea of "systematic thinking, one industry and one policy, problem orientation, pilot first, team training and continuous optimization" and in combination with the policies on "CR's strategy, talent management system and political engagement", and pays close attention to special groups and the ordinary employees. Since its establishment, Runxinfang has served more than 380,000 CR employees and their family members. Especially during 2020 when COVID-19 broke out and spread nationwide, Ruixinfang has launched an emergency plan by psychological counseling hotlines, online assessment, online courses, professional messages and crisis intervention, etc. "Ruixinfang" has offered the all-round, differentiated and diversified physical and mental health care activities for special groups to help improve their awareness of physical and mental health, establish confidence in fights against COVID-19 and reshape the positive mentality. In the late stage of the COVID-19, "Runxinfang" team has also actively carried out a series of recreational and learning activities for medical staff to reduce their pressure and enhance their skills. The project has been recognized by the industry, and CR Group has won the "China Health Enterprise" award issued by the International Health Risk Management Association.



^ Striking a Balance between Life and Work

In active response to the call of the China Healthy Lifestyle for All, CR has effectively organized health activities and a variety of cultural and sports activities to enrich employees' spare time, to relieve their work pressure, and to allow the employees to enjoy work and life with a relaxed and peaceful mind.

CR has designed and developed a "Sports and Health" mobile APP that integrates steps counting, likes clicking, grouping, clocking in, and lottery drawing functions. CR has also developed an "Staff Club" software to help the employees to find those with common interests and hobbies. These types of software have not only promoted the physical and mental health of the employees, but also shaped and improved the organizational atmosphere. CR has established 1,388 clubs of various types, covering badminton, table tennis, and basketball. The number of people participating in CR's "More Sports and More Health", "Spring, Summer, Autumn, and Winter" series of activities has reached more than 160,000. In response to the problems of cardiovascular and cerebrovascular diseases, CR has held lectures on the prevention and treatment of cardiovascular and cerebrovascular diseases and diagnostic consultation activities for the employees and their family members in Shenzhen, Beijing, and Hong Kong. Each unit, based on their actual conditions, has organized targeted lectures on work-break exercises, psychological counseling, interpretation of physical examination indicators, prevention of cardiovascular and cerebrovascular diseases, emergency care, and these activities have been held regularly.

From October 12 to 21, 2020, the Group held the "Angel Health Trip", an activity to show care to heroes who participated in the fight against the COVID-19. "Runxinfang" invited experts to set up trauma healing workshops, hypnosis and pressure reducing workshops and Chinese national art and practice courses, and sent psychological counselors to accompany the whole process to heal the mind of heroes.

- 1 CR Chem-Mat held a family activity with the theme of "Growing Together". Employees and their children learned how to make pizza. On work clothes and tools in hand, they became the little chefs, and tried to make pizza with fruits, pastries, chili sauce and other raw materials by themselves. Constant laughter filled the scene.
- 2 CR Cement held the final of the 4th "Runfeng Cup" basketball game, and Guangdong Fengkai Cement Team won the title of this basketball game





Continuing to Provide Aid to Employees

CR Group has allocated a special fund worth RMB 5 million to Hubei Regional Working Committee to fight against COVID-19, and formulated the *Organization and Use Plan of the Special Fund to Prevent and Control New Coronavirus-Infected Pneumonia for Hubei Regional Working Committee*. CR has visited the frontline medical workers and staff in Hubei and sent the care to those who worked at the grassroots level. On International Women's Day, CR has worked with Hubei Regional Working Committee to distribute gifts to all female employees who worked in the frontline in Hubei, and printed and distributed *A Letter to All Anti-COVID-19 Heroines of CR*, paying tribute to "her strength" in the war against the COVID-19.

Staff Association is an employee care and public welfare organization established by CR in Hong Kong. The Association has a "Branch for Retirees" and a "Care and Assistance Fund for Retirees with Difficulties" to fund the families of retirees in Hong Kong who are poor due to illness. As of December 2020, a total of more than HK \$280,000 supported by the "Care and Assistance Fund" has been distributed to 13 retirees with family difficulties and serious diseases, so that the retirees in Hong Kong feel more dedicated and grateful.

Many business units has also continued to carry out various forms of assistance projects for employees with difficulties by setting up love funds and subsidies. In 2020, "Love Assistance Fund", established by **CR Power**, distributed about RMB 283,000 for assistance and relief in visiting the families of the employees with difficulties and serious diseases and providing assistance for their children. In 2020, "Grateful Heart Fund", established by **CR Cement**, raised about RMB 775,000 from the company and the employees, and distributed about RMB 1.199 million to needy employees. In 2020, "Love Mutual Aid Fund", established by **CR NG Fung**, helped 39 employees suffering from illness or living difficulties, totaling RMB 1.215 million. In 2020, "Mutual Aid Fund", established by **CR C'estbon**, helped 23 employee families and distributed RMB 715,000 for help. "Love Mutual Aid Fund", established by **CR Vanguard**, helped 140 employees in need in 2020, with a subsidy amount of more than RMB 2.403 million. **CR Chemical Materials** has set up employee hardship subsidies, and leading cadres regularly visit and comfort needy employees and their families, and provide a certain amount of subsidies to needy employees and the employees suffering from major diseases.



CR C'estbon's "Mutual Aid Fund" not only actively sends warmth to needy employees, but also actively creates a rich cultural life for the employees. The picture shows the lantern riddle guessing activity organized by the "Mutual Aid Fund" during the Lantern Festival.

Our Commitment

Commitment Made in 2020 >>>

To promote equity incentive of listed companies and employee stock ownership of non-listed companies.

To give full play to the role of "Runxinfang" (Comfort Your Heart) and continue to carry out physical and mental health consultation and training programs for the employees before and after the COVID-19.

To give full play to the availability of online resources on official website, official WeChat account, etc. To regularly carry out friendship activities that all employees participate, and to enhance the employees' satisfaction and loyalty.

Commitment Performed in 2020 >>>

CR Mixc Lifestyle completed the employee preferred share purchase plan before being listed on the stock market; CR Micro finished the Silicon Project follow-up investment; the equity incentive schemes of CR Sanjiu, CR Micro and CR Jiangzhong were submitted to SASAC for review; CR Biopharmaceutical completed the employee stock ownership plan (ESOP).

A series of activities were conducted and achieved better results, including psychological assistance for frontline medical staff and their family members in the Hubei COVID-19 area, psychological counseling services for all employees and other activities that show care for Hong Kong employees, female group, "Daddy and Mummy" group, and frontline medical staff.

The official WeChat account posted messages, such as "CR Helps You Find Your Soulmate" from time to time to help the employees expand their friendship circle; CR held cultural and entertainment activities, such as Karaoke Singing Contest, attracting many employees to actively participate.

Commitment Made in 2021

To continue to promote the reform of equity incentive mechanism of listed subordinate companies. To steadily implement employee stock ownership, and to actively promote the development and investment in new industries, new trends and new business models.

To continue to care for the employees, to expand the scope of psychological assistance appropriately, and to carry out active intervention and offline psychological visits for key groups.

To further develop various forms of activities to help the employees effectively strike a balance between life and work.

**Customer
Responsibility**

Products and Services
that Benefit Everyone

03



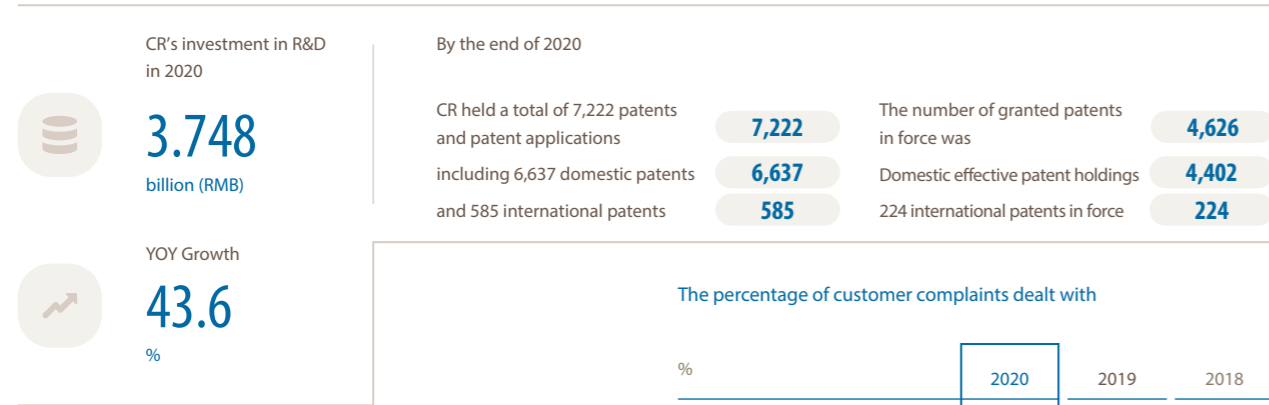


Concept and Vision

CR firmly believes that a better life comes from business progress. In order to allow everyone to enjoy a beautiful life, CR always provides high-quality products and services centering on the needs of the country, the expectations of customers and advantages of CR, and strives to increase customer satisfaction; CR always pays close attention to changes of the society and times, seize opportunities for market expansion and high-level opening-up, and promotes the upgrade of products and services to outdo customer expectations; CR always integrates innovation and responsibilities to endow CR's products and services new connotation and vitality, thus forming a sustainable driving force for CR to lead industry-wide business progress.



Our Performance



Customer satisfaction

%	2020	2019	2018
CR Ng Fung	91.98	91	88
CR Power	95.8	95.2	91.8
CR Land (Residential)	86.3	86	83
CR Land (Commercial)	98.7	98.1	98.4
CR Gas	94	93.2	91.7
CR Pharma	100	100	100
CR Pharma Comm	97.3	98.81	99.23
CR Double-Crane	99	98.12	98.79
CR Jiangzhong	99.4	99.4	97
CR Bank	99.8	99	99.81
CR Trust	98	93	100
CR Healthcare	98.19	97.65	98
CR Chem-Mat	95.6	94.5	99.8
CR Property	92	94	92
CR Life Sciences	100	-	-
CR Env Protection	95.63	94.14	93.11

The percentage of customer complaints dealt with

%	2020	2019	2018
CR Snow	100	100	100
CR Ng Fung	100	100	100
CR C'estbon	100	100	100
CR Power	100	100	100
CR Land (Residential)	99.32	98	93.5
CR Land (Commercial)	99.94	99.6	99.1
CR Cement	100	100	100
CR Gas	100	100	100
CR Pharma	100	100	100
CR Pharma Comm	100	100	100
CR Double-Crane	100	100	100
CR Jiangzhong	100	100	87
CR Bank	100	100	100
CR Trust	100	100	100
CR Vanguard	99.95	99.55	99.7
CR Healthcare	100	100	100
CR Chem-Mat	100	100	100
CR Property	100	100	100
CR Life Sciences	100	-	-
CR Env Protection	99.75	98.75	98.25

Providing High-quality Products and Services, and Letting More People Enjoy a Comfortable and Convenient Life

CR is a diversified enterprise closely related to people's daily life, and it has a wide range of products and services. Under the new dual-cycle development pattern, CR focuses on the needs of the people's livelihood and seizes the opportunity to expand domestic demand and upgrade consumption, thus achieving sustained business growth while satisfying the people's demand for a high-quality life.

Availability of Products and Services

As a large central enterprise closely related to the people's livelihood, faced with the reality of a large customer base with a complex structure and diversified demands, on the one hand, CR gives full play to its advantages in resources and specialty as a diversified enterprise to satisfy customers' daily needs, and to ensure the supply of special products and services in an unusual period; on the other hand, CR seizes the opportunity of market expansion and actively promotes product and service upgrades, so as to satisfy the people's demand for a higher-quality life and find relevant solutions for "bottleneck" problems.

In 2020, after the outbreak of the COVID-19 pandemic, CR organized a team to fight against the disease in no time, allocating resources to ensure the stable supply of medical and civilian resources.

The staff of CR & WISCO General Hospital and the 2nd Hospital of WISCO went to the frontline in Wuhan without hesitation. A total of more than 10,000 workers from medical units of all levels fought tirelessly on the frontline, taking care of 492 confirmed cases; CR Healthcare organized 5 groups of medical workers to Hubei successively; CR Pharma Comm made its best to ensure the supply of medical resources; CR Pharma was committed to coordinating the supply of medical and civilian resources to Hong Kong; CR 999 worked around the clock to produce anti-COVID-19 drugs; CR Power and CR Gas promised they would provide uninterrupted services; CR Vanguard and CR Ng Fung also pledged to provide products and services with the same quality and price uninterruptedly; CR Micro actively participated in the R&D of infrared sensors.

Ensure the supply of medical and civilian resources during the outbreak of the COVID-19 pandemic



During the COVID-19 pandemic in 2020, CR Care made the promise that all of its stores wouldn't rise in price unreasonably; 97 stores of Hong Kong sold PPEs at the same time and make announcements in social media in advance, serving all citizens in the 18 districts of Hong Kong. By measures such as formulating internal sales guidelines, setting purchase restrictions, registering distributions and organizing security inspections, CR Care maintained a stable sales order.

Seizing Domestic Opportunities, to Resolve Bottlenecks >>>

As some developed countries have imposed chip embargoes on China and implemented a higher-level blockade on techniques, China is faced with the risk of the outage of some key chips. Therefore, it becomes a top priority for China to foster a group of "chain masters", which are enterprises that can lead the whole industrial chain. CR Group has coordinated more resources to technological innovation and the strategic emerging industry, and with the Chinese chips produced by CR Micro, it has proactively shouldered the mission given by the country in developing core technologies and improving the current industrial chain

Multiple measures adopted by CR Micro to deal with global chip shortage

Since the second half of 2020, the global manufacturing industrial chain has encountered a long-lasting chip shortage. The supply of chips to CR Micro's power semiconductors, including MOSFET, IGBT, analog products, MCU and MEMES, was relatively tight. Faced with this situation, on the one hand, CR made targeted inventory adjustments, establishing a dynamic inventory to ensure continuous supply of raw materials; on the other hand, CR paid more efforts on R&D to break through the bottleneck of core technologies and to expand production, so as to meet the demands of the market. The fund-raising renovation project of 8-inch production lines in Wuxi has already begun its construction, and it's expected to relieve the pressure of production capacity to a certain extent; the transformation and upgrading project of 8-inch production lines in Chongqing will increase its production capacity this year; the newly-built 12-inch production line is expected to be put into production in 2022.

As the IDM player in the semiconductor industry in China, CR Micro made full use of the advantages of its business models to seize opportunities, effectively increasing the percentage of home-made parts.



Staff of the photolithography team carefully checking the surface of the mask.

<<< Focus on the needs of people's livelihood, Promote demand upgrading

CR has seized the opportunities brought by domestic demand expansion, consumption upgrades and a higher-level opening up, and actively promoted product and service upgrades to meet the people's demand for a higher-quality life.

CR C'estbon has released a series of healthy drinks including Mulene sports beverage, Xiao Zhu Jun, Zuo Wei Cha Shi, etc. to meet the customers' pursuit of "0 sugar 0 fat 0 cal" beverages in recent years; the OATLY oat milk launched by CR Verlinvest Investment Limited is very popular among those who prefer "light food"; Xiaopi qi, a beer-like soda pop launched by CR Snow, becomes a hit in the gatherings of young people since it contains no alcohol or fat; new brands such as Vanguard MART and Vanguard LIFE introduced by CR Vanguard focused on the daily needs of households in the commercial district, increased the variety and the amount of products on the shelter including fresh fruits and vegetables, foods, PPEs, etc., and cut those inefficient categories, getting a good market feedback; CR Land focused on population aging and actively coordinated resources with other branches of the Group, and established strategic partnerships with well-known medical institutes such as the State Administration of Traditional Chinese Medicine, Taiwan Changhua Christian Hospital, Shenyang Golden Autumn Hospital, etc. to build a "medical care + senior services" system, striving to provide the accommodated elderly with personalized services; CR Land was also deeply involved in the construction and operation of government-subsidized housing, developing the YOUTH A Apartment in Shenzhen and Shanghai to satisfy the young people's rental needs.



CR C'estbon launched healthy drinks including Mulene sports beverages, Xiaozhujun, Zuoweichashi, etc., to meet the customers' demand for "0 sugar 0 fat 0 cal" beverages.



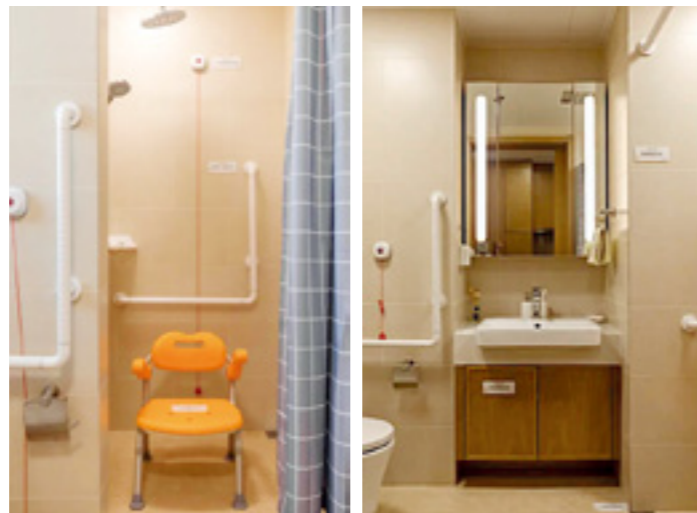
"Vanguard LIFE" is CR's new convenience store brand, which has opened several stores in Shenzhen, Shanghai, Zhejiang, Jiangsu, Shannxi, Jiangxi, etc., and its future operation will be more customized and personalized.

Under the current trend of population aging, CR Land explores the new model featuring "medical care + senior services"

As the aging trend gets more and more prominent, to ensure the elderly is taken good care of has become a top priority for the state, and also an issue that CR Land has been committed to working out in recent years.

On the one hand, CR Land makes full use of its advantages as an integrated urban investment developer and operator in space and property management; on the other hand, it actively coordinates resources of other CR companies including CR Pharma, CR Double-Crane, CR 999, CR Medical, etc. and establishes strategic partnerships with well-known medical institutes such as the State Administration of Traditional Chinese Medicine, Taiwan Changhua Christian Hospital, Shenyang Golden Autumn Hospital, Guangxi Binjiang Hospital, Zhongshan Rehabilitation Hospital etc., building a "medical care + senior services" mechanism through measures including health assessment, chronic disease management, health monitoring, expert inspections, etc.

Since CR Land entered the health care industry in 2016, it has been focusing on developing high-end urban complexes for the elderly, CCRC, urban care facilities, community health care service centers, etc. At present, over 20 projects have been completed covering more than 10 core cities in 6 major districts, offering over 10,000 bedspaces.

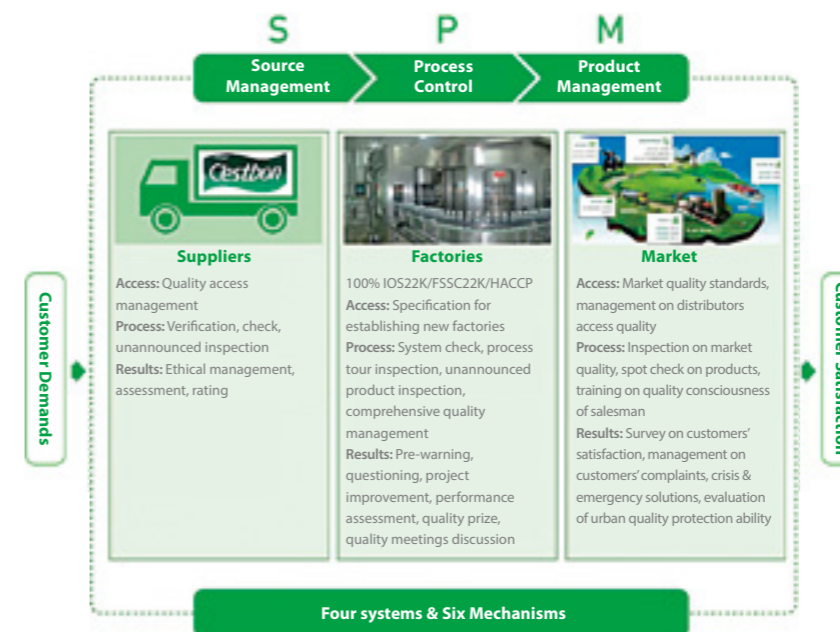


Design for Aging could be seen everywhere in CR Land's healthcare products.

High-standard Quality Management System

All CR's profit centers attach great importance to product and service quality management. Profit centers including CR Ng Fung, CR Vanguard, CR C'estbon, CR Cement, CR Chem-Mat, CR Pharma Comm, CR Double-Crane, etc. have all established a management system covering the whole supply chain and production process, achieving quality risk control on the whole industrial chain; Pacific Coffee, CR Pharma, CR Land, CR Property, CR Gas, CR Micro, etc. have established a relatively comprehensive quality management system, ensuring the quality and safety standards are well implemented.

