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China Resources Enterprise, Limited

2018 Social Responsibility Report



# Starting Afresh in Creating a Better Life



China Resources Enterprise, Limited

**Social Responsibility Report**

2018





## Introduction to Report

### Reporting Period

This report is the sixth social responsibility report issued by China Resources Enterprise, Limited. The company solemnly promises that there are no false records, misleading statements or major omissions in the contents of this report.

### Time Range

The time range covered in this report is from January 1, 2018 to December 31, 2018 (some of which are beyond the above range).

### Organization Scope

This report discloses the ideas, measures and performance of China Resources Enterprise, Limited and all its subsidiaries in fulfilling social responsibility, and some contents involve China Resources (Holdings) Co., Ltd. For ease of expression, "China Resources (Holdings) Co., Ltd." is represented by "China Resources Group" and "CR"; "China Resources Enterprise, Limited" is represented by "China Resources Enterprise", "CRE" and "We".

### Reference Basis

"G4 Sustainability Reporting Guidelines" of Global Reporting Initiative

"Guidance on Social Responsibility Reporting" of GB/T 36001-2015

"Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0)" of Chinese Academy of Social Sciences

"Regulations on the Management of Social Responsibilities of CR"

### Data Description

The financial data in this report is sourced from the official documents and information system of CRE after various rounds of reviews by relevant departments. The financial data in this report is in Hong Kong dollars, unless otherwise stated.

### Preparation Process



### Report Acquisition

This report is available in both English and Chinese in electronic and paper versions. You can visit the official website [www.cre.com.hk](http://www.cre.com.hk) or follow the official WeChat account of CRE to get the electronic version of the report. You may also contact us for paper versions.

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# A letter from the CEO of CRE to Stakeholders

## Dear stakeholders:

CRE 2018 Social Responsibility Report was the sixth CSR Report OF CRE. We wish the report could clearly showcase the achievements of CRE and its subsidiaries in social responsibility management and practice in 2018 and show you the consistent belief of CRE in "building a better life together".

In the 27-year development history, either as the forerunner and incubator of entity-oriented operation of CR's strategic business or as CR's business segment that is closest to consumers and most deeply integrated into the public life, CRE has been committed to historical inheritance and concerted innovation, both of which are essential corporate essence. In 2018, a critical year that marked the 40<sup>th</sup> anniversary of China's reform and opening-up and the 80<sup>th</sup> anniversary of the establishment of CR, we stayed true to our original intension and mission and strived to respond to the complex macroeconomic situation and increasingly intensified market competition. We further implemented the Group's strategic deployment of reform, innovation and quality development. We picked up the pace in development by virtue of the capital market, explored to make a forward-looking plan in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), promoted internationalization, reshaped CRE's organization, business and governance modes, and achieved satisfactory business performance.

While keeping up with the development of the times, CRE has comprehensively implemented the social responsibility work and committed itself to leading business progress together with consumers, shareholders, employees and business partners.

At CRE, we adhere to improving governance, operating in good faith and giving back to shareholders. In 2018, the company's operating income rose to HK\$ 67.07 billion. We strengthened internal system building and enhanced our risk prevention and control capacity. We also intensified the intelligent informatization as a way to improve the management and supervision level. We took the cloud platform and business intelligence system of CRE Headquarter as the data source and analysis tool to build a number of data analysis models and constantly monitor business risks. We strictly selected quality suppliers through the mature supply chain management system and implemented responsible purchasing so as to build a responsible value chain and grow together with our partners.

At CRE, we value development both internally and externally. In order to improve CRE's influence in the consumer goods sector at home and abroad and actively respond to the State Council's call for SOE reform, we completed the strategic capital injection into Shanxi Fenjiu Liquor and officially initiated the comprehensive strategic partnership with Heineken Group in 2018. CRE will make full use of its own resources and give full play to its own advantages to assist Shanxi Fenjiu Liquor to access CR's quality channels, customers and brand resources, thus

improving Fenjiu's governance structure, operation and management level and upgrading to a national liquor brand. In so doing, CRE will also give a boost to the implementation of the development strategy of "good products and good channels". CRE and Heineken Group will accelerate the advancement of CR Beer's high-end strategy, fully unleash the potential of Heineken in Chinese market and support the international development of CR Beer's affiliated brands.

At CRE, we focus on making constant innovations. In 2018, CRE's subsidiaries remained committed to product R&D and new model building. China Resources Snow Breweries launched "Ingenuity Creation", "Black Lion Golden Goblet", "Globe Trekker Super X", "Snowflake Whole Wheat Brewing" and a lot of brand-new products, and realized the whole supply chain control and consumer engagement through building a digital traceability system. CR C'estbon launched the "sweet and sour" honey lemon water and the "refreshing vitality" small bacteria, worked to continuously meet the demands of its customers through product innovation and kept increasing the coverage of terminal consumers by e-commerce and vending machines. Pacific Coffee launched the LUXE coffeehouse in mode of "coffee bean baking + light meal" and BREW BAR in mode of "specialty coffee + dessert", and entered the tea field by opening Pacific Tea in mode of "tea + baking". CR Ng Fung perfected its product traceability system to improve product quality assurance and create a full lifecycle service experience. Ng Fung Fresh Meat launched the new model of "press conference experiential marketing" and continuously optimized the product structure and developed and popularized medium and high-end products.

At CRE, we advocate endless vitality and devote ourselves to developing the company into an organization with internal vitality and integrating global diversified elements. In this case, CRE is in urgent need of talents. In 2018, in order to cultivate international talents with an international vision and foreign-related business skills and familiar with consumer goods business and overseas investment and M&A procedures and rules, CRE trained more than 30 professional talents through its International Talent Development Project, thus winning the "Best Learning Project" award of the Best Corporate University Rankings in China.

At CRE, we actively fulfill the obligation of environmental protection, energy conservation and emission reduction, integrate green concepts into production, operation, daily office work and other