CR Ng Fung has implemented a whole-supply chain product quality and food safety management system. Take Yangzhou Fuchun Buns as an example, its internal quality standards have covered all its products, selecting high-quality ingredients and sticking to the principle of not using any artificial flavors, colors or preservatives; and at the same time, the company also promotes a e-tracking system for food production and operation covering almost every stage from raw material supply to distribution, providing the customers with a good experience; **CR Vanguard** imposes strict control on the source, processing, and sales of products, and pays close attention to product quality in particular, formulating special rules for food safety in its stores and setting a 3-level supervision and inspection mechanism including self-inspection, regional inspection, and headquarter random inspection; **the Pacific Coffee of CR Enterprise** has established internal control standards for 148 off-the-shelf products and 94 pre-packaged products; **CR Pharma** has established a drug safety committee and built a pharmacovigilance platform; **CR Pharma Comm** has established over 150 quality control mechanisms to ensure the traceability of the entire process; **CR Land** has fully implemented a full-cycle risk control management system and a customer service quality management system; **CR Property** has set 530+ service standards and 60+ service processes for office buildings, forming a replicable system of service standards; **CR Micro** has established a quality management system in accordance with the ISO900 & IATF16949 standards, and thus winning the recognition of multiple authorities.



The Pipeline Network Operation Department of CR Gas (Qingdao) regards GB17820-2012, Category II as a separate index and ensures the natural gas quality comply to it, and at the same time, clarifies responsibilities at different levels and of different positions; in 2020, there were altogether 12 sampling and testing and 12 reports were generated, and the RPQ is 100%.

CR C'estbon has innovated a SPM quality control system, fully preventing, monitoring and controlling risks on the source, process and in the market.



Anti-false Advertising and Warning of Potential Risks

To ensure providing customers with reliable products and services, all branches of the CR Group have actively implemented anti-false advertising and promoted information disclosure.

CR Ng Fung carries out advertising in strict accordance with national laws and regulations, resolutely avoiding exaggeration and other ways to deceive customers; **CR Pharma Comm** sets an advertising management system to ensure that all the information on the ads is real and transparent, forbidding improper use of words or statements; **CR Bank** sets the *Administrative Measures for CR Bank of Zhuhai's Financial Marketing and Publicity* and the *Administrative Measures for CR Bank of Zhuhai's Wealth Management Zone*, regulating financial marketing and publicity on the institutional level and unifying the words of the sales team.

Relying on its professionalism and scientificity, the meat Business of CR Ng Fung strictly reviews its advertising language to avoid misleading publicity.



CR Bank regulates its financial marketing behaviors at the institutional level.



Fair Trade

CR Group has always been customer-oriented and encouraged fair consumption and fair trades, and resolutely resisted monopoly and unreasonable pricing.

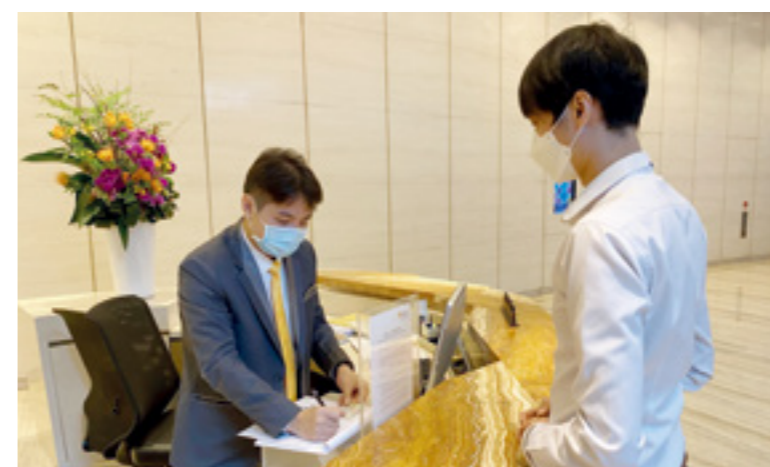
Based on **CR Ng Fung's** strict pricing process, for a certain product, when the current price deviates from the market price by a certain extent, the price adjustment mechanism will be triggered and all stores need to apply the newly adjusted prices; **CR C'estbon** communicates the information on pricing clearly and strives to maintain a fair and legal competition with other brands, avoiding monopoly in the industry; **CR Property** actively implements market standards of fair trades and provides customers with high-quality products and services with a reasonable price; **CR Bank** adheres to the principle of fair sales and price transparency and displays all products on its notice board, website, mobile banking, VTM and other channels to ensure that customers can view them conveniently.



CR C'estbon lists the supply price and shipping price clearly in its annual contracts with clients and enforces the terms strictly. In 2020, during the COVID-19 pandemic, CR C'estbon issued a notice to its dealers and distributors to stabilize market prices, forbidding unreasonable price increase to ensure people's living standards.

Customer Information Protection

CR Pharma Comm attaches great importance to customer information management, continuously improves its measures to acquire and store customer files, and enhances primary information protection through technical and management tools; CR Property will always declare to registering visitors how their information will be used and ensure that the visitors' information will be kept highly confidential by the staff, and at the same time, measures and tools for customer privacy protection and data security will be optimized continuously and trainings on relevant legal knowledge for the staff are conducted regularly; CR Gas has encrypted its customer information system, especially the sensitive parts, and established a set of requirements for graded approval and access management; CR Micro has built a comprehensive information protection system, covering the management protocol, technical protection and control, publicity on enhancing information security awareness, etc.; CR Trust has adopted measures such as strict system privilege control, archive management and file borrowing to enhance the protection of people's financial information; CR Bank has established a special internal control system for personal information protection, aiming to regulate the supervision, inspection, and accountability concerning personal financial information protection.



CR Property is presenting the Personal Information Collection Statement to guests when registering visitor information at China Resources Building in Hong Kong.

Improving Customer Satisfaction and Creating Better Customer Experience

CR is willing to listen to the voice of each and every customer, and is continuously improving its operation by regularly organizing product knowledge promotions and customer trainings, bettering its after-sales service system, actively responding to customer complaints and making compensations, etc.

Product Knowledge Promotion

CR C'estbon actively organizes distributor communication meetings in different regions across the country, and organizes promotions and trainings on CR's future development plans, branding, new product R&D, channel development, customer management, warehouse management, etc.; CR Double-Crane conducts extensive education campaigns for the patients, promoting medical common sense and knowledge of drugs, and strives to improve the patients' health conditions; Chinese Arts & Crafts of CR Property has organized a series of jewelry appraisal lectures, aiming to promote the knowledge of various jewels and increase the vigilance against risks when buying jewels; CR Chem-Mat has taken the professional training on product knowledge for the clients as one of its strategies to stabilize and expand customers, and by far, Coca Cola, Dingjin, Nongfu Spring, Yili, etc. have all been covered; CR Bank also actively promotes financial literacy in the rural area, such as how to use a card in a safe manner, prevention of wire fraud, anti-money laundering, anti-counterfeiting, personal credit and financial consumer rights and interests protection, etc., so as to enhance the public's awareness to prevent financial risks and ability to protect themselves.

An Active After-sales Service System

CR Pharma actively carries out after-sales interviews, and provides distributors, drug stores and customers with consultation services and remote/on-site guidance during the process of drug purchase and use, and ensures the authenticity and traceability of drugs with the help of China Drug Electronic Administration Code; CR Pharma Comm requires all its stores to process and report issues concerning the products and after-sales services in a daily manner, and to set up a position who mainly handles after-sales services; CR Double-Crane continuously improves its after-sales service network involving R&D, production, marketing, etc.; CR Property carries on its tradition of collecting customer opinions, conducting customer satisfaction surveys, paying close attention to customers' follow-up demands, etc.; CR Micro has set up a professional service team to provide customers with comprehensive, convenient and highly-efficient after-sales services.



Staff of CR Double-Crane visiting patients.

Responding to Consumer Complaints Actively

CR has a well-established mechanism to deal with consumer complaints, including clear rules for responsible departments, positions and the limits of authorities. CR advocates the efficient and effective handling of various complaints through active and frank communication, and will conduct regular inspection of the results to find deficiencies and make rectifications.

The **Pacific Coffee** of CR Enterprise has developed a special consumer complaint handling process to deal with each case according to the unified standards, upholding the worth of the brand; **CR C'estbon** takes the result of customer satisfaction survey as a guidance to improve their quality of service, forming closed-loop management of customer relationship maintainance; **CR Pharma** has further regulated the process of customer opinion collection and complaint handling, and consumers can give their feedbacks through various channels, including hotline, official website, e-platform, WeChat Official Account, etc.; **CR Land** has formulated different complaint mechanisms and response systems for residential projects, commercial projects, operating hotels, film companies, etc., so as to respond to customers' demands better; **CR Micro** has established diversified communication channels with its websites, service sites, e-mail, etc., to collect customers' opinions and advices.

CR Chem-Mat does its best to serve the customers

In 2020, Huizhou Altech Packaging Co., Ltd. reported that when using CR Chem-Mat's products, the preforms often saw bubbles, fogging on the surface or got yellow upon completion. They believed that it was because of the CR products' low viscosity. After understanding the situation, CR Chem-Mat sent relevant staff to the site immediately to communicate with Altech's technicians and checked all the technical parameters, and they found that Altech had several deficiencies in the process, including drying the slices and cooling the slices after shutdown. CR Chem-Mat then proposed their solutions and provided Altech with a value-added service, preform sample testing. After adopting those measures, Altech's problems were solved and the quality of their products was significantly improved.

^ Loss Stop and Compensation

CR Pharma has established a sound monitoring network for drug quality and safety information, regularly conducting withdrawal drills and destroying expired products and out-of-date samples in time; CR Chem-Mat has set a strict mechanism for product tracking and withdrawal, once a defective product is found entering the market, the marketing center and the quality control department will immediately initiate the withdrawal process; CR Micro, through its comprehensive pre-sales, in-sales, and post-sales services, seeks solutions together with its customers to avoid more losses, and resort to tools such as AR, 8D, 5W2H, fishbone diagrams or 5M1E to analyze the existing problems and find ways to improve, and build a smart pre-warning system for quality variation through big-data analysis, thus forming a double-closed loop featuring improving customer service externally and bettering product quality internally.

CR Micro Customer Complaint Handling and Dispute Resolution Mechanism

- | | | |
|--------------------------|-----|---|
| Rapid Reponse | >>> | A 7*24 responding mechanism for customer complaints, close and transparent teamwork, closed-loop management for each and every case. |
| Origin Analysis | >>> | Spotting the origin of problems effectively and efficiently with the help of the advanced FA analysis equipment and IT system, proposing corrective actions to avoid recurrence of the problem. |
| In-time Communication | >>> | Establishing a mechanism for regular customer communication, updating the latest progress of case handling and enabling customers to understand the whole picture. |
| Pre-warning of Variation | >>> | Finding areas for improvement through historical big data analysis, establishing a pre-warning mechanism for quality variation to reduce the recurrence rate. |

^ Advocating Sustainable Consumption

CR Gas actively advocates sustainable consumption and cooperates with relevant departments of the government to carry out the special action of "Bottles to Pipes", and works hard to improve the efficiency of centralized signing, processing, and construction; CR Property actively promotes green consumption, equips each guest room with environment-friendly cards and encourages its guests to reduce the use of disposable guest supplies and the washing of beddings, and carries out a "Clean Your Plate Campaign"; CR Chem-Mat makes rPET from recycled PET fragments with certain chemical methods, and the performance and features of rPET are the same with raw materials, thus effectively recycling PET bottles and achieving a "bottle to bottle" closed loop.

The "Bottle to Pipe" Project of CR Gas in Wuxi

2020 is the beginning of the 3-year national special campaign to promote workplace safety. CR Gas in Wuxi has responded actively to the call of governments at all levels to promote safety in production. It initiated the "Bottles to Pipes" program, which could eliminate safety hazards of bottled liquefied gas from the source, and satisfy the needs of consumers while improving efficiency and advocating greener consumption at the same time. In the process, CR Gas has been adhering to the following principles: first, including the "Bottles to Pipes" program into government planning and getting support from the government; second, coordinating internal and external resources in the region and integrating the procedures of each business line; third, maintaining the customer service system and enhancing the security of consumers covered by the "Bottles to Pipes" program. In October 2020, CR Gas in Wuxi overcame all difficulties and managed to complete the adaptation in the catering industry of the city in advance.



The management of CR Gas in Wuxi personally led the team to promote the "Bottles to Pipes" program, forming special work groups and complete the adaptation of over 2,000 households in 2020.



^ CR Chem-Mat's rPETG is used, for the first time, in the decoration of Coca Cola's Shanghai office, including the floor, desktop, chair, wall, lampshade, cabinet, etc.

^ Promoting Technological Innovation, to Unleash Creativity

In 2020, the Group continued to strengthen its R&D investment, with an overall input of RMB 3.748 billion, a year-on-year increase of 43.6%. Taking digitalization, intelligence and IT application as priorities for transformation, the Group made efforts to develop a smart production, operation and management system, driving an array of R&D projects and put them into use.

^ Enhancing the Classification of Technological Innovations

In managing its companies, the Group conducted a classification based on their functions, i.e. science and technology, manufacturing and business services, setting up indicators for assessing technological innovation, weights of which were numbered among the annual performance contract of profit centers. For science and technology companies, the Group implemented the OKR framework, focusing on key measures such as R&D platform construction and HR strategy; for manufacturers, the Group encouraged them to promote independent innovation, paying close attention to the improvement to efficiency, benefits and environmental index through technological innovation; and for business services providers, the Group kept eyes on their application to new technologies, innovative products and the commercial value generated.

^ Stepping up the Industrialization of Technological Products

All business units of the Group further integrated digital and intelligent technologies with their production, operation and management, putting a number of office IT application and management systems online. CR Pharmaceutical received the clinical acceptance of its innovative drugs; CR Double-Crane reached a new high in passing the consistency evaluation and in getting approval of its generic drugs; CR Jiangzhong established the Institute of Chinese Intestinal Health; CR Bank developed an online small business credit loans app, to create an industry and finance synergy; CR Trust built up a whole-process risk control system. Four tech companies did lots of work in strategic planning, innovative mechanism, project screening and introduction, research site construction and lab equipment recruitment, accelerating their steps toward stronger R&D capabilities. CR Microelectronics, CR Bank, CR Jiangzhong, CR Chem-Mat and relevant projects won Science and Technology Progress Awards of national, provincial and ministerial levels, as well as patents for inventions and utility models.



1 CR Group was selected into the Third Group of National Mass Entrepreneurship and Innovation Demonstration Bases

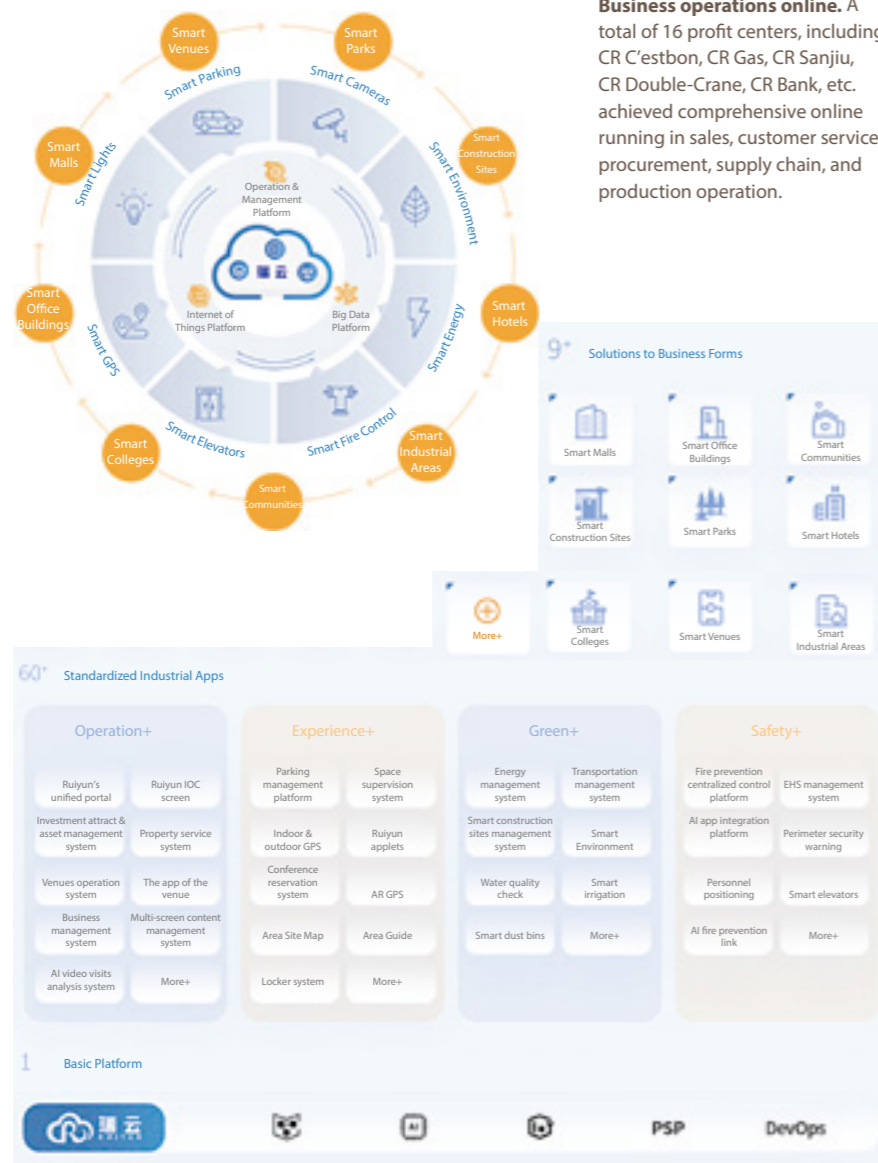
2 CR Group was approved to set up a national-level work station of post-doctoral scientific researchers

- ◆ CR Double-Crane launched a new product, the caffeine citrate injection solution (Fetoca), which received the Pharmaceutical Registration Approval by the National Medical Products Administration (NMPA) and was currently the only domestic drug that has passed the consistency evaluation.
- ◆ Dong-E-E-Jiao, with its intelligent manufacturing new mode, won the First Prize of the National Equipment Management and Technological Innovation Achievement Award.
- ◆ CR Pharmaceutical had 7 patents of utility models approved by China National Intellectual Property Administration (CNIPA).
- ◆ CR Gas received a patent from the CNIPA for its "single-offset swing check valve".
- ◆ CR Power delivered a group of innovations into practical products, including the Centralised Supervision & Analysis Specialist System (CSASS), smart wind farms, the order-based power technology service platform, and the RUY optimization system.
- ◆ CR Cement's Laboratory of Technology Research and Development Ltd., i.e. CR Cement Technology R&D Center Guangzhou Lab, passed the accreditation of CNAS (China National Accreditation Service for Conformity Assessment) and obtained a certificate, which covered 4 categories and 23 testing items of gelled materials, additives, concrete, and mortar.
- ◆ CR Micro's project, "Key Technology and Application for Designing and Manufacturing of High-performance MEMS Device" won the second prize in the 2019 National Scientific and Technological Progress Award. The other project, "Key Technology and Application for Designing and Manufacturing Intelligent Power Chips" of CSMC under Foundry Business Group of CR Micro, was nominated as the second prize of the 2020 State Technological Innovation Award.
- ◆ Joined hands with Sichuan Agricultural University, CR Ng Fung (Li Hong) launched the project of "Key Technology Study and Application for the High-value Comprehensive Use of Prickly Ash", which was honored with the Third Prize (Technological Progress), in the 2019 Sichuan Scientific and Technological Progress Award.
- ◆ CR Chem-Mat received Coca-Cola's Sustainable Development Award for Technological Support, with its PET closed loop recycling process. And the research project it proposed, the Research and Development of Recycled Polyester (rPET) for Food Packaging, was successfully selected into the chemical fiber recycling high-quality development frontier technology research program, by China Chemical Fiber Industry Association Lvyu Fund.



^ CR Sanjiu became the only pharma company that was chosen as one of China's "Intelligent Manufacturing Benchmark Enterprises".

Smart business operations. CR Land built a benchmarking project for a smart urban complexes, constructing a leading 5G+ integrated innovation ecosystem; **CR Power** upgraded its Runyoushi Intelligent Safety Control System, providing an optimized algorithm and platform that integrates smart safety control with intelligent inspection; **CR Cement's** intelligent manufacturing pilot project commenced operation, which had achieved predictive maintenance for the key equipment, to avoid non-planning downtime through prediction and early warning of hidden dangers; the **General Hospital of Fushun Mining Bureau under CR Healthcare** released a 5G smart emergency and critical illness collaboration platform, which marked the initial establishment of the "5G+Smart Medical" health information network and service system; by image recognition and machine learning, **CR Jiangzhong** largely improved its efficiency in marketing inspection; and **CR Sanjiu** became the only pharma company that was chosen as one of China's "Intelligent Manufacturing Benchmark Enterprises".



Business operations online. A total of 16 profit centers, including CR C'estbon, CR Gas, CR Sanjiu, CR Double-Crane, CR Bank, etc. achieved comprehensive online running in sales, customer service, procurement, supply chain, and production operation.

▲ CR Land, launching a "hardcore assembling" with Huawei and China Telecom, intended to build a smart city demonstration zone in Nanshan Science and Technology Financial City, to create a leading 5G+integrated innovation ecosystem in the country. The picture shows CR Land's "Rui Yun" full-format IoT solution.

Our Commitment

Commitment Made in 2020 >>>

To spot new demands in non-contact business, online sales, automated delivery, long-distance medical care, smart manufacturing, etc., and to speed the "intelligent development" of traditional industries.

To fully understand the customers' needs through big data-based analysis, and to interact with customers more effectively, so that they can get more personalized products and services.

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 actively improve the Group's technological innovation through the integration of institutions, talents, resources, and the transformation of innovation achievements.

Commitment Performed in 2020 >>>

CR's all business units actively pushed forward further integration between digital or intelligent technologies and production, operation and management, putting a number of office's IT apps and managing system online.

CR C'estbon brought out a beverage product of "zero sugar, zero fat, and zero calorie"; CR Snow Breweries (of CR Beer) introduced a new soda beer, boasting for zero-fat, non-alcoholic and zero pressure; CR Vanguard delivered new brands "Vanguard MART" and "Vanguard LIFE"; CR Land constructed an integrated health security system that combined medical care with health care; and CR Micro took multiple measures to boost the process of making chips.

In conducting surveys on customer satisfaction, and holding product knowledge sharing and training, more and more CR's subordinate companies continuously improved their post-sales services and complaint treatment, highly enhancing customers' satisfaction.

The Group's overall investment in R&D increased by 43.6% year-on-year. It was selected into the Third Group of National Mass Entrepreneurship and Innovation Demonstration Bases, and was approved to set up a national-level work station of post-doctoral scientific researchers. CR has stepped up its cooperation with the Research Institute of Tsinghua University in Shenzhen (RITS), encouraging profit centers to establish four laboratories, and issuing and implementing the *Articles of Association of CR-RITS Joint Research Institute*, the *Measures for Managing CR-RITS Joint Research Institute R&D Projects* and other operating institutions.

Commitment Made in 2021

To take full advantages of smart technology platforms, such as industrial Internet, big data, artificial intelligence, Internet of Things, and blockchain, so as to explore new modes and incubate new business relying on the Group's data bank.

To respond to national strategies and related policies, keeping a close eye on people's livelihood, and making full use of the Group's smart technology platforms, to carry out more forward-looking explorations around CR's business.

To continue with targeted customer satisfaction surveys, and to improve customer training, after-sales service systems, and complaint dispute handling mechanisms based on the survey results.

To further increase the Group's overall R&D investment, focusing on improving the R&D level of core technologies, to provide stronger organizational guarantee, and perfect innovation mechanism.

Environmental Responsibility

To Impact the World,
not to Pollute the Earth

04



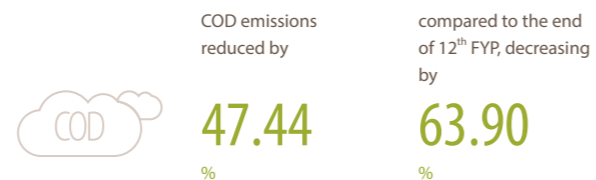
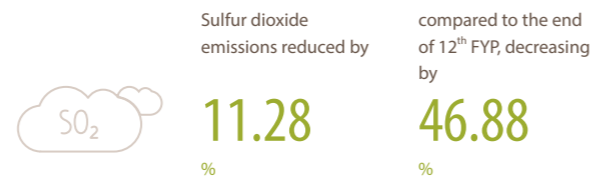
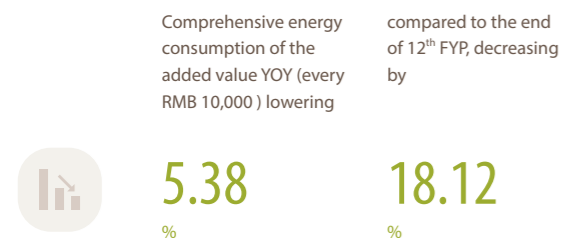
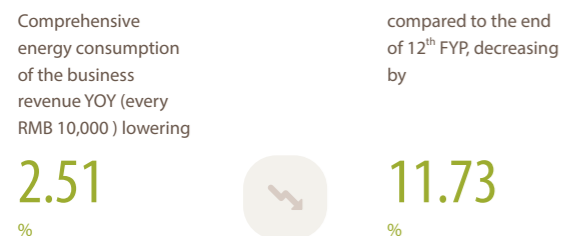
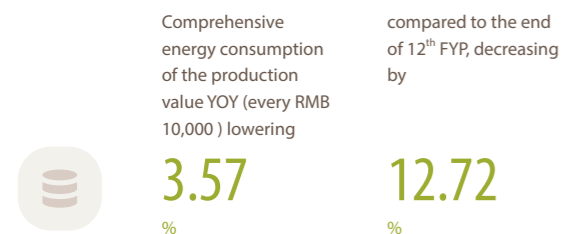
Concept and Vision

General Secretary Xi Jinping made China's commitment to "peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060", and further announced at the Climate Ambition Summit that by 2030, China will increase the share of non-fossil fuels in primary energy consumption to around 25%, and bring its total installed capacity of wind and solar power to over 1.2 billion kilowatts. China Resources has always actively responded to global challenges through pioneering and innovation. We firmly believe that providing products and services that are trusted and loved by the public should not be at the expense of exhausting the earth's resources. It is with this belief that we were encouraged to take responsibility for the overall impact of production and operations. We have the courage to take responsibility, take actions, consciously shoulder the historical mission of promoting energy transition and green development, to promote the construction of a clean, low-carbon, safe and efficient energy system, and make CR's contributions to solve the climate and environmental crisis and achieve sustainable development.



Our Performance

In 2020, the Group has exceeded the annual target and task of energy-saving and emission reduction assessment for the sixth term of the head of the central enterprise.



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

In taking the initiative to conduct green management, CR continuously improved the ecological and environmental protection management system, and increased its inputs into energy-saving and emission reduction, to establish long-term mechanism of green development, and make contributions to a beautiful China with blue sky, clear waters and green mountains.

Improving the Environmental Management System

Fully learning from ISO14001 and other excellent companies' practices of energy conservation and environmental protection management, both home and abroad, the Group, based on diversified business reality, established and improved a management system with CR's characteristics, which settled key points and links for the management. Combining industrial features and actual practices, CR's units at all levels continued to improve their organizational structures and management systems, injecting more capital and consolidating supervision and inspection, delivering a sustained growth of a systematic, standardized and scientific energy conservation and environmental protection management.



^ Troubleshooting and Managing Environmental Problems

Oriented to problems and results, CR's businesses at all levels implemented the main responsibility of ecological environmental protection, and conducted in-depth investigation and management of hidden environmental hazards. With focuses on the compliance of environmental protection management, implementation of pollution prevention and control, and solutions to outstanding problems such as dust, odor, and noises, as reflected by the masses, the Group carried out specific rectifications to the problems found. It invited external experts from environmental protection agencies to set up an inspection team, to check its subordinate companies on business with higher environmental risks (power, cement, pharm and snow beer, etc.). In doing so, CR comprehensively and systematically screened the problems of ecological environment management and on-site technologies, raised targeted suggestions to improve, and enhanced its ability to prevent risks, to reduce the negative environmental impact brought by these companies' production and operation activities.

^ Strengthening Cooperation with Professional Institutions

The Group valued its cooperation with authoritative environmental protection agencies, through whose professionalism to continuously enhance its environmental management level and technological innovation capabilities, to prevent and resolve major environmental risks, and better fulfill its corporate responsibility for ecological and environmental protection. In October 2020, the Group signed an environmental protection strategic cooperation agreement with the Chinese Research Academy of Environmental Sciences (CRAES), which provided technical support to CR's major environmental protection projects with its expertise in water environment, atmospheric environment, solid waste, soil, and ecology.



^ CR signing a strategic cooperation agreement of environmental protection with CRAES

^ Increasing Investment in Energy Conservation and Environmental Protection

CR's businesses at all levels increased investment in energy conservation and environmental protection, and popularized and applied new materials, technologies, equipment and processes to upgrade its work of energy conservation and emission reduction, to improve its energy use efficiency and prevention and control of pollution. In 2020, CR invested over RMB 2.3 billion in energy conservation and environmental protection, and implemented 200 plus major projects.

CR Power invested a special fund of **RMB 1.27 billion** in energy conservation and emission reduction upgrades, including that of coal-fired generating units, steam turbines, and comprehensive energy saving, to effectively lower consumption and contaminants. In November 2020, CR Power upgraded its two 200 MW coal-fired generators in Shenyang to achieve ultra-low emissions. By then, all 76 coal-fired power generation units run by the company, a total of **36,940 MW** installed capacity, were upgraded into ultra-low, largely cutting down emissions of sulfur dioxide, nitrogen oxides, and particulates. With the latest steam turbine design technology, CR Power's Guangzhou Power Plant modified the high-, medium- and low-pressure flow paths of the previous subcritical 330 MW unit, which was estimated to save **13,600 tons** of standard coal per year. As the first one in the world to use an electro-mechanical speed controller to control the speed of the generating units feed pump, it was projected to save another **4,088 tons** of standard coal per year.

In application of the world-class process of the zeolites runner concentration + catalytic combustion, **CR Micro** improved the device of organic waste gas treatment, reducing **38.88 tons** of VOCs emission annually.

In applying a combined process of "water spray absorption + UV photolysis", **CR Double-Crane** Beijing Industrial Park and CR Sanjiu Guanlan Base implemented comprehensive treatment of waste gas in production workshops, lowering emissions of atmospheric pollutants far below the national standard, such as ammonia, hydrogen sulfide, and volatile organic compounds.

CR Ng Fung (Li Hong) took the lead in the R&D and application of waste heat recovery technology in extracting peppercorn oil, which saves **666,700 kw/h** of power and **7,200 cubic meters** of water each year.

CR Snow continued to strengthen water resources management and promoted water-saving technologies and processes. In 2020, CR Snow's overall water consumption was **2.664 tons per kiloliter**, which led the industry in China. During the Thirteenth FYP, CR Snow Breweries has saved **38.416 million cubic meters** of fresh water, equivalent to the amount of water in **2.7 West Lakes**.



CR Double-Crane Beijing Industrial Park's "water spray absorption + UV photolysis" process system

Adhering to Green Operations, to Construct an Environment-friendly Enterprise

As requested in the construction of national ecological civilization, to deliver a green, low-carbon and sustainable development, CR carried out specific actions to improve energy utilization efficiency and reduce pollutant emissions by adjusting and optimizing the industrial structure, implementing energy-saving and emission-reducing transformations, and carrying out waste co-processing. In 2020, no general or above environmental incidents occurred in the Group.

Tightening Control over Carbon Emissions

The Group, in implementing China's major decisions and deployments on carbon peaking and neutrality, organized its companies to strictly control new high-energy-consuming capacity, conducting energy-saving technologies transformation, increased the supply and use of clean energy, and carried out tree planting and afforestation. Following the planning of the Fourteenth FYP, CR brought out its goals, tasks and specific measures to scheme the path and focus of carbon emission control during this period, to assist China in peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060 with practices. Relevant business of the Group actively participated in the construction of China's carbon market, organized carbon asset inspections, and kept enhancing their carbon asset management capabilities.

Power business: in accordance with the policies and regulations in pilot areas, thermal power plants carried out carbon trading, and completed the settlement of 30 million tons of allowances, with a carbon allowance compliance rate of 100%.

Cement business: actively participated in the carbon emission-related conferences of industry associations, and the national carbon market construction test activities. 8 factories in Guangdong and 5 in Fujian completed the payment of the 2019 carbon emission allowances.



On May 10, 2021, a symposium on Central Enterprises Implementing the Coordinated Development of the Beijing-Tianjin-Hebei Region and Supporting the Construction of Xiong'an New Area and Cooperation between Central Enterprises and Local Governments was held in Xiong'an. At the meeting, CR Power and Cangzhou Municipal People's Government signed the *China Resources and Cangzhou Cooperation Agreement on the Industrial Cluster Project of Peaking Carbon Dioxide Emissions and Carbon Neutrality*.

Developing New Energy Business

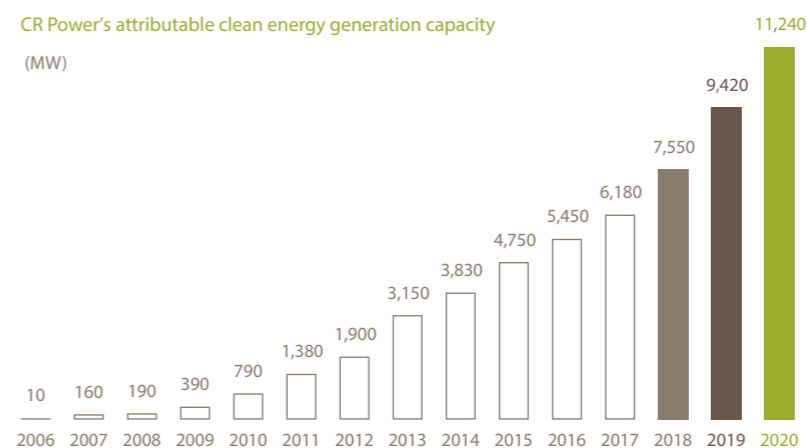
The Group's power business accelerated its development and construction of clean energy with wind power as the mainstay, focusing on promoting the construction of onshore wind power projects and the preliminary development and storage of offshore ones, to step up the low-carbon transformation of the energy structure. In 2020, the proportion of clean energy assets surpassed that of coal power for the first time. Number of wind and photovoltaic grids reached new highs.

In 2020, CR Power's grid-connected wind power projects added up to 4,168 MW and photovoltaic 279 MW. As of the end of 2020, CR Power's attributable operational generation capacity of wind projects reached 10,396 MW, in which 1,119 MW were in construction; photovoltaic 562 MW, in which 2 MW in construction; hydroelectric 280 MW, in which 107 MW in construction. The attributable operational generation capacity of the Group in general was 43,365 MW, in which wind, hydroelectric and photovoltaic power projects accounted for 25.9% of the total, arriving at 11,238 MW, an increase of 2.6 per cent year on year.

CR Gas positively explored to expand hydrogen energy business, scientifically carrying out the planning and construction of hydrogen refueling stations. At present, 4 stations with a daily designed hydrogen refueling capacity of 500-1,000 Kg, were built and put into operation in Wuxi, Xiangyang, and Weifang. While meeting the energy demands of hydrogen fuel cell commercial vehicles and bus demonstration lines, they can also be used to provide source of energy for liquefied natural gas (LNG) heavy-duty vehicles, which effectively promoted the use of clean energy in transportation, and boosted the progress of carbon peak and neutrality.



On December 14, 2020, the first pure hydrogen refueling station of CR Gas, CR Gas (Wuxi) Shuofang Hydrogen Refueling Station completed its first vehicle hydrogen refueling test. Phase I of the station marked a refueling scale of 500 kg/day, which enables the power demand of 20-30 hydrogen fuel cell buses.





CR Power & CR Capital jointly took 30% shares of the UK's Dudgeon Offshore Wind Farm



CR Power's Haifeng Power Plant Sludge-Coupling Mixture Project

^ Optimizing Industrial Structure and Capacity Distribution

Rather than developing business with high energy consumption and high pollution, the Group vigorously promoted low-power operations such as gas, real estate, pharmaceutical, medical treatment, and retail, continuing to eliminate outdated production capacity to reduce the generation and emission of pollutants from the source. In 2020, the proportion of low energy consumption business in the Group's output value increased by 6.5 percentage points compared to that of the end of the Twelfth FYP.

CR Power continuously improved its thermal power generators structure, by obsoleting small units of high energy consumption and heavy pollution, to introduce larger and cleaner ones.

As of the end of 2020,

1,000 MW-level generators represented over

32

%

while those below 300 MW were less than

2

%

In 2020, CR Snow closed 9 outdated factories located at Tonghua, Tianjin, and Shenzhen; and CR Pharma shut down and transferred outdated production bases such as Shanghai Jinxiang and Beijing Unitech, to further optimize the layout of production capacity and focus on improving quality and efficiency.

^ Collaborative Disposal of Waste

CR focused on ESG demands and actively participated in waste treatment. In recycling of boilers, cement kilns and other existing resources for collaborative disposal of waste, the harmless waste disposal, reduction and resource recycling lessened the environmental load and help create an urban symbiosis.

In reliance on its own technological advantages, CR Cement promoted co-processing projects in municipal solid waste, urban sludge, and hazardous industrial waste. In 2020, it built up two co-processing projects in Tianyang, Guangxi, and Yanshi, Fujian, treating respectively with 180,000 tons of municipal solid waste and 20,000 tons of urban sludge.

As of the end of 2020,

CR Cement had established 10 co-processing projects of municipal solid waste, urban sludge and hazardous industrial waste in total.

In 2020, a total of

183,100

tons

of municipal solid waste,

528,000

tons

of urban sludge,

and

6,100

tons

of hazardous waste, were processed.

Based on the conditions of its coal-fired plants, CR Power expanded the scale of sludge-coupling treatment, working out a win-win solution for improving both efficiency and environmental governance. In 2020, CR Power's Haifeng Power Plant put into operation the world's largest sludge-coupling power generation project, which has a disposal capacity of 6,000 tons per day (80% moisture content). In this project, the company took a technical path and an innovative mode of in-plant deep dehydration, coupling with incineration, where sludge was treated in a full chain and a closed loop. The whole process, from entry to storage, to mixing and drying, was totally free of any dust, noise or odor pollution, which completely got over Shenzhen's difficulty in dealing with sludge, delivering a sound, sustained and stable development of the Greater Bay Area.

By the end of 2020

15 coal-fired power plants under CR Power, in Jiangsu, Guangdong, Guangxi and Henan, processed in coordination to deal with solid and hazardous wastes, such as sludge, carbide ash, herb residue, etc. In 2020, the total sludge processed was

800,000

tons

herb residue

38,000

tons

Restoring the Ecological Environment of Construction Projects

The group-owned companies attached great importance to protecting the local ecological environment during project construction, actively carried out restoration measures, to minimize the impact of construction on the surrounding environment, to maintain local biodiversity, and achieve a win-win situation for corporate development and the ecological environment.

CR Power formulated its *Plan for the Protection of Geologic Environment of Mines and Land Reclamation* to restore subsidence land caused by coal mining. In 2020, through specific measures such as leveling land, improving the physical and chemical properties of soil, and growing plants, Tianneng Coal Mine in Xuzhou, Jiangsu, established a new land use ecosystem and formed fresh artificial and natural green landscapes, ecologically restoring 3,990 mu of coal mining-induced subsidence land.

For hydroelectric power projects, CR Power maintained a stable aquatic ecosystem by carrying out ecological fish planting and artificial breeding, building fish passages and artificial spawning grounds, and protecting fish habitats. CR Power strictly prohibited the dumping of excavated excess soil into rivers and streams, and has set up pipe and box culverts to help amphibians and reptiles pass under roads. In 2020, CR Power organized a fish planting activity in the reservoir area of Sichuan Yazui River Buxi Hydropower Station, planting 3,000 schizopygopsis malacanthus fry to enhance fish reproduction and further improve the aquatic ecosystem.

CR Cement included restoration of mines into its production, operation and long-term development plans, launching greening work of mines and dumpings, to fully or basically restore vegetation coverage and gradually resume ecological balance. In 2020, CR Cement's Hepu, Shangsi, Wuxuan, Jinsha, and Luchuan companies were enlisted as provincial or AR-level "Green Factories", in which Wuxuan and Jinsha passed the selection of the Ministry of Natural Resources to be national-level green mines.



In December 2020, CR Cement (Jinsha) passed the selection of the Ministry of Natural Resources to be national-level green mines.

Supporting the Development of Environmental Protection Industries

Leveraging its strength of capital to support environmental protection companies with advanced technologies, the Group continuously extended its environmental protection industries, to cultivate new momentum for this field.

CR Trust put great efforts into developing green asset securitization business, providing credit support for the green environmental protection industry. In 2020, the financing balance of its green finance was RMB 14.3 billion, with 17 existing projects and funds flowing into wind power, photovoltaics, water treatment and other green and environmental protection fields.

In 2020, the financing balance of green finance was

14.3
billion (RMB)

17
existing projects

CR Env Protection, with technological innovation as its core, focusing on relevant areas like "water treatment" and "solid waste treatment", was committed to practicing ecological civilization. Currently, it has implemented CR Snow Breweries (Yantai) wastewater treatment, CR Sanjiu (Zaozhuang) herb residue disposal and other environment protection projects.

Building a Green Supply Chain

CR's businesses at all levels actively promoted green procurement, green packing and green transportation, sharing its value of green and sustainable development to suppliers, and bringing along partners to participate in ecological environmental protection.

CR C'estbon actively pushed forward the use of environmental protection materials. In 2020, the company carried out package improvement project of raw material supplier (bottle cap), changing the disposable cartons to PP boxes, which were 100% recyclable, and would save around 2.69 million cartons and 2,689 tons of base paper the whole year. With such a packaging circulation, waste was largely reduced from the supplier end, realizing a link of supply and production system and green production.



In 2020, the package improvement project of CR C'estbon saved around

2,689
tons of cartons

In 2020, procurement of industrial waste as raw materials in Guangdong and Guangxi reached approximately

9.5
million tons

CR Cement incorporated green, safety and development requirements into supplier selection, to develop and use energy-efficient and environmental new materials and technologies. It vigorously advocated green procurement and promoted the use of local industrial waste, such as copper slag, pyrite, converter, iron ferroalloy, lead and zinc, fly ash, etc., to substitute raw mineral resources. In such ways, CR Cement, while expanding its local procurement, reduced industrial pollution, drove the development of local transportation business, and created a new employment circumstance for surrounding residents, achieving common developments. In 2020, the Company's procurement of industrial waste as raw materials in Guangdong and Guangxi reached approximately 9.5 million tons, turning waste into treasure, which contributed to ecological environmental protection and fully reflected CR Cement's "green" social responsibilities.

Developing Green Building

The Group's landed estate business integrated green, environmental protection, energy conservation and efficiency into buildings development, publicizing new products and technologies, and promoting high-quality and green products. In 2020, 96 CR Land projects were certified as green buildings, equivalent to a construction area of 13 million square meters, marking a 24% of rise year-on-year. Meanwhile, CR Land actively carried out prefabricated building projects, who deployed 17 in 2020, equivalent to a total area of 5.344 million square meters.

CR Land's Chengdu Kunyu Mansion project effectively practiced green construction

The total construction area of CR Land's Chengdu Kunyu Mansion project is 172,600 square meters, which consists of 4 high-rise residential buildings, 14 seven-story houses and 1 elementary school. Part of the structure of the main and negative floors of the project is designed with duplex board and light interior partition, with an assembly rate of approximately 20%, another reflection of the industry's industrialization development. The adoption of prefabricated construction technology in the project can effectively practice green construction, mainly reflected in the following aspects:

- ◆ With folding boards, saving a lot of formwork, to reduce the use of wood products;
- ◆ With industrial ash and slag concrete partition boards, reusing solid waste from construction sites, to cut down solid waste discharge;
- ◆ Realizing the thin plastering process of internal walls, without the process of traditional block construction, to reduce on-site wet work and protect the environment of construction sites.



CR Land's Chengdu Kunyu Mansion project effectively used folding boards to save formwork, and reduce the use of wood products.

Promoting Green Office, to Cultivate Energy-efficient and Low-carbon Habits

Starting from trivialities, the Group paid specific attention to power, water, paper, green travel, in its daily office, creating a low-carbon and environment-friendly office atmosphere.

CR and its subordinates use energy-saving lighting sources, and control the on/off of the air-conditioning system according to seasonal temperature changes. We strictly monitor the water consumption in the office area, regularly check and repair the water pipe network to cut down the phenomenon of water running, spraying, dripping, and leakage. The Group promoted paperless office, built an OA office system, and a video conferencing system. Business travels were lessened, and new energy vehicles were encouraged.

Promoting further application of CR's runwork platform

The Group continued to implement its one-stop office application named Runwork, which functions as collective to-dos, instant communication, business collaboration and employee services. The platform, deeply integrating with daily office apps such as address book, mailbox, information, mobile attendance, and business systems like official documents, administration, human resources, finance, legal affairs, audit, EHS management, etc. A large number of office scenes, e.g. process submit, document approval, meeting reservation, and individual tax deduction application, have all been paperless, achieving energy saving and emission reduction.

In 2020, the Group had nearly 300,000 users of Runwork, with DAU standing at

100,000
people

Documents created online were more than

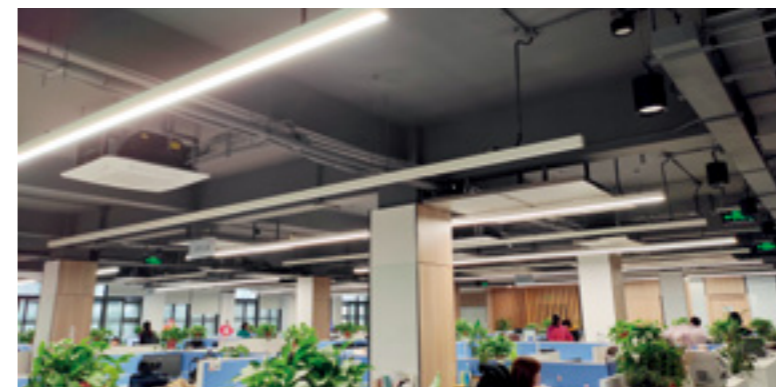
300,000
copies

Documents approved during the whole year were over

15
million



Interface of Runwork 3.0, CR's one-stop office platform



CR Vanguard conducted energy-saving reform over its old equipment. As the picture shows, it's the lighting power conservation project.

With the support of Rmeet, the Third Conference of the National Hong Kong and Macao Research Institute was successfully held.

Promoting the Rmeet Cloud Video Conference System

The Group advocates a green and environmentally friendly remote office concept, providing efficient, convenient and economical remote video conferencing services for all members of the Group and all sectors of society, enabling employees to communicate and collaborate without geographical and time constraints, saving commuting time and costs. In 2020, during the COVID-19, the Group launched the Rmeet cloud video conferencing system based on traditional hardware. The system has strong compatibility, high stability, and powerful online meeting management and participation functions, allowing users both internal and external to join in. Online screen sharing, annotation, recording, and live streaming are all supporting during the meeting process. In 2020, through the Rmeet system, the Group held an accumulated 439,000 cloud video conferences, with 4.72 million hours of video access, and 5.56 million participants.



In 2020, CR Property carried out various environmental protection public welfare activities, to implement the mission of green environmental protection, and support waste reduction at the source.

Launching energy-saving and environmental protection publicity

With posters, banners, exhibition boards, lectures, brochures, company websites, WeChat public accounts and other online and offline channels, companies at all levels of CR vigorously promoted China's energy-saving and environmental protection laws and regulations, guidelines and policies, and knowledge and experience. The Group's philosophy of green development and achievements in energy conservation and environmental protection were widely spread, to enhance the awareness of all employees. In 2020, the Group organized and carried out a series of events concerning energy conservation and environmental protection, such as World Environment Day, National Energy Conservation Promotion Week and Low Carbon Day, to encourage employees to develop appropriate, simple, green and low-carbon work and lifestyles, and strive to be the ambassador to communicate, practice, and demonstrate energy-saving, green and environment-friendly ideas.

Our Commitment

Commitment Made 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.

Commitment Performed in 2020 >>>

The CR Group added 4,447 MW of grid-connected wind power and photovoltaics, and installed clean energy capacity increased by 2.6 percentage points compared with 2019.

The Group's 15 power plants and 10 cement plants participated in social waste management, and a total of 1.328 million tons of municipal sludge, 183,100 tons of domestic waste, and 44,100 tons of hazardous waste, were treated.

The Group invested more than RMB 2.3 billion in special funds to implement energy-saving and emission reduction transformations. Comprehensive energy consumption of the production value, the business revenue, and the added value (per RMB 10,000), and pollutants emissions such as sulfur dioxide, nitrogen oxides, and chemical oxygen demand were all down year-on-year.

Commitment Made in 2021

To speed up the increase in the proportion of clean energy.

To continue to expand waste co-processing projects, to ease the pressure on urban environmental governance, and help the Group's regional development.

To further enhance investment and extend projects in energy conservation and ecological environmental protection, and to improve the efficiency of utilizing resources.

Partner
Responsibility

Actions,
Larger than Commitment





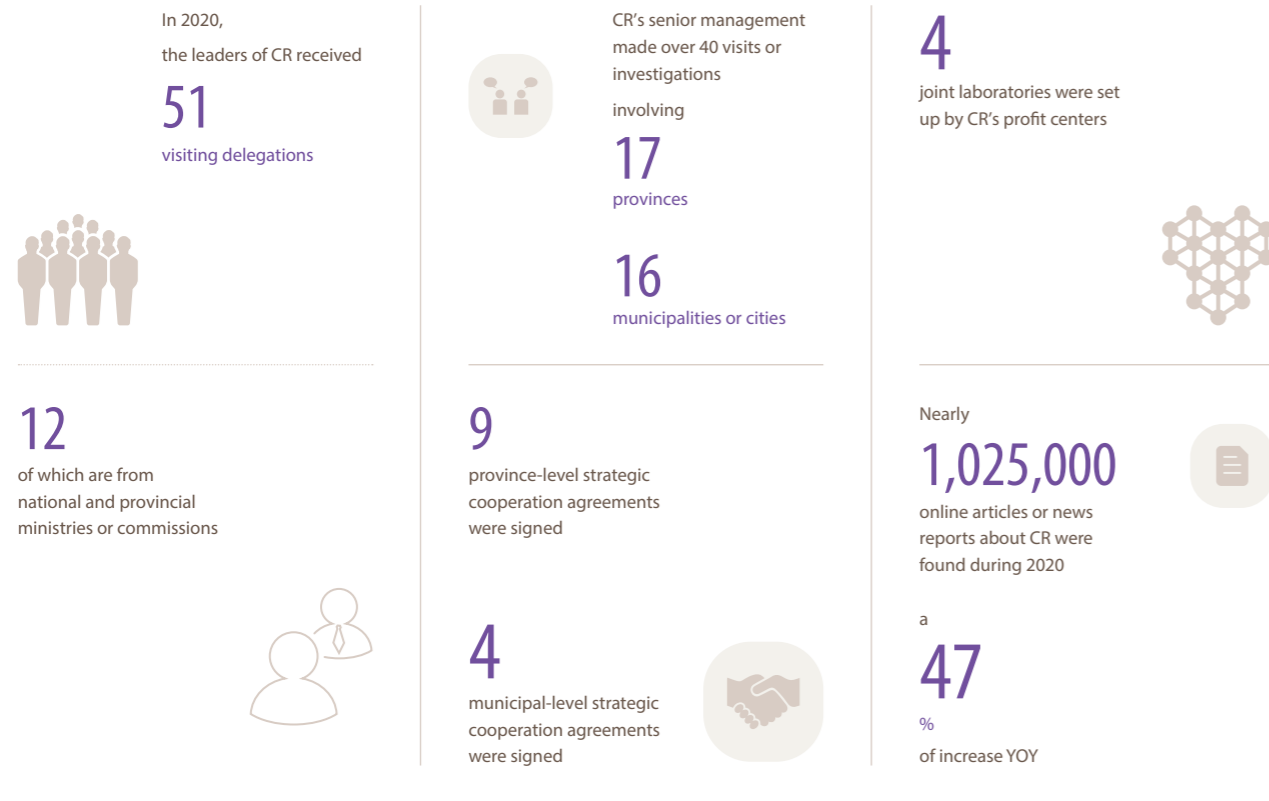
Concept and Vision

To achieve its highest ideal of high-quality development, CR continues to listen, to learn, to challenge and surpass itself, and at the same time, to share good ideas with first-class professional institutions, industry alliances and government departments for better solutions. We also provide supply chain partners with opportunities to obtain education and training for growth, making greater progress together. A supply chain across the globe, means a responsibility covering the whole world. 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
Responses

Our Performance



Establishing Strategic Sharing Mechanism and Platforms, to Realize a Mutually-beneficial and Win-win Result

For many years, CR has kept sound ties and communication with governments, excellent enterprises, schools and universities and research institutes. Through senior leaders' visits to government departments, both central and local, and inviting delegations to its HQs, the Group played a positive role in building a senior-level alliance with different provinces and different cities. We worked together in solving tricky problems, putting major projects into practice and enhancing win-win cooperation. CR's subordinate units continued to strengthen their strategic cooperation with superior enterprises, to obtain favorable resources to drive the development of the industry. Guided by national strategies and market demands, CR also built up an innovative cooperation platform featuring the coordinated efforts of enterprises, universities, research institutions and consumers, integrating business wisdom and promoting common development. Meanwhile, it actively promoted internal strategic coordination, setting up regional workers' committees, regional offices and other institutions for key areas, to promote external communication, push forward strategic and resource coordination, bring up resolutions for common issues, and create a sound business ecosystem.

Cooperation with Governments

Through mutual exchanges and visits, CR maintains close senior-level ties with local governments, and continues to build good government-enterprise relations. In 2020, the leaders of CR received 51 visiting delegations, 12 of which are from national and provincial ministries and commissions (including 7 provincial delegations), 27 from municipal-level bureaus, and 12 from enterprises and organizations. CR organized over 40 on-site researches in 17 provinces and 16 municipalities, which were mainly centering on the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Chengdu-Chongqing twin-city economic circle, and the Guangdong-Hong Kong-Macao Greater Bay Area. A series of national-level high-level exchange visits to urban agglomerations, central cities, and economic development zones were conducted.

Based on the deployment of its business development strategy, China Resources, led by strategic cooperation agreements, signed a number of agreements to deepen strategic cooperation according to the existing projects. In 2020, CR signed 9 provincial-level strategic cooperation agreements (with Guangxi, Hubei, Fujian, Chongqing, Sichuan, Tibet, Jilin, Guangdong, and Guizhou) and 4 municipal-level ones (with Hefei, Zhuhai, Wuxi, and Shenzhen), which consolidated its friendly cooperation with relevant provinces and cities and important partners, promoting the resolution of major project investment and operation management issues.



On December 5, 2020, the Group signed a strategic cooperation framework agreement with the People's Government of Guangdong Province. This agreement focuses on people's well-being and technological innovation, with microelectronics, bio-pharmaceutical, energy, and finance as highlights, planning a number of key projects. Signing of the agreement laid a sound foundation for CR's overall business arrangement in Guangdong during the Fourteenth FYP, enabling CR to practice its missions as a central enterprise, to write a new chapter for the development of Guangdong Province and the Greater Bay Area in the new era.



Industrial Exchanges

CR attaches great attention on the ecology of business development, encouraging subordinate companies to take part in industry organizations and standards formulation, to promote a healthy development of the industry.

In 2020, with regards to urban construction and operation, **CR Land** joined several industry organizations, such as the Professional Committee of Comprehensive Planning and Development of Land and Resources Transportation (TOD), China Pharmaceutical Chamber of Commerce of All-China Federation of Industry and Commerce, WELL Health Building Promotion Plan, and Special Committee for Adjusting, Operation and Maintenance of China Building Energy Conservation Association, the scope of which covered commercial design, office building management, green construction, health building, etc. It was also involved in compiling the new version of the China Association for Engineering Construction Technical Regulations for the *Application of Steel Barge Concrete Column Composite Sheet* (T/CECS 715-2020) and other two standards.

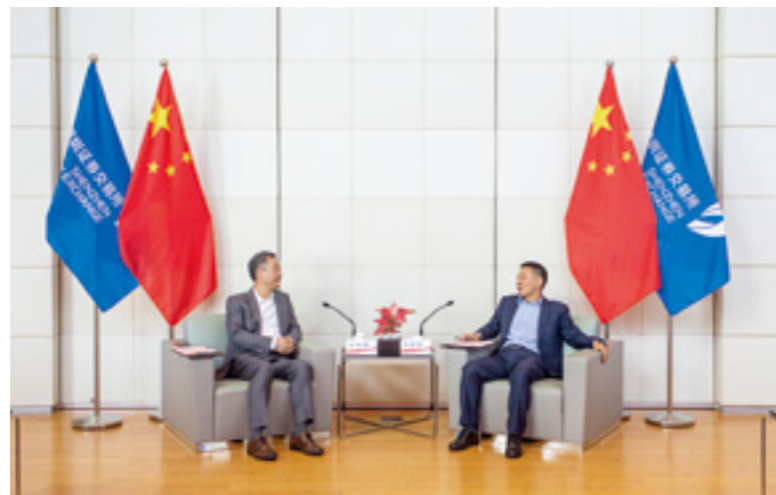
In the energy sector, as a key member of the China Fuel Management Standardization Technical Committee of Thermal Power Enterprises, **CR Power** was responsible for the establishment of fuel management standards and research on technology standardization. In 2020, CR Power led in editing the *Technical Specifications for Information Security of Power Plant Monitoring Systems* and other two industry standards, as well as seven other standards, including the *Technical Guidelines for the Early Warning System of Thermal Power Generating Units*.

In consumer products, **CR Vanguard** participated in the 2020 China All-Retail Conference & the 22nd China Retail Industry Expo, to discuss the new pattern and development of the retail industry with leading companies in the industry and to expand its influences.

Cooperation with Enterprises

The Group attaches great importance to external cooperation and exchanges. It innovates cooperation models with partners, complements each other's advantages in corporate governance, operation management and technological innovation experience, continuously improving its level, developing and extending itself, and finally achieving a win-win situation.

On October 15, 2020, CR and Shenzhen Stock Exchange signed a strategic cooperation agreement. As a concrete measure to implement the spirit of General Secretary Xi's important remarks at the 40th anniversary celebration of the establishment of the Shenzhen Special Economic Zone, CR further deepens cooperation, strengthens exchanges, making full use of the capital market, to provide a strong guarantee for companies' reform and innovation, and to jointly build an investment and financing system, to serve the construction of the Greater Bay Area and Shenzhen's pioneering demonstration zone of socialism with Chinese characteristics. According to the agreement, the two parties will carry out in-depth cooperation in information services and communication, listed company cultivation and capital operation, expansion of diversified financing channels, and serving industry and finance platforms connection.



Oatly, a CR Verinvest S.A. invested company, landed on NASDAQ, with a market value exceeding USD 10 billion

CR Verinvest is a joint venture established by China Resources Group and Anheuser-Busch InBev family fund management company Verinvest S.A., with a respective 50% investment ratio. Both parties have leading investment and operation experience in the field of consumption, which complement each other and achieve mutual benefits and win-win results. With its deep insight into the China's local market and extensive channels and distribution capabilities, CR helped Oatly rapidly enter the Chinese market, and provided strong support for Oatly in strategy formulation, senior management recruitment, marketing and channel network grafting. At present, Oatly's oat milk sales network has covered nearly 10,000 boutiques and chain coffee shops, mainstream tea shops and major e-commerce channels in China. It was officially listed on NASDAQ under the stock code of "OTLY" on the evening of May 20, Beijing time, with an issue price of USD 17 per ADS. As of the close of May 24, Oatly's stock price rose by 21.9%, closing at USD 20.73 per ADS, and the market value reached USD 12.275 billion.



Platform for Industry-University-Research-Consumption Cooperation

Guided by market demands and the need of the country, CR adheres to complementing other institutions' advantages and sharing results, to establish a cooperation circle that featuring the closed coordinated efforts of enterprises, universities, research institutions and consumers. In 2020, based on the CR-RITS Joint Research Institute, CR promoted its profit centers to establish 4 joint laboratories, including CR Chem-Mat's High-performance Thermoplastic Composite Materials Lab, CR Micro's Wireless Power Transmission Control Laboratory, CR Pharma Macrocyclic Kinase Inhibitor Class 1 Innovative Drug R&D Laboratory, and the flexible surface enhanced Raman scattering system R&D laboratory for food safety testing, jointly established with the Hong Kong Polytechnic University. Member companies of the Group also carried out various forms of school-enterprise cooperation.

In September 2020, China Business Executives Academy, Dalian, and China Resources University jointly organized a special training course on the preparation of the 14th Five-Year Plan for state-owned enterprises. 55 students from Anshan Iron and Steel, China Minmetals Group, China Railway Engineering Group, China Resources Group and other units participated in the Special Training Courses for compiling the plans, and 136 students of the 17th "The Road of CR", a training program for outstanding managers, attended the class. Centered on the formulation and innovative development of the 14th FYP, the training shared course resources, exchanged ideas, and jointly discussed the key issues of corporate transformation and innovative development in the Planning.



Along with Zhejiang University, **CR Power** set up a joint R&D laboratory for intelligent energy, worked with Harbin Institute of Technology in heating network control, and signed a cooperation agreement with Changsha University of Science and Technology, to build practice and training bases, opening a new chapter of university-business cooperation.

CR Cement's Zhanjiang Runyang United Intelligent Manufacturing Company, jointly built a plant for education, internship, practical training and employment with the Faculty of Architectural Engineering of Guangdong Ocean University Cunjin College.

Grounded at its previous cooperation with Sichuan University, in September 2020, **CR Ng Fung** (Li Hong) made cooperation happen with the School of Light Industry Science and Engineering, Sichuan University, to establish a "Joint Research Laboratory of Condiment Processing Technology".

CR Life Sciences joined hands with the Industrial Research Institute of Tsinghua University, to establish China Resources (Beijing) Life Sciences Research Institute Co., Ltd; with Beijing Tiantan Hospital, of Capital Medical University, it jointly built an incubation platform for medical transformation and innovation; and with Aerospace Shenzhou Biotechnology Group, an aerospace life sciences incubator was set up. A cell and gene therapy industry platform was also established by the company.

Conducting Fair Trade, to Safeguard the Virtuous Development of the Industry

The Group has always required its subsidiaries to abide by competition laws and regulations, to integrate the concepts and requirements of social responsibility and leveling playing field into business management. Improper means to gain competitive advantage are not welcomed in creating a sound ecology for the industry.

Integrity Management

CR Group continues to regulate business ethics. In 2020, the *CR Code of Business Conduct* was issued, which comprehensively explained CR's philosophy in compliance, putting forward specific requirements from integrity, people-centered, protection of the company's rights and interests, and fulfillment of social responsibilities. All employees signed their compliance commitments. Strictly abiding by the *Anti-Unfair Competition Law of the People's Republic of China* and formulating the *Anti-Monopoly Compliance Guidelines*, the Group requires its member units and partners to conduct fair trade, to avoid unfair competition (e.g. price monopoly), and strive to create an integrated, legal and just cooperation atmosphere.



CR Pharma Comm launched the Constitution Publicity Week event.

CR Cement issued the *Measures for Standardizing Enforcement of Handling and Disciplinary Decisions and the Period Affected by Disciplinary Actions (Trial)*, the *Guidelines for Collective Management of Petition Letters and Problems (Trial)*, and other three documents to strengthen clean governance and regulate discipline inspections.

By studying new policies and regulations of the pharmaceutical logistics extension service projects, and discussing the contract sales project model, **CR Pharma Comm** strengthened its research on and process control over compliance, forming the *Compliance Commitment for Employees* and the *Clauses of Suppliers' Integrity and Compliance*. It also revised its compliance management system, and carried out legal compliance training of all forms, the annual training coverage reached 100%.

CR Ng Fung organized salesmen to participate in antitrust compliance training, issuing the *Risks Warning Letter on Community Group Buying Business* to get rid of illicit competition, such as dumping and bull campaign.



Respecting and Protecting IPR

Over the years, CR has always attached great importance to rights protection and anti-counterfeiting work, continued to explore and improve the intellectual property protection system, and insisted on the unity of its own rights protection and social responsibility in its work.

CR Pharma Comm formulated the *Measures of China Resources Pharmaceutical Commercial Group for Intellectual Property Management*, requiring companies to conduct legality and rationality reviews when applying for the registration, transfer, licensing, and abandonment of IPR. In 2020, 13 new trademarks and 9 software copyrights were valid for registration.

CR Life Sciences has formulated the *Measures for Intellectual Property Management*, the *Measures for Patent Management* and the *Measures for Trade Secret Management*, with 10 registered domain names, 30 registered trademarks, and 15 software copyrights. It also actively conducted intellectual property training, working hard to improve employees' IPR awareness.

In 2020, **CR Cement** included patented technology in the appraisal system of excellent operational management for the first time, holding 200 patent certificates, in which 28 were inventions, and 172 utility models.

In 2015, **CR Bank** issued the *CR Bank (Zhuhai) Measures for Intellectual Property Management (Version 1.0, 2015)*, which was optimized and updated in 2016 (Version 2.0) and 2020 (Version 3.0). In 2020, CR Bank included business operation procedures, marketing plans, customer list items, to name a few, in confidentiality obligations, to strengthen the risk prevention and control of IP infringement.

CR C'estbon attaches great importance to the protection of its own IPR. Through rights protection and anti-counterfeiting, it has vigorously cracked down on counterfeit products on the market. In 2020, a total of 48 trademark announcements were monitored, 84 cases for imitating C'estbon trademark were filed for opposition, and 9 counterfeiting cases reported from the various regional markets were handled. CR C'estbon, meanwhile, respected the IPR of others, willingly to pay for the IPR needed to be used. During the procurement negotiation, respect for IPR is also one of the most important evaluation elements for suppliers.



Promoting Responsibility Fulfillment on the Supply Chain, to Drive the Development of the Industry

CR integrates its CSR philosophy and requirements in environmental protection, production safety, guarantee of employees' rights and interests, integrity and compliance, to name a few, into the whole process of investment promotion and contract signing, which ensures responsibility for each and every transaction. All profit centers actively promoted the implementation of relevant systems, promoting suppliers to jointly fulfill their social responsibilities.

CSR Policies, Proposals and Requirements for Suppliers

CR required its subordinate companies to conduct business with integrity, to ensure the fairness, justice, openness and regulation of transactions. By perfecting institutions, it included factors such as environmental protection, energy-saving and emissions reduction, and social interests into contract management, to strengthen its control over environmental risks.

In implementing the requirements of the *Opinions of the Central Committee of the Communist Party of China and the State Council on Creating a Better Development Environment to Support the Reform and Development of Private Enterprises*, **CR Vanguard** issued non-commodity procurement projects through its official website, China's electronic bidding service platform, procurement and bidding website, and Shouzheng Electronic Tendering Platform, to provide opportunities for fair competition. Following the *Tendering Law* and the company's procurement system, CR Vanguard employed the e-bidding platform of China's highest certification level (three-star) to promote e-procurement nationwide, achieving high-efficiency, professional, standardized, safe, and low-cost bidding, which effectively protected the legitimate rights and interests of the company and suppliers. In 2020, CR Vanguard's electronic bidding rate reached 99.74%.

CR Micro conducted severe screening and examination towards suppliers. Besides requirements to product quality, techniques, delivery time, and competitive costs, supply chain governance and ESG issues were also included in the approval system, which further strengthened the management to suppliers' sustainable development.

CR Gas brought credit investigation, production capacity, performance, and social responsibility into the supplier selection mechanism. During its daily work, CR Gas regularly reviewed the credit information of suppliers, and randomly conducted unannounced inspections to cooperative suppliers. In addition to product quality, it also paid extra attention to the supplier's situation in forced labor or other serious violations of labor laws and regulations.

CR Power formulated the *Guidelines for Stakeholder EHS Management in Bidding Process* and *Requirements for EHS Section of Engineering Project Bidding Documents*, to regulate suppliers' behaviors in environmental protection and safety management. In addition, to ensure that workers of suppliers receive their due payment on time, CR Power specified, in its contracts with suppliers in 2020, terms on the separation of labor costs from project payments, use of dedicated account for workers' wages, payment period, and liabilities for violations.

Suppliers CSR Daily Management Mechanism

The business units of the Group continue to improve their management systems concerning the supply chain, requiring their partners to sign the *Sunshine Declaration*, the *Integrity Cooperation Agreement* and other cooperation documents. Partners were also divided into different levels, in a warehousing and dynamic management, to push forward the fulfillment of social responsibility and obligations.

CR Double-Crane fully integrates the concept of social responsibility into its procurement business. With quality as the priority, it strictly controlled the access of suppliers, and regularly conducted on-site audits and annual evaluations. Through bidding negotiation, the company standardized its procurement behaviors, realizing multilateral self-discipline, mutual supervision and compliance operation of the itself and customers both upstream and downstream.

CR Land introduced the concept of supply chain management, reshaped the procurement management system from the perspective of the full-life cycle. The Company updated and improved the *Management System for Bidding and Procurement of CR Land*, the *Management Regulations for Suppliers of CR Land* and other documents for supplier management, integrating business standards for supplier certification, inspection, performance, evaluation and grading, which achieved full coverage, standardized process and real-time compliance monitoring in the company. In 2020, in optimizing and reconstructing the procurement management system, CR Land realized its first step of professional transformation.

Suppliers CSR Review and Appraisal

In the management system of suppliers arrangement, bidding and procurement, the Group and its subordinate businesses integrated the institution of performance evaluation. Through regular assessments, rewards and punishments, suppliers were driven to fulfill their social responsibility and obligations, the list of suppliers continuously optimized and materials maintaining high quality.

CR Pharma formulated the *System for Supplier Audit and Evaluation Management*, establishing special quality audit standards for different materials. In setting up quality files, it supervised suppliers to rectify problems found in the audit, and to deliver an audit report based on the rectification. In 2020, a total of 39,889 suppliers were reviewed.

CR Gas established a multi-stage supplier selection mechanism of "online registration, preliminary qualification review, performance testing, on-site inspection, comprehensive review, and results announcement", incorporating credit investigation, production capacity, performance, and social responsibility into the whole process. In its daily work, CR Gas regularly reviewed the credit information of suppliers, and randomly conducted unannounced inspections to cooperative suppliers. In addition to product quality, it also paid extra attention to the supplier's situation in forced labor or other serious violations of labor laws and regulations.

CR Micro regularly carried out quality audits on suppliers, to discover their pros and cons. With advantages, the company would affirm and encourage; and for shortcomings, the 8D report and regular management discussions would be brought up to propose rectification requirements and process supervision, ultimately improving the quality of management. During H1 2020, as the pandemic spread, CR Micro worked along with suppliers to overcome difficulties, ensuring emergency production needs for COVID-19-related medical supplies. It also had a sound interaction with relevant government management departments, to assist related suppliers to resume work in advance.

Safeguarding Suppliers' Rights and Interests, to Help with Growth

With the concept of mutual benefits and win-win cooperation, while strictly managing supplier access and the entire supply process, the Group stressed on the maintenance of the basic rights and interests of suppliers. CR's subsidiaries continued to improve their procurement management system and suppliers list, to ensure valid qualifications of partners and open and transparent accounts. The Group has set up channels for supervision and complaint, strictly managing the performance of its subordinate units. In delivering a win-win cooperation with suppliers, CR and its companies helped suppliers to grow by conducting trainings and providing guidance to establishing supply chains.

The Supply Chain Management Department of **CR Medical** actively explored cooperation in scientific research and discipline construction with its strategic partners, dedicating to improving the quality of supplied products and the level of medical technology. In 2020, CR Medical carried out over 20 key cooperation projects, covering 6 major disciplines of the company, 318 events of various types, and nearly 15,000 people.

In extending its sourcing range, **CR Cement** explored and cultivated potential suppliers, enriching the qualified list for admission. In the process of contract performance, a dynamic management mechanism was implemented for suppliers: for the excellent, priority shall be given (if within targeted costs); for those requiring rectifications, certain assistance shall be offered and results be examined upon the deadline; and for the disqualified, names shall be moved out of the procurement list, and even into a blacklist if any rule-breaking or dishonest conduct.

CR Property attaches great importance to the maintenance of the rights and interests of suppliers.

- ◆ Before issuing the quotation or bid invitation, the project user department would publicize and explain the "fair and just" procurement principles to the parties intended to be invited, expounding the bid evaluation principles to each unit.
- ◆ It established an independent complaint and report management mechanism, to ensure that suppliers are treated fairly and impartially and create a clean business environment.
- ◆ CR Property arranged a dedicated person in charge of the archive of each supplier's materials. The documents are generally kept for more than 5 years, then eliminated by the commissioner as soon as being overdue, to ensure the confidentiality of the information of the cooperative unit.

Enhancing Media Relations, to Improve Information Disclosure

In 2020, the media attention of CR further increased, with about 1.025 million online public opinion information in the whole year, an increase of 47% over the previous year. The overall public opinion was relatively stable. CR and its subsidiaries have taken multiple measures to fight against the COVID-19, CR Mixc Lifestyle listed on the Hong Kong Stock Exchange, CR Micro formally listed on the SSE STAR MARKET of Shanghai Stock Exchange, and the Group's outstanding achievements harvested in targeted poverty alleviation, to name but a few, have become hot topics that drew domestic and foreign media attention in 2020.

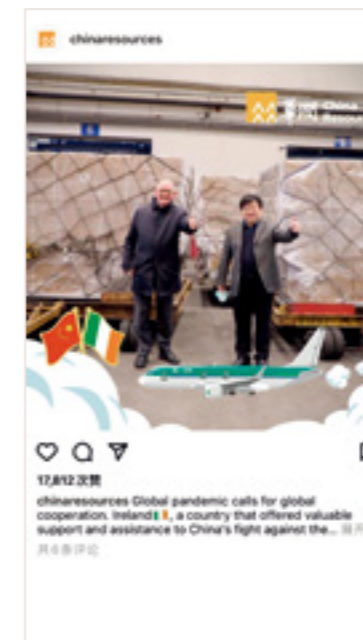
Brand Management, to Deepen Institutional Construction

In 2020, CR continued to increase its efforts in brand management, further improved the system, and regulated its brand application standards. In promoting its Fourteenth FYP brand strategies, the Group strengthened legal and trademark protection, and management of brand function lines in all business units, pushed forward brand-building project, and published the *Management Measures for Brand Building of China Resources Group*.

CR's Corporate Image Popularization, to Strengthen Positive Communication

Since the outbreak of the COVID-19, the Group has mobilized extensively to actively strengthen public opinion guidance. On the one hand, it took the initiative to provide the media with CR's anti-COVID-19 data, news and typical deeds, to all levels of television stations, newspapers, online media and new media channels in various regions, with nearly 100 media outlets to conduct joint reporting. Along with the media, CR closely followed stories at frontlines, planning and reporting in-depth articles. With the New Weekly, we looked at CR Pharma anti-COVID-19 stories: *Medical Staff in the Materials Dilemma – Helpless, but Holding their Ground*; and with Southern Metropolis Daily, we tracked CR Gas's assistance in building the Leishenshan Hospital: *Heroes in Harm's Way – Warmth and Energy for the Hospital*. In the whole year, CR and its subsidiaries involved more than 80,000 pieces of online information related to anti-COVID-19 activities. On the other hand, the Group's self-media responded quickly, planning original stories and typical cases covering frontline medical and nursing staff, medical supplies, people's well-being, resumption of work and production, and key projects, which comprehensively and efficiently reflected CR's diversified corporate advantages. Among them, the official WeChat account fed 40 plus articles, with a total reading volume of more than 1.15 million; overseas social media (Facebook and Instagram) continued to follow up reports in both Chinese and English, which issued a total of 44 COVID-19-related posts and videos, covering over 2 million visits and more than 1 million interactions or plays. Such communication allowed audiences from all over the world to deepen their understanding to China's anti-COVID-19 work, to learn about the value of working together to fight the COVID-19.

Special reports on CR's fight against the COVID-19
Displaying a positive image of CR Group



During the outbreak of the COVID-19, the Group's overseas social media, Facebook and Instagram, continued to follow up and report on its efforts to prevent the COVID-19 in both Chinese and English.



To commemorate the 100th anniversary of the Communist Party of China, CR produced the 25-episode feature film, *Calling of the Hundred Years*.

As we celebrated the 100th anniversary of the founding of the CPC, the Group produced a 25-episode feature film, *Calling of the Hundred Years*. From family and country, corporate mission and original ideals, the film reviewed CR's 83 years of journey, which resonated with the Party's history during the past century. Highlighting CR's red genes and responsibilities of the times, it was a special gift presented to celebrate the 100th anniversary of the founding of the Party. The feature film has now completed its edit and production. In early June, the Group's official WeChat account, video account, official website and other self-media platforms started the pre-warming, video release and story interpretation. In July, selected stories would be promoted on external media platforms.

A Short Film about CR's Historical Stories

Authoritative Interviews, Brand New Images



In July 2020, as soon as taking office, Wang Xiangming, Chairman of CR, went to Hubei and received exclusive interviews from authoritative and mainstream media, talking about CR's investment in Hubei, rural vitalization, talent training, strategic cooperation and other plans and contents.



Xinhua.net Post-COVID-19 Rejuvenation Interviews Series
Wang Xiangming: To Strengthen Strategic Cooperation, to Boost Hubei's Post-COVID-19 Development



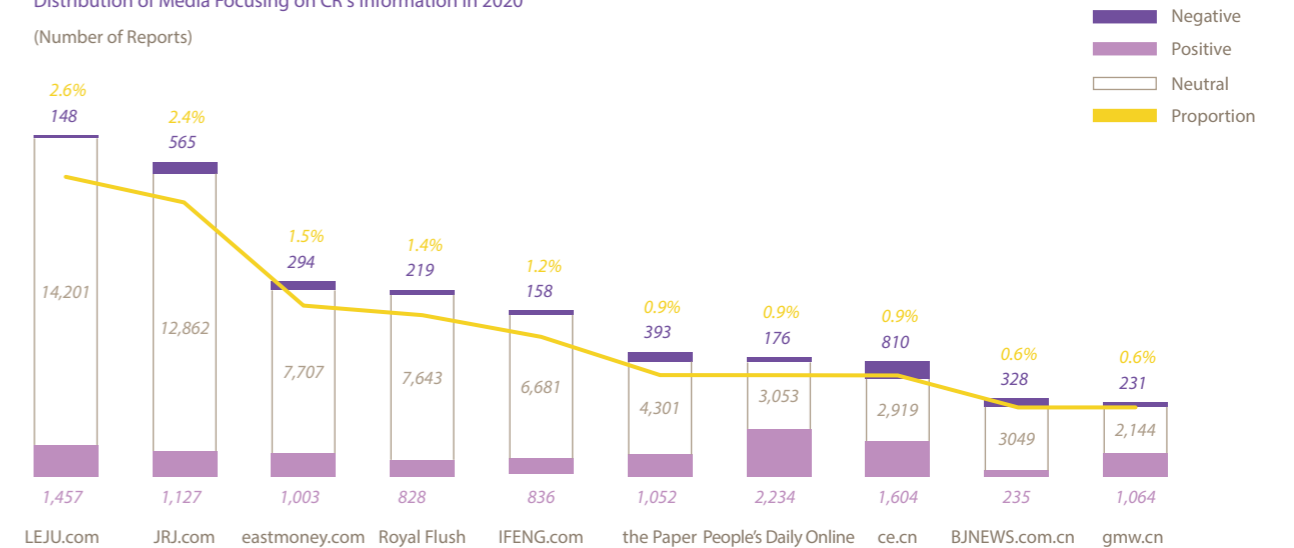
Hubei Satellite TV
China Resources Group: Keeping Projects in Hubei, Introducing Hubei Talents to CR

Public Opinion Management, and Response to Social Concerns

In 2020, information involving CR and its profit centers, from both home and abroad, showed an obvious rise compared to last year, with the amount of negative reports marking nearly 33,000, accounting for 5.3%, down from 11.7% in 2019. 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, and defects in practice.

Distribution of Media Focusing on CR's Information in 2020

(Number of Reports)



Data source: Internet Research Institute (IRI), January 2021

In the new media environment, the Group formulated its work guidelines for managing new media based on the latest development trends of public opinion, aiming to improve the professional level of its media operation and management, to build a more influential new media communication matrix. In addition, the *China Resources Group Press Spokesperson System* and the *Work Guidelines for China Resources Group Media Relations* were updated to enhance CR and its subsidiaries' judgment on the ecology of public opinion and media development, further strengthening its awareness and ability in corporate reputation, risk management, and internal management.

CR Vanguard's Xi'an Store punished by regulators for abnormal prices during the COVID-19

At the end of January 2020, as the COVID-19 spreading across China, due to the suspension of other sales channels, citizens in many places were into panic buying for vegetables. At this point, some consumers complained on CR's self-media platform that the price of Chinese cabbage sold at Weiyang Road Store, Xi'an CR Vanguard Supermarket, was abnormal, which caused great concerns from the market supervision department. After investigation and verification, the store was punished.

Relevant information were reported by People's Daily Online, China Central Broadcasting Network, China Net, Xi'an Daily, Xi'an Evening News, Western Net, Shaanxi Net, The Paper, Interface, China Quality News Net and other local service platform accounts, with a total of 2,630 articles (some of the titles involved CR Vanguard), which resulted in certain negative impacts on the corporate's image.

After the incident, CR Vanguard immediately carried out internal inspections and rectified in a timely manner, making clear that the incident was a work error caused by the unskilled business of the back-office support staff. The store proactively and timely refunded in full the customer, who then showed his understanding. Meanwhile, CR actively communicated with relevant state management departments, explained and clarified to the local market supervisor, which instructed Xi'an TV Station to interview the store involved, requiring to explain the reasons and handling measures. The Xi'an Store remarked that it would strengthen price management and staff training, and conduct self-inspection simultaneously in other stores. After that, the public opinion quickly subsided.



Working with the Media, to Build a Sound Interaction

Adhering to the consistent principles of “integrity, openness, and respect” to communicate and interact with the media, CR always states facts and expresses positions conforming to the reality and laws of the market. In 2020, the Group strengthened its active communication, established positive interactions with different types of media in multiple dimensions and forms, to deepen the media’s understanding to CR, and to further expand CR’s media “circle of friends”.

Focusing on poverty alleviation
Giving impetus to rural vitalization



From August to December, 2020, CR actively contacted, scheduled, and organized media friends to visit Haiyuan in Ningxia, Hong’an in Hubei, and Jianhe in Guizhou, to experience CR’s efforts in poverty alleviation and rural vitalization. Through live broadcasts and videos, interviews, and news reports, CR showed its responsibility and roles. More than 150 related reports and special topics were published.



Outlook Weekly:
China Resources Group:
Combo of Targeted
Poverty Alleviation



People's Daily Online:
CR Hope Towns Welcoming Guests, to Enjoy Miao's Culture and Warmth



Hubei Radio & Television Station Client app Changjiangyun (the Yangtze River Cloud):
Towards Hong'an CR Hope Town – Sweeter Home, Better-off Lives

Our Commitment

Commitment Made 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.

Commitment Performed in 2020



In 2020, the Group invested RMB 3.748 billion in R&D, with the CR-RITS Joint Research Institute setting up 4 laboratories to strengthen the companies' innovation drive.

Through different forms of industry-university-research cooperation, the Group's transformation and innovation scenarios were established in five major business areas, such as the graduates' internship training base, innovation incubation platforms, etc.

In 2020, the Group issued the *CR Code of Business Conduct*, and all staff members of CR signed its compliance commitments. Through the establishment of reasonable evaluation and incentive mechanism, the Group and its subordinate companies actively promoted their suppliers' fulfillment of social responsibilities.

In 2020, China Resources Group issued the *Measures for Brand Building and Management of China Resources Group*, to strengthen the regulation and guidance of the brand application standards for its companies. Approximately 1.02 million online public opinion messages were found throughout the year, actively responding to media concerns.

Commitment Made in 2021

To strengthen the awareness as an innovator, and to enhance the overall planning at the Group level.

To conduct more internal and external cooperation, integrating the Group's internal and external forces, and industries and funds, to strengthen cooperation with external professional resources.

To continue to reduce commercial corruption and bribery in procurement, and to lower operational risks found in supply chains.

To optimize the public opinion management system, and to strengthen the guidance and supervision of functional lines; to take public opinion monitoring as the guide, to improve the ability to perform responsibility and governance.

**Public
Responsibility**

More Possibilities for
Communities





Concept and Vision

At China Resources, we shoulder the mission of making the world a better place and giving back to the communities on which we live and work. We stick to our promise to the public and do our best to deliver more kindness to help everyone and the community become stronger. We explore and innovate, give help, share results, pass on warmth, and bring greater changes to the community in more ways.



SDGs
Responses

Our Performance

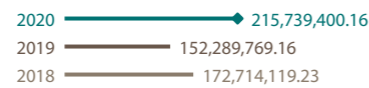
In 2020,
CR's total pre-tax profits
reached

124.718
billion (RMB)



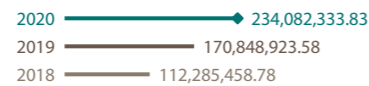
Donation income

yuan(RMB)



Donation spending

yuan(RMB)



In 2020,

CR's total investment in the
special fund for poverty
alleviation reached

234,082,333.83
yuan(RMB)

Guangchang (Jiangxi) and Haiyuan (Ningxia), which were CR's pair-up counties in poverty, successfully lifted off poverty as scheduled, marking a mission assigned by the government completed.

In 2020, CR selected six seconded cadres and one First Village Secretary to work at the frontline of its paired-up counties and the Hope Town projects, to ensure the work of poverty alleviation to be carried forward in a solid and orderly manner.

Statistics on Safe Production

	2020	2019	2018
Crude death rate (‰)	0.0027	0.0095	0.0024
Number of emergency drills	35,202	34,064	31,358
Safe production input (RMB billion)	1.305	1.35	1.51
Number of certified safety engineers	1,872	1,711	1,610
Duration of employees training (million hours)	5.5774	5.693	5.553
Duration of related parties training (million hours)	3.7774	2.937	2.823

Doing Business at the Guidance of the Central Government, to Boost the Development of the Greater Bay Area

CR attaches great attention on and resolutely implements the Central Government's policies and requirements on the work of Hong Kong and Macao. Base on the realities in Hong Kong, we are always doing business at the guidance of the Central Government, supports its administration, intensifies the new missions to construct the Greater Bay Area, and strives to become a steadfast force that adheres to "one country, two systems" and maintains Hong Kong's prosperity and stability.

Supporting the Government's Administration

In 2020, a series of violent incidents triggered by the Anti-Extradition Law Amendment Bill Movement destroyed Hong Kong's long-standing excellent business environment. In order to restore stable social order as soon as possible, and maintain national security and the prosperity and stability of Hong Kong, China Resources, as a central enterprise rooted in Hong Kong for 82 years, resolutely supports the formulation and execution of the *Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region*, and to ensure fundamentally the stability and long-term development of "One Country, Two Systems". Through the effective development of business in Hong Kong, CR supports Hong Kong to better integrate into the overall layout of the country.



China Resources, with its strategic business units and Level I profit centers, support the National People's Congress in formulating the Hong Kong National Security Law. All have successively published statements through Hong Kong's mainstream media.

Taking the initiative to establish Digitalization and Collaborative Innovation Alliance of Central Enterprises in the Greater Bay Area



The founding of the Digitalization and Collaborative Innovation Alliance of Central Enterprises in the Greater Bay Area, was led by CR, which was jointly initiated and established by China Southern Power Grid, China Electronics, China Southern Airlines, China Merchants Group, China General Nuclear Power, China Tourism Group, Overseas Chinese Town Group, Nanguang Group and other central enterprises. The alliance, based in the Greater Bay Area, is facing the whole country, and radiating Southeast Asia. Supporting the Belt and Road Initiative, the alliance's vision is to "aggregate scientific and technological resources, serve industrial transformation, and create a smart Bay Area". It also boasts "technology-driven innovation, intelligence empowering industries", dedicating to being an institution working for digital ecology construction and cooperation, to promote an integration and development of digital and real economy, serving national strategies and digital development. As the chairman unit of the first board of directors, CR is committed to working with more participants in the Greater Bay Area, to consolidate a broader consensus on digital development, innovative collaborative cooperation, to make full use of the alliance and to create a sound digital ecosystem featuring the coordinated efforts of enterprises, universities, research institutions and consumers.



On December 14, 2020, under the guidance and promotion of the SASAC of the State Council, the inaugural meeting of the Digitalization and Collaborative Innovation Alliance of Central Enterprises in the Greater Bay Area as well as the opening ceremony of the Central Enterprise Digital Development Research Institute, was successfully held in Shenzhen. Wang Xiangming, Chairman of China Resources, and Chen Xiaojun, Vice President, attended the meeting.

Remodeling the Business in Hong Kong

In recent years, in leveraging its development advantages in the field of people's livelihood, the Group has consolidated and optimized its stock business in Hong Kong, enhanced its ability to improve Hong Kong's well-being, and promoted an integration into the mainland's development. CR actively developed into Hong Kong's modern service industry and participated in major projects of the SAR government. Taking advantage of Hong Kong's international platform and service capabilities, CR intended to open up a new path for more mainland enterprises to "go global" and to provide better professional services for foreign capital to enter the mainland market.

CR Enterprise's warehousing project has been put into operation; the innovative business format U Select operated by CR Vanguard has driven its Hong Kong business to achieve profitability; CR Ng Fung's occupation in Hong Kong's live pigs market hit a record high; and CR Power Roof Photovoltaic Project, with an installed capacity of 720 kW, was officially put into commercial operation.

New Business Progress Made in Hong Kong



Maintaining the Prosperity and Stability in Hong Kong

To promote employment and support the economy, in response to the call of the Hong Kong Coalition, CR worked together with employees to tide over the difficulties, never cutting off single one during the pandemic. CR Vanguard, CR Care, Chinese Arts & Crafts, Pacific Coffee, Kapok Hotel and other entities in Hong Kong participated in the "Promotion of Consumption and Support of the Economy" campaign, which offered a total of 13 concessions, including discounts on COVID-19 prevention materials, daily necessities, catering, and hotels, benefiting HK citizens and relieved their tensions. During the COVID-19, CR's 107 Vanguard stores and 80 CR Care stores always maintained normal operations; at affordable prices, CR Care provided Hong Kong citizens with more than 5.5 million masks and 500,000 sets of various cleaning and disinfection products. Through the coalition, CR organized 9 donations of COVID-19 prevention materials, with a total value of over HKD 2.68 million. 5,893 person-times were organized to participate in the universal testing, and CR mobilized all units to participate in the putting up posters of Leave Home Safe.

CR's work in anti-COVID-19 was praised by Hong Kong's mainstream media. A total of 516 publicity manuscripts were published, demonstrating a good image of the Group, whose brand won full recognition from the public.



CR Property volunteer team carried out masks fundraising activities.

Hong Kong's economy, struck by both riots and the COVID-19, has fallen into a severe recession not seen in decades, and the unemployment rate has continued to deteriorate. CR took the initiative to create employment opportunities for Hong Kong youths. During the COVID-19, it actively organized and carried out a number of activities, to fight the virus together, to provide internships, and launched the "Spring Bamboo" program to recruit patriots and Hong Kong talents. CR also paid special attention to the systematic study of youth issues in Hong Kong, completing four research reports including the *Current Employment Issues for Hong Kong Youths and CR's Countermeasures*, providing scientific basis for the Group's recruitment, training, and exchange work in Hong Kong.

The Group has organized various warm-hearted activities that met Hong Kong employees' needs, and down to earth, including regular visits and exchanges with the mainland's revolutionary education bases, a series of sports events, and special trainings on Hong Kong conditions, etc.

Supporting Hong Kong's Fight against the COVID-19, to Ensure People's Livelihood

Boosting Hong Kong's Employment Conducting Youth Exchange Activities

Collecting Charity Resources, to Give Full Play to the Platform Advantages of the CR Charity Fund Platform

Public Welfare

CR carried out public welfare activities mainly in areas like poverty alleviation, rescue and relief work during disasters, education promotion, and environmental protection, and actively took up the paired-up poverty alleviation tasks assigned by the nation to support Guangchang and Haiyuan. In constructing CR Hope Towns, it made its own contributions to the rural vitalization strategy.

Public Welfare Management

In response to China's strategy, CR officially set up a special leading group for rural vitalization, to manage overall coordination of diversified resources across the Group, with the Group's General Office as its major department in charge and CR Charity Fund as its platform for execution. The Fund was established in January 2010, at the Ministry of Civil Affairs of the People's Republic of China, focusing on the work of charitable projects such as paired-up poverty alleviation and Hope Towns.

Public Welfare Practices

Consolidating Poverty Alleviation Achievements, to Continue with Rural Vitalization

Since 2002, the Group has spent RMB 583 million to help shirk off the poverty in both Guangchang and Haiyuan. By the end of 2020, the two counties both declared the end of their regional poverty, eliminating the absolute poverty.

In accordance with the general requirements for rural revitalization, CR held the guidelines of keeping track of poor counties' journey, to establish a transition period, and maintain overall stability of supporting policies, enabling Guangchang and Haiyuan to achieve effective continuation of poverty alleviation and rural vitalization.



Haiyuan County in Ningxia, CR's second designated poverty alleviation county, officially announced its withdrawal from the poverty-stricken counties on March 4, 2020. The Group successfully completed the poverty alleviation task assigned by the Party's Central Committee (in 2018, the Group's first paired-up county, Guangchang County in Jiangxi, formally got rid of poverty).

Guangchang, Jiangxi

From 2014 to 2020, CR has accumulatively donated RMB 44.0986 million to Guangchang County, completing 4 construction-aid projects themed "Together, We Go Well-off" in Xigang Village, of Toubei Town; Yangfang Village, of Chishui Town; Liujiabao Village, of Ganzhu Town; and Pengtian Village, of Xujiang Town. Following the standards of rural vitalization, CR supported Guangchang to create a rural complex project in Pengtian, Xujiang. From 2016 to 2020, among the agri-products of Guangchang, 7 categories and 39 items of commodities were sold in CR Vanguard's 750 stores, with sale volume beyond RMB 45 million. In 2020, CR helped Guangchang sell out RMB 10.31 million of white lotus and other agri-products, marking a 46.65% of increase compared to 2019.



"Together, We Go Well-off" project in Liujiapu, Ganzhu, Guangchang, was the third one supported by CR, which donated RMB 9.59 million to renovate the dilapidated adobe houses, hydropower, and roads in the village, improving the living environment, and directly benefiting 402 people from 98 households.

Haiyuan, Ningxia

In deepening measures including setting up industries, providing investment, cultivating talented manpower, focusing on public interest, etc., CR supported Haiyuan to consolidate its poverty reduction achievements.

Poverty alleviation: industrial support

Since 2014, mainly with the "CR fertile-cow bank" model, the Group has supported Haiyuan to develop its beef cattle breeding base that combines grass and livestock farming. CR donated RMB 265 million to build a beef cattle breeding base that could hold 10,000 cows, and as a supporting facility, a forage processing plant and a modern slaughterhouse with an annual slaughter of 60,000 cows. At the same time, it also donated RMB 120 million to innovate the "CR fertile-cow bank" model, by selling cows on credit and then buying back to help farmers run family farms to raise high-end beef cattle. By the end of April, 2021, through the cow bank, CR achieved a total of 32,921 basic cows sold on credit, benefiting more than 13,288 rural households.

Poverty alleviation: investment

CR has focused on new energy investment and construction in Haiyuan. As of March 2021, it has invested more than RMB 5 billion in Haiyuan, a total construction and operation of 700 MW of wind power and 120 MW of photovoltaic projects completed. CR's new energy's installed capacity in Haiyuan has exceeded 800 MW, contributing its power to help Ningxia achieve carbon peak and neutrality.

Poverty alleviation: talents

The one-on-one education aid project launched by CR to help impoverished university students in Haiyuan County has been successfully carried out for five terms, with a total of RMB 3 million granted, helping 454 impoverished university students to go to school successfully.

Poverty alleviation: public welfare

The Group never stopped its efforts in supporting Haiyuan CR Hope Town to develop property management and industrial development. In 2020, CR organized left-behind women in the town and surrounding areas to participate in embroidering, paper-cutting and entrepreneurship training courses, which attracted a total of more than 400 people. On the other, it donated RMB 8 million to Haiyuan County for the construction and quality improvement project of the 1,500-mu Pai Lushan Forest Park, creating an ecological Haiyuan with lucid waters and green mountains.

^ CR Hope Town Upgrading, Brand Public Welfare Project

Since 2008, the Group has given full play to its advantage of diversified resources and industries, now building 10 CR Hope Towns across China, i.e. Baise, Guangxi; Xibaipo, Hebei; Shaoshan, Hunan; Gutian, Fujian; Zunyi, Guizhou; Jinzhai, Anhui; Jinggangshan, Jiangxi; Haiyuan, Ningxia; Hong'an, Hubei; Jianhe, Guizhou and Yan'an, Shaanxi, another one is under planning and construction in Nanjiang, Sichuan. Twelve towns in twelve years, CR has donated an accumulative fund of over RMB 1 billion, directly benefited 3,173 households and 11,884 people in total.

New breakthroughs of industrial development were made in CR Hope Town projects in Jianhe and Hong'an.

In 2020, as poverty alleviation wrapped up and rural vitalization initiated, CR Hope Towns construction work proceeded smoothly, realizing its goal of building two towns in one year. Following the general development requirements of the rural vitalization strategy, in the newly completed Jianhe and Hong'an towns, Hotel Elan and Hope Farms took the lead to develop all-rounded in primary, secondary and tertiary industries, which committed to creating a "rural complex". In recruiting "honorary villager" among urban residents, the Hope Towns integrated traditional agriculture, historical and folk customs, intangible cultural heritage, revolutionary culture, and nature and ecology, to promote the allocation of production factors. During the National Day in 2020, Hong'an CR Hope Town attracted more than a thousand tourists per day to visit, basically delivered its goal of building a "rural complex".



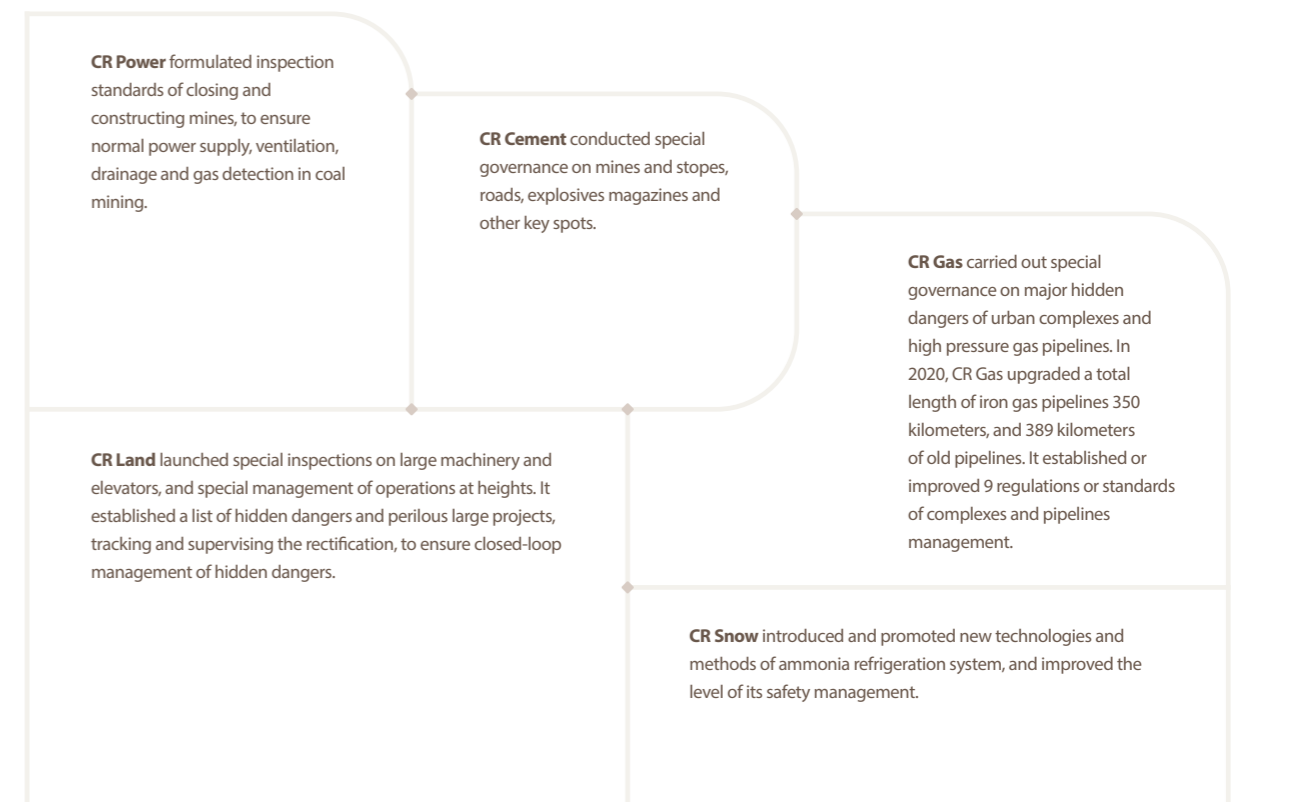
^ In July 2020, the brand new *Feiyi Street* ("Street of Intangible Heritage") was unveiled in Zhangjiawan Village, of the CR Hope Town of Hong'an, which was also the street for villagers to become rich.

^ Sticking to the New Concept of Safe Development, to Improve the Capacity of Safe Production Management

Following the new concept of safe development, CR implements the major decisions and deployments of the central government's three-year special campaign of safe production, promotes EHS management, and strengthens the construction of personnel and system. It enhanced safety supervision and inspection, to conduct front-line operation safety rectification, safety evaluation, hidden dangers investigation and management, emergency drills, and education and training, etc. With these measures, CR aims to further improve its safe production management capabilities, to effectively prevent and resolve major safety risks.

^ Carrying out the 3-year Special Campaign to Promote Workplace Safety

For safety issues rectification, CR established a special leadership and a working team, conducting special supervision and inspection to promote the solid progress of the work.



^ Enhancing Safety Management System Review

In 2020, the Group conducted EHS management system audits on 10 companies, and reviewed the units that have been internally audited in 2019, to explore good experiences and practices, and promote companies at all levels to accelerate their establishment and implementation of EHS element-based management systems, to escort the safety of corporate production and operation.

^ Reinforcing the Construction of Talent Team and System

There were 2,674 full-time safety personnel in the Group, and 1,872 nationally registered safety engineers, an increase of 5.65% and 9.41% respectively over 2019.

CR formulated and revised 5 safety production systems to further standardize safety production management.

CR compiled the *Regulations of EHS Main Responsibility for China Resources Group's Companies*, to further clarify and promote the effective implementation of EHS main responsibilities of companies at all levels. It revised the *Management System of China Resources Group Safety Production, Education and Training*, the *Regulations of China Resources Group EHS Accident Responsibility*, and the *Implementation Rules for China Resources Group's EHS Management Annual Assessment*, to further standardize and refine production safety education and training, accountability for accidents, and management assessment content and standards. It also formulated the *Management System for China Resources Group's Contractor Safety*, to further reinforce the Group projects contracting and implementation process safety management, to standardize the safety management and evaluation of contractors' admission and on-site operations.

^ Conducting EHS Education Training

CR moved its safety management threshold forward, and gradually sank its focus to the grassroots level. In carrying out safety education and training in conjunction with the annual key tasks of front-line work safety rectification and evaluation, CR effectively promoted the implementation of safety work requirements, and promoted the effects of work.

CR organized and convened a sharing session on job identification cards, warning signs and safety evaluation experience, covering more than 2,900 relevant personnel.

CR organized and held video presentations on EHS cultural construction, grid management, experience sharing and system promotion and implementation. More than 90,000 people participated in the meeting online, with the total number exceeding 500,000.

CR carried out various forms of safety education and training, covering topics such as safety standards and regulations, fire protection, dangerous operations, safety management, traffic safety and accident warning, etc. It strengthened the concept of safe operation, and effectively improved the level of safety production management.

CR's companies at all levels carried out a total of 5,557,400 hours of employee safety education and training throughout the year, and carried out a total of 3,777,400 hours of safety education and training for relevant personnel.

^ Continuing Production Safety Monitoring and Inspection

By investigations of major leaders, and inspections of expert groups, CR strengthened safety production supervision, in combining regular, special, temporary and daily inspections.

CR established a special team to operate a 4-month inspection on production safety, with focuses on companies that are high-risk, old, remote, small-scale, newly established or newly merged. In carrying out inspections, CR did with no notice, no warning, no reporting, no accompanying reception, and went straight to the grassroots and the site, to supervise the large-scale activities and development of grassroots enterprises involving coal and non-coal mines, hazardous chemicals, building construction, fire protection, transportation, and crowded places to prevent safety accidents.

^ Enhancing Capacity of Emergency Management

In 2020, in combining their own risk characteristics, CR's all units carried out targeted emergency drills totaling more than 35,000 times, with nearly 1.29 million people participating in.



CR Gas (Xiamen) conducted emergency drills of LNG tanks (simulate) leakage incidents



CR Power's Haifeng Power Plant carried out ammonia emergency response training

Strengthening Communities Ties, to Create a Harmonious Neighborhood

Holding the philosophy of doing business with an open mind, CR joins hands with local residents to promote common construction. CR Enterprise cut down rents for tenants of Hong Kong small, medium and micro enterprises; CR Vanguard launched various community public welfare activities on important traditional festivals, continuously deepening its connection with residents; CR C'estbon actively responded to and supported major social activities, to improve the local residents' life quality with actions, developing together with the community. Based on its own resources, CR Pharm operated voluntary clinical treatment; CR Pharma Comm continuously launched its "Run-YAO Action", a brand public welfare activity, in the community; CR Land took a deep participation in urban construction and operation; CR Cement actively participated in public welfare services in communities; caring about the community, CR Gas fought the COVID-19 along with residents through donating, offering disinfectants and masks, and publicizing COVID-19 prevention tips; CR Micro organized party members to help the elderly with the use of smartphones in the community, and led young people to carry out activities such as technological exploration and handicrafts; and CR Chem-Mat donated protective equipment and other stuff to front-line medical workers. The common participation of CR's companies created a sound atmosphere for the harmonious development between enterprises and local residents.

CR Land's deep participation into urban construction and operation

In recent years, CR Land paid continuous attention to the governance of urban ecology, taking part in urban construction and operation, to improve the environment and supporting facilities, and renew the face of city. "Lucid waters and lush mountains are invaluable assets." To put this concept into practice, CR Land significantly improved the urban environmental quality through projects such as integrated treatment of Dasha River and Maozhou River and construction and agency operation of Shenzhen Talent Park, shaping a new model of integrated development of the area with the improvement of urban landscape as its core. Such a new model provided urban residents with a sound environment for leisure and fitness, creating a favorable community relationship, and strengthening the core competitiveness of CR Land.



Shenzhen Talent Park, constructed and operated with CR Land as an agent, comprehensively elevating the social environment of Houhai Bay Area, Nanshan District, and creating a sound community ecology.

CR Mixc Lifestyle allied with CR Insurance brokers to Build a "community insurance" cooperation model

In recent years, high-altitude littering, known as the "pain hanging over the city sky", occurred frequently, threatening people's lives and property. However, it is not easy to find the perpetrator after the falling objects from high altitude, which brings greater difficulties for the victims to defend their rights. CR Mixc Lifestyle allied with CR Insurance Brokers, to carry out a "community insurance" cooperation model, through a series of scene-based products, such as High-altitude Falling Objects Liability Insurance, Home Property Maintenance Insurance, Pet Liability Insurance and Gas Comprehensive Insurance, etc. Such moves developed high-security and cost-effective liability insurances for residents in CR Mixc Lifestyle's communities, a road to the coordinated development of industry and finance, which was widely welcomed by residents and effectively contributed to the construction of a harmonious community.

CR Vanguard's Red Posts

CR Vanguard insists on opening up enterprises, strengthens horizontal exchanges and cooperation with local grassroots organizations, and co-creates and builds with local people to help build a new pattern of shared social governance. In building up Red Posts and Warm Huts, which integrated functions of the Party's publication, mass services, shared building and governance, CR Vanguard contributed its power in shaping a harmonious neighborhood.

- ◆ **Red Posts:** CR Vanguard and the community jointly built a Red Post platform, which was led by the Party, to carry out community watch and assistance, and public welfare, which further strengthened its connection with the community and residents, fulfilling "zero distance" for serving people's livelihood.
- ◆ **Warm Huts:** Relying on the convenience of the 24-hour opening of Vango store, it provides free rest places, hot water, hot meals and other convenient and heart-warming services for surrounding residents, couriers, and sanitation workers, to create a "Warm Hut" public welfare brand.



CR Vanguard (Jiangxi) Red Post set up a bridge for society-enterprise co-construction.

Supporting Voluntary Activities

CR encourages its subsidiaries to actively play to their strengths, participate in social welfare activities and voluntary activities, by organizing volunteer teams and youth party member volunteer teams, to pass on CR's warm power.

CR Gas Zhengzhou youth volunteers into communities

In 2020, in fighting against the COVID-19 and promoting resumption of work, CR Gas (Zhengzhou) organized a number of voluntary activities and services. Volunteers walked into families with extreme poverty, the disabled and the elderly living alone to send the Company's cordial care and new year's blessings. They helped local communities with free on-site payment, and conducted gas safety publicity; following the Group's plan of the "rectification of hidden dangers in 100 cities and 10,000 households", they replaced explosion stacks free of charge for groups with special needs, i.e. the elderly, the disabled, the poor, veterans, etc. In 2020, CR Gas (Zhengzhou) led a total of 51 community voluntary activities, serving 20,567 people, repairing 208 kitchen ranges and 285 water heaters for free, providing safety examination for 2,188 households and consultation to 5,309 people, and distributing 17,796 materials.



CR Vanguard Volunteer Association to Guard Thousands of Homes

CR Vanguard Volunteer Association has carried out volunteer activities to care for outdoor workers in 550 CR Vanguard stores in 34 cities across the country. By setting up Materials Supply Posts, Love & Caring Stations, and door-to-door delivering, it sent caring materials to outdoor workers such as deliverymen, couriers, security guards, police officers, and sanitation workers. In 2020, a total of 304 volunteer services of various types were carried out, with 4,593 volunteers participating, and a total of more than 26,541 hours of volunteer services, covering disaster relief and poverty alleviation, environmental protection, education assistance, cultural heritage, community services and other directions. As of the end of 2020, the number of registered volunteers in the association reached 7,783.



Our Commitment

Commitment Made 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 its platform advantages of the Greater Bay Area and Shenzhen's pioneering demonstration zone of socialism with Chinese characteristics, to deepen cooperation with 9 cities of Guangdong (i.e. Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing) and Hong Kong and Macau.

To give full play of the CR's social status as a central enterprise in Hong Kong; based on the position, to provide better services for the development and construction of the Greater Bay Area, and to take on a regular task for Hong Kong youths' recognition to their homeland.

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.

To consolidate the results of poverty alleviation in Guangchang and Haiyuan counties; in 2020, to 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.

Commitment Performed in 2020

CR Enterprise Warehousing Project has been put into operation; the innovative business format U Select operated by CR Vanguard has driven its Hong Kong business to achieve profitability. CR Ng Fung's occupation in Hong Kong's live pigs market hit a record high; and CR Power Roof Photovoltaic Project was officially put into commercial operation.

In Guangdong-Hong Kong-Macao Greater Bay Area, Guangzhou Nansha China Resources International Logistics Co., Ltd. was unveiled; CR Bank successfully issued financial bonds to help small and micro enterprises in the Greater Bay Area; Pacific Coffee launched the first entrepreneurship training project in the Area; CR Capital launched 8 funds that involve around RMB 12.3 billion; China Resources Guangdong Pharmaceutical Co., Ltd. handed over the first drug and medical device imported from Hong Kong to Shenzhen Hospital of the University of Hong Kong.

The Group has continuously strengthened its ideological guidance to employees in Hong Kong, including regular visits and exchanges with the mainland's revolutionary education bases, a series of sports events, and special trainings on Hong Kong conditions. CR created employment opportunities for Hong Kong youth, promptly launching the "Spring Bamboo Project", aiming at talent introduction and training. CR also paid special attention to the systematic study of youth issues in Hong Kong, completing four research reports including the *Current Employment Issues for Hong Kong Youths and CR's Countermeasures*.

With the CR Charity Fund as platform, the Group's profit centers, such as CR C'estbon, CR Land, CR Pharma, CR Bank, and CR Healthcare, launched a series of public welfare activities (voluntary reading, teaching and clinics) at CR Hope Towns. CR Gas and CR Vanguard, actively played to their strengths, to participate in social welfare and voluntary activities of all forms, by organizing volunteer teams and youth party member volunteer teams.

In 2020, we continued to support the industrial development of Guangchang and Haiyuan; Jianhe and Hong'an CR Hope Town projects were completed, and that of Yan'an has basically reached completion conditions.

Commitment Made in 2021

To increase penetration into basic industries of people's livelihood, such as public utilities; to accelerate development in the modern service industry, and to step up the introduction of world-class talents.

To promote Hong Kong's integration into the development and construction of the Greater Bay Area, through actions in cross-border finance, medical care, old-age care, and education; and to follow the flowing trends of domestic markets, talents, capital, and consumption power to central cities, metropolitan circles, and urban agglomerations, business distribution focuses to be laid out in high-energy regions, such as the Greater Bay Area, Beijing-Tianjin-Hebei, the Yangtze River Delta, and the Chengdu-Chongqing twin-city economic circle, etc.

To continue to organize activities for Hong Kong youth to identify their motherland; and to continue to develop the "Spring Bamboo Project", recruiting patriotic Hong Kong talents.

To establish long-term cooperation with Hong Kong government agencies, local charity organizations, and social groups, to address the pains and difficulties in Hong Kong society, create distinctive and bright public welfare projects, and enhance the Group's influence in Hong Kong.

To focus on building Guangchang's "Soviet Area Revitalization" project; to help the beef cattle deep processing project Haiyuan be right on track; to put Yan'an CR Hope Town into completion and Nanjiang's kicking-off.

Responsibility Management

07



Responsibility Stems from Missions, and Responsibility Leads the Future

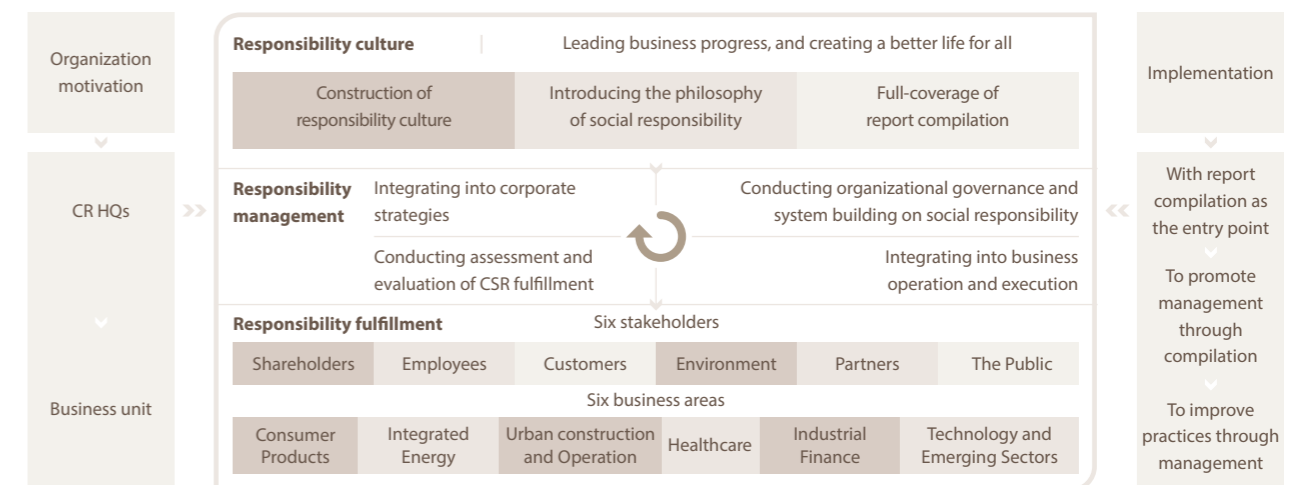
“Only wealth caring for people is truly meaningful, and only enterprises that actively undertake social responsibilities are the most competitive and energetic.” This important statement, made by President Xi Jinping, fully clarifies CSR’s significance to the sustainable development of enterprises. China Resources has gone through 82 years of glory and dreams, and fulfilling its social responsibilities could be regarded as an unshakable duty. With its expanding business scale and mounting performance, the social responsibilities shouldered by CR raised to a higher level. Facing the new opportunities and challenges of the Fourteenth FYP, on the basis of cultural reshaping, we must form carry out more abundant and more effective measures to promote social responsibility management, to bring about an integration mechanism, and improve a management model led by missions, making social responsibility a crucial force for CR’s future development.

Social Responsibility Concept and Vision

Be responsible for shareholders	—	To fulfill economic responsibility A new start to create value for CR, towards a world-class enterprise.
Be responsible for employees	—	To fulfill employee responsibility A new start to build a people-oriented CR, to achieve continued growth.
Be responsible for customers	—	To fulfill customer responsibility A new start to serve for customer’s satisfaction and trust, to win it with full heart.
Be responsible for environment	—	To fulfill environmental responsibility A new start to deliver a green CR, to construct a green ecological civilization.
Be responsible for partners	—	To fulfill partner responsibility A new start to achieve win-win cooperation, to make new grounds for common development.
Be responsible for the public	—	To fulfill public responsibility A new start to foster a harmonious CR, to boost a coordinated society.

Social Responsibility Model

In its long-term practice of fulfilling social responsibilities, CR has consciously unified undertaking historical missions, fulfilling CSR and promoting the Group’s sustainable development, and gradually formed a social responsibility management model with its own characteristics: mission-led social responsibility management. This model covers culture, management and practices and other sub-sections, which clarified the goals, guiding ideology, performing areas, organizational motivation and working paths for CR to fulfill its social responsibilities, and reflects the overall thinking and action route.



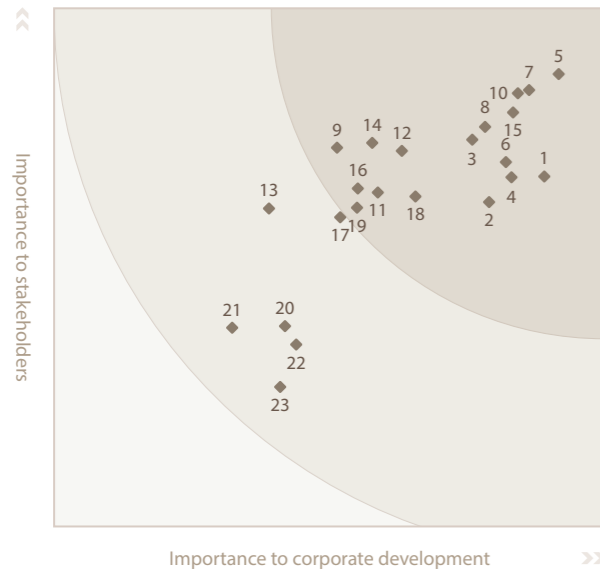
Identification and Management of Material CSR Issues

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 material CSR issues. By focusing on the responsibilities of stakeholders, employees, customers, environment, partners, and the public, and centering on the two dimensions of "importance to stakeholders" and "importance to corporate development", CR identifies material CSR issues and defines the main content of its social responsibilities while taking into account the actual situation of different business units.

In 2020, the Group conducted a survey on material issues in the CSR report, which serves as an important reference to the compilation of CR's social responsibility report. We've collected 4,077 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.

Material Issues in CR's 2020 Social Responsibility Report

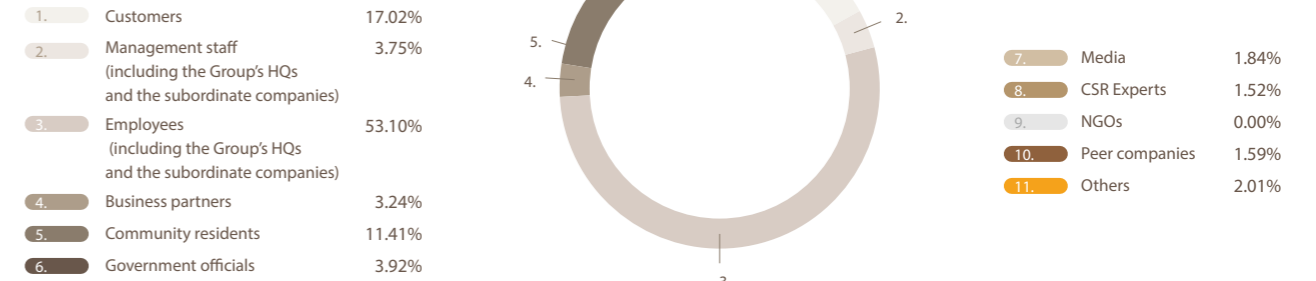
Matrix of material issues



- 11 Expanding international market
- 12 Strengthening the construction of cooperation platforms
- 13 Driving responsibility fulfillment in supply chains
- 14 Working on responsibility communication
- 15 Creating responsibility brands
- 16 Participating in rural vitalization
- 17 Conducting public welfare and charity
- 18 Highlighting safe production
- 19 Processing energy conservation and emission reduction
- 20 Enhancing corporate's Party construction activities
- 21 Regular coordination to the prevention and control of the COVID-19
- 22 Supporting the development of the Greater Bay Area
- 23 Taking part in the building of Belt and Road Initiative

- 1 Serving national strategies
- 2 Improving corporate governance
- 3 Practicing integrity and compliance
- 4 Deepening SOE reforms
- 5 Promoting high-quality development
- 6 Implementing employees' responsibility
- 7 Providing quality products and services
- 8 Boosting industrial development
- 9 Promoting responsible consumption
- 10 Innovating in products and services

The Composition of Respondents



Social Responsibility Strategy

During the 13th Five-Year Plan period, in accordance with the general requirements of SASAC's *Guideline on National Enterprise Fulfilling Social Responsibilities*, combined with the Group's specific goals, the Group's General Office made great efforts in promoting the publicity and implementation of CSR culture, establishing CSR management, regulation and organization system, deepening the integration of CSR and enterprise operation, carrying out CSR practices, strengthening CSR industry communication and innovation, which effectively enhanced the Group's responsibility competitiveness and sustainable development ability.

The year 2020 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 Thirteenth FYP, 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 public benefit activities to improve the service quality of the community.

▲ Establishing a Responsibility Brand, Elevating Brand Value

As it kept carrying out social responsibility practice projects, CR gradually formed up more effective outbound communications and image building of its CSR management, and established sound social ties with stakeholders, which further strengthened CR brand's differentiated competitiveness.

CR focused on the demands of stakeholders and used its own resource advantages to effectively solve social difficulties and pain points. The brand awareness and reputation of "China Resources" have been effectively improved. Such as CR Land, who deeply participated in renewing Shenzhen's urban landscape with an agent model, significantly improved the urban environmental quality through projects such as integrated treatment of Dasha River and Maozhou River and construction and agency operation of Shenzhen Talent Park. In this way, an integrated development mode was established, with urban landscape enhancement as its core, creating a sample for city's sustainability, and delivering a more comfortable living environment for urban residents. CR Bank, for the consecutive eighth year, has continued to conduct its "Happy Education Runxin (Comfort your heart) Charity project. With CR Hope Towns as platforms, it carried out assistance in Baise, Shaoshan, Jinzhai, and Haiyuan, combining long-term and short-term, internal and external. Forms of support also gradually innovated and upgraded from material donations to spiritual assistance, such as special public welfare activities, education, and teaching exchange visits, which has received high attention and participation from shareholders, employees, customers and many other stakeholders.

Committed to integrating the concept of CSR into corporate strategic decision-making and production operations, CR tends to make responsibility performance a conscious behavior of the Group, to effectively promote the CR brand to stand out among similar products. For example, CR C'estbon established a "public welfare rapid response mechanism for disaster relief", which means, as soon as any natural disaster occurs at the region where C'estbon locates, it would take the initiative to respond immediately, to coordinate local business teams and distributors to allocate materials to ensure the golden disaster relief time; at the same time, the HQs of CR would quickly made decisions and promoted follow-up actions based on the disaster situation. CR Vanguard's targeted poverty alleviation project, "Vanguard Rural Revitalization Plan", with consumption as the entry point, production and marketing as the key, to help improve the sales channels of regional agricultural and sideline products, an important measure to increase the income of the masses, to consolidate the achievements of poverty reduction. In the plan, CR highlighted the comprehensive effectiveness of supporting wisdom, ambition and governance, fully stimulating the endogenous motivation of the masses in remote areas, which yielded fruitful results, and generated more meaning of responsibility in products and services.

Improving the Popularity and Reputation of the CR Brand

Enhancing the Differentiated Competitive Advantage of the CR Brand

▲ Social Responsibility Organization

▲ Driven by the Senior Management, to Promote Responsibility Value Recognition

Members of the board and leading group of CR attach great importance to the Group's social responsibility. Members of its poverty alleviation leading group have visited the paired-up poverty alleviation counties and Hope Towns for many times, a total of 96 person-times from 18 trips, including 83 person-times to Guangchang in 13 trips and 13 person-times to Haiyuan in 5 trips.

Group Leaders	Time of Visit	Venues Visited	Contents of Visit	Important Instructions
Chairman Wang Xiangming	September, 2020	Haiyuan, CR's paired-up poor county	<ol style="list-style-type: none"> 1. Visiting seconded cadres in Zhongwei and Haiyuan, and holding a symposium 2. On-site visiting on Haiyuan's CR Ng Fung poverty alleviation industry of feeder cattle intensive processing 3. On-site visiting on CR Power-invested wind power operation, maintenance and recondition base 4. Participating in the Training Course for Improving Cadres Quality and Ability in Haiyuan, and delivering remarks for the opening of the class. 	Facing the future, we must improve our political stands, to follow the national rural revitalization strategy after poverty alleviation, and to improve our comprehensive quality and ability, further upgrading the assistance model. We need to highlight and boost Haiyuan's leading industry of high-end beef cattle, make solid plans, and speed up the improvement of "The 6+1 system", to lead industrial upgrading. The project team must firmly follow the trend of green development and consumption upgrading during the Fourteenth FYP, taking advantage of the Group's resources, to improve the long-term mechanism of poverty alleviation. From poverty alleviation to rural vitalization, from industrial poverty reduction to industrial cooperation, and from poverty alleviation to enriching the people and strengthening the county, we shall create a new model of cooperation between the central enterprises and local governments, seeking common development.
Vice President Wang Chuandong	April, 2021	Yinchuan City, Ningxia Hui Autonomous Region	<ol style="list-style-type: none"> 1. Presenting at the symposium of targeted poverty-alleviation central units, and delivering a speech 2. Participating in a the grand gathering marking the China's poverty alleviation accomplishments and honoring model poverty fighters, in Ningxia 	During the 14th FYP, CR will resolutely implement relevant instructions of the Party Central Committee for poverty alleviation and rural vitalization. We will actively explore new models and new paths for paired-up poverty alleviation work, continuing to shoulder our responsibilities, and implement our policies, assistance and supervision, to achieve an effective continuation of rural vitalization after poverty reduction, driving for Haiyuan's high-quality economic and social development.
Then-Chairman Fu Yuning	June, 2020	Guangchang, Jiangxi, CR's paired-up poor county	<ol style="list-style-type: none"> 1. On-site visiting the project of "Together, We Go Well-off" at Pengtian 2. On-site visiting the construction of white lotus industrial base in Yaoxi, Yiqian 	Although Guangchang has been removed from the poverty list, the work of consolidating the results of poverty alleviation and accelerating the revitalization of the Soviet area still remains a long way to go. As a red central enterprise, CR will continue to uphold its original mission, actively assume its social responsibilities, and regard supporting poverty alleviation and revitalization of the old revolutionary areas as an inescapable duty. As always, it will do a good job in targeted assistance to Guangchang, making contributions to the well-off and rural development of the people in the old revolutionary areas.



^ Social Responsibility 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 CSR work ability. Through establishing, improving and timely revising system standards, CR's social responsibility work was institutionalized and normalized, forming a complete system, to promote effective management of its social responsibility work.

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

In the process of social responsibility management and practices, CR has gradually formed a basic social responsibility organizational structure with its General Office as the governor, the Social Responsibility Department of the Office as the daily coordinator, and all other departments implementers in professional fields. The six business subsidiaries of the Group connect with the functional departments of the HQs, to accept the guidance and assessment, and construct the social responsibility work promotion system linking-up all levels in an organized way. The establishment and improvement of such a system provides a strong organizational guarantee for the Group pushing forward its social responsibility management in a systematic way.



▲ Constructing a Responsibility Indicator System, and Forming a Scientific Assessing Instrument

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 Guiding Opinions on the Fulfillment of Social Responsibilities by Central Enterprises. The improved social responsibility management indicator system includes six fronts: 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

Assessment After the release of annual social responsibility report, CR consulting CASS's five-star rating standard for CSR reports, would conduct a systematic assessment on both the report's compilation and the social responsibility practice of subordinate business with. It would give comments, discover problems, make suggestions, and supervise implementation on the Group's business planning meeting and social responsibility meeting of that year.

Evaluation To promote social responsibility management, the Group set up the Social Responsibility Award in 2018 and included it in the Group's Outstanding Performance Award, in which way to effectively publicize the Group's CSR achievements, and encourage and mobilize more enterprises and individuals to actively participate in social responsibility practices. In 2020, the Group received a total of 28 responsibility fulfillment projects for Social Responsibility Award, submitted by 21 business units. After the audit and evaluation of social responsibility experts and the Group's party committee, 6 projects were honored with Gold, Silver and Bronze awards.

Winning Projects for the 2020 CR Group's Social Responsibility Award

Companies	Cases	Awards
CR Land	Constructing and Operating Urban Landscape as an Agent – CR Land Creating a Sample for the City's Sustainable Development	Gold
CR Group's Human Resources Department	"Runxinfang", to Comfort Your Heart – CR's EAP Program	Silver
CR Power	New Model for Green Development – Demonstration Project for Poverty Alleviation through Wind Power	Silver
CR Vanguard	Vanguard Rural Revitalization Plan – CR Vanguard's Practices in Poverty Reduction through Consuming Products	Bronze
CR Jiangzhong	CR Jiangzhong's Green Ecological Factory on TCM Treatment	Bronze
CR Gas	Fighting against Covid: Actions, Boldness, and Concerted efforts	Bronze

▲ Social Responsibility Culture

Focusing on its mission of "Lead the business progress, and build a better life together", CR refines and shapes a CR-featured expression of its responsibility culture. In compiling CSR reports, organizing trainings, and developing social responsibility assessment and evaluation, the Group publicizes its philosophy of responsibility to stakeholders, to promote the deep rooting of responsibility culture and make responsibility fulfillment a self-conscious action.

▲ Promoting CSR Report Compilation to Cover All Three Grades of CR Group, and Strengthening Management with Compilation

Social responsibility reports are not only favorable to reveal CSR 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 14 consecutive years, and has taken an up-bottom popularization of social responsibility philosophy, which aims to cover all CR staff and improve their consciousness and practices of social responsibility.

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 2020, the whole system of the Group released a total of 32 independent social responsibility reports, including 1 from the HQs; 24 from strategic business units or first-grade profit centers, and 7 from subordinate third-grade enterprises. The Group and its 18 subsidiaries received a 5-star rating from the CASS's CSR reports, marking a stable improvement both in quantity and quality compared to previous years, which effectively promoted the development of social responsibility across the whole CR Group.



In 2020, the whole CR Group released a total of 32 independent social responsibility reports, continuing to cover all three grades of CR Group with 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 participants, including divisional social responsibility leaders, contacts, social responsibility experts from its departments, strategic business units and first-grade profit centers. The participants 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 2020, 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 CSR Center of CASS and Golden Bee CSR Consulting, developing a number of social responsibility studies.

Responsibility Management Research



In participating in the compilation of the *CR's Mission-oriented Social Responsibility Management*, a series of CSR management for central enterprises led by the Bureau of Sci-Tech Innovation and Social Responsibility of SASAC, the Group systematically ranged its social responsibility management and practice in recent years.

Responsibility Practices Study

CR participated in the compilation work of the *Blue Book of Rural Vitalization 2020*, organized by the CSR Cloud of CASS and the School of Public Policy & Management of Tsinghua University, which focuses on theoretical conclusions to the Group's supporting mode of constructing CR Hope Towns across China during the past 12 years.

Along with the Golden Bee CSR Consulting, CR compiled the *Targeted Poverty Alleviation Model of Central State-owned Enterprises (Series 1)*, which explored the Group's typical and innovative models for poverty reduction.



Social Responsibility Participation

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

CR adheres to the principle of "compilation promoting management". While making the social responsibility report, the Group started with consulting with stakeholders and focuses on the spotted problems in last year's report, so as to consider the demands of all relevant parties and center on more substantial issues, and urge related units to improve their work accordingly. All the results will be reflected in the new year's 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

Stakeholders	Expectations and Demands	Communication and Response
Regulators	<ul style="list-style-type: none"> Maintaining and increasing the values of state-owned assets Business operation in accordance with the law Information disclosure 	<ul style="list-style-type: none"> Completing the budget with high quality Implementing SASAC's indicators for performance and requirements Reporting corporate information in a timely and accurate manner
Local Government	<ul style="list-style-type: none"> Compliance with laws and regulations Safety and environmental protection Promoting the development of local economy Creating jobs and taxes 	<ul style="list-style-type: none"> Operating the business in accordance with laws and regulations, and in line with the state's macro-control policy Adopting effective measure to prevent serious safety accidents, and ensuring environmental protection indicators meet national requirements
Investors	<ul style="list-style-type: none"> Compliance with laws and regulations Improving corporate governance Creating value continuously Improving management Preventing business risks Excellent stock market performance Information disclosure of listed companies 	<ul style="list-style-type: none"> Constructing the culture of integrity and compliance Continuously standardizing the Board of Members Standardizing the mechanism on decision-making, execution and monitoring Improving internal control and risk management Perfecting the value-creating business model with CR characteristics Strengthening investor management Conducting information disclosure, special reports, performance evaluation, business communication, compilation of annual reports, and investors meeting
Employees	<ul style="list-style-type: none"> Rights and interests of employees Compensation and benefits Career development Training Health, safety and working environment Care for employees 	<ul style="list-style-type: none"> Signing labor contract in accordance with the law Improving employees' compensation and benefit system Building and improving the training system Promoting occupation health plan Building a multi-level and full-coverage mechanism for mutual assistance and care for employees
Suppliers and Business Partners	<ul style="list-style-type: none"> Promoting industrial progress Creating a favorable business environment Expanding areas of products and services Advocating fair and win-win cooperation 	<ul style="list-style-type: none"> Conducting industrial exchanges Promoting responsible procurement and accountability in the supply chain Participating in formulating industrial policies Reflecting suggestions and opinions on behalf of the industry
Customers and Consumers	<ul style="list-style-type: none"> Providing quality products and services Ensuring the quality and safety of products and services Safeguarding the rights and interests of consumers Speeding up the innovation of products and services 	<ul style="list-style-type: none"> Improving the availability of products and services Establishing quality and safety standards for food, medicine, and housing Strengthening the construction of customer management system Accelerating product and business innovation
Media and NGOs	<ul style="list-style-type: none"> Information disclosure and dissemination Media interaction Industry-university-research cooperation 	<ul style="list-style-type: none"> 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
The Public Communities	<ul style="list-style-type: none"> Environmental protection Harmonious community Public welfare Safety and security 	<ul style="list-style-type: none"> 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, and other charity causes Organizing and conducting volunteer activities Strengthening safety production management



Strengthening Communication on Responsibilities, and Sharing Its Value

Strengthening communication on responsibilities

CR has carried out various forms of internal and external communications on social responsibilities, such as holding CSR forum, 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.

CR Holding the High-end social responsibility forum

On August 20, 2020, the Group held a high-end forum themed "How enterprises empower rural vitalization" at the inauguration ceremony of China Resources Hong'an Hope Town. Gong Kai, professor of the Southeast University, Zhong Hongwu, director of the Research Centre for Corporate Social Responsibility of the Chinese Academy of Social Sciences, Professor Deng Guosheng, Associate Dean of the School of Public Administration of Tsinghua University, Professor Zhao Xi of Communication University of China, and Yu Xuewu, Secretary of the Hong'an County Party Committee, took part in the event and discussed the Group's sustainable CSR practices, such as constructing the Hope Towns. As proposed in the report of the 19th National Congress of the Communist Party of China, and required by the historical background of building a moderately prosperous society and a modern socialist country, what kind of missions and social responsibilities Chinese enterprises should take remain a question. Experts and participants at the event also explored ways to learn from the world's experience in rural development and poverty



alleviation, to inject energy into China's rural construction, to support the development of agriculture, rural areas and farmers, and to come up with more sophisticated mechanism and experience to reduce poverty.

Participating in industrial exchanges

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.

Executive editor & contributor: Yu Feng

Appendix

About the Report

The Report is the 14th 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 2020. The Report is published in both Chinese and English. In case of slight differences in content, the Chinese version shall prevail.

Reliability Guarantee

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

Time Span

The time period of the data used in this Report lasts from January 1 to December 31, 2020. Some contents may be beyond this time frame.

Issue Cycle

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

Explanation of the Data

The data used in the Report come from CR's internal documents and the information & statistics system (unless otherwise specified, the type and amount of currency involved in the report are measured in RMB).

Reference

The Directive Suggestions on the Fulfillment of Social Responsibilities by Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council; 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; and the *Regulations on the Management of Social Responsibilities of CR (2019 Revised)*.

Special Notes

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

Access to the Report

The Report is available both in print or digital version. If you need a printed edition, please send e-mail to: crc02gw@crc.com.hk; or call us at 00852-28797888 (HK) / 0755-82668888 (SZ). It 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

Leader of the Editor Team: Yu Feng Team members: Zhou Jianzhang, Fan Lele & Fan Wenwen

Key Performance Indicators (KPI) for 2018-2020

Economic Responsibility

	Unit	2018	2019	2020
Total revenues	million (RMB)	608,460	654,600	686,120
Total profits	million (RMB)	66,120	72,600	80,970
Net profits	million (RMB)	45,110	51,100	59,040
Total assets	million (RMB)	1,439,400	1,618,000	1,798,890
ROE	%	12.3	11.6	11.2
ROA	%	5.8	5.41	5.28
Rate of maintenance and appreciation of state-owned assets	%	113	123.64	115.3
Rank in Fortune Global 500	rank	86	80	79

Social Contributions

	Unit	2018	2019	2020
Total number of employees	number	421,300	396,400	386,600
Newly created jobs	number	-27,100	-26,600	-9,800
Total pre-tax profits	million (RMB)	94,740	101,000	124,718
Charity donations	million (RMB)	112	171	234

Employee Responsibility

	Unit	2018	2019	2020
Labor contract signing rate	%	99.51	99.51	99.53
Coverage of social insurance	%	99	99	99
Percentage of female managers (under direct administration of the Group or of affiliated companies)	%	18.54	17.67	16.16
Days of per capita average paid leave	days	8	8	8
Coverage of employee training	%	96	96	96
Average salary	RMB	92,000	104,000	113,500

Customer Responsibility

	Unit	2018	2019	2020
R&D investment	million (RMB)	1,620	2,332	3,748
Number of patents acquired and under application	number	6,104	6,199	7,222

Safe Production and Environmental Responsibility

	Unit	2018	2019	2020
Crude death rate	‰	0.0024	0.0095	0.0027
Investment in safe production	million (RMB)	1,510	1,350	1,305
Number of emergency drills	number	31,358	34,064	35,202
Number of registered safety engineers	number	1,610	1,711	1,872
Total investment in environmental protection	million (RMB)	2,350	2,750	2,300

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Report Rating

Rating Report on the China Resources 2020 Social Responsibility Report

Upon the request of China Resources (Holdings) Co., Ltd, the Chinese Expert Committee on CSR Report Rating invited experts to form a rating team, to rate the *China Resources 2020 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 Report's 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 ★★★★★
CR's General Office took the lead in setting up the report preparation team, Director of the Office as the chief editor, in responsible for coordination and final approval, and the Vice Director of the General Office as the vice chief editor, responsible for managing key procedures. The positioning of the Report's function and value is clear: 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, domestic and international social responsibility standards, key moves of the Group, and questionnaires to stakeholders. In constructing a 3-tier structure, from the CR HQs, to strategic business units or Level I profit centers and regional companies, the Report strengthened the vertical integration of social responsibilities. The Group intends to hold a special press conference to issue the Report, which will be presented in print, digital and bilingual versions (Chinese and English), 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, safe production, R&D and application of environmental technologies and equipment, energy and resource saving, management of hazardous chemicals, decreasing the discharging of Three Wastes, governance of ecological environment, etc. The information is adequate and detailed, achieving outstanding performance in materiality.

Completeness ★★★★★

The Report systematically disclosed 91.85% of the Group's core indicators, from responsibilities of shareholders, employees, customers, environmental protection, partners, and the public, as well as responsibility management, achieving excellent performance in completeness.

Balance ★★★★★

The Report disclosed detailed negative data or information such as employees' separation rate, death rate per thousand people, and downside media reports (home and abroad). It also elaborated on the Group's failing to perform some duties, such as illegal or flagrant cases, chemical materials product quality issue, etc. All these delivered an outstanding performance in topic balance.

Comparability ★★★★★

Through a comparative analysis, the Report disclosed 44 key indicators of 3 consecutive years of the Group, including rate of return on total assets, total pre-tax profits, investment in R&D, social insurance coverage, safe production investment, environmental protection input, etc. It also conducted horizontal comparison on ranking 79th on Fortune Global 500 in 2020, and No.1 in terms of CSR Development Index among China's top 300 enterprises, achieving outstanding performance in comparability.

Readability ★★★★★

With "Where There is CR, there is Hope" as its theme, the Report systematically explains the Group's annual progresses in fulfilling its responsibilities for employees, customers, environment, partners, and communities, demonstrating its understanding to social responsibilities. The cover and the double spreads present an old-and-new comparison, to highlight the Group's progress and contributions in performing duties. In the Report, the 2020 Highlights special section focuses on CR's outstanding performance and achievements, which improves the effect of communication. Generally, the style of this Report is easy to understand, cases abundant

and accurate, pictures and descriptions well-matched, achieving outstanding performance in readability.

Innovativeness ★★★★★

Open with "Poverty Alleviation, We won!", the Report tells stories of 6 figures, to show CR's powerful actions and impressive achievements in fighting against poverty, emphasizing CR's aspirations and responsibilities as a central enterprise to serve national strategies. Main chapters of the Report follow the structure of concept and vision, Our Performance, actions, and Our Commitment, which was complete and consistent, promoting the communication of the Report. In covering all three levels of the Group, these CSR reports invited third-party experts to analyze and advise, continuously improving the disclosure quality. The Group established a China Resources CSR Award, which was included into its performance appraisal, boosting an outstanding performance in innovativeness.

Overall Rating ★★★★★

According to the assessment of the rating group, since the *China Resources 2020 Social Responsibility Report* has all reached 5-star in its process management, materiality, completeness, balance, comparability, readability and innovativeness, overall it was awarded a rating of "five-star plus", which means an excellent model for CSR reports. For the fifth consecutive year, CR Group's CSR report received a 5-star assessment, and ★★★★★ + for the successive two years.

IV. Suggestions

The disclosure of industrial core indicators shall be increased, to make the report more complete.

Vice Chairman of the Evaluation Expert Committee

Head of the Rating Group

Experts of the Rating Group

Issued on June 25, 2021



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 2020 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 Suppliers and partners
 Community residents CSR expert Industrial peers
 Others

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

- 5 4 3 2 1

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

- 5 4 3 2 1

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

- 5 4 3 2 1

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

- 5 4 3 2 1

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

- 5 4 3 2 1

7. What comments and suggestions do you have for CR, in terms of its efforts in social responsibility fulfillment and this Report? If any, please put them down here:

China Resources (Holdings) Co., Ltd.



Scan the QR Code to give us your feedback and suggestions
Your suggestions are our motivation
For continuous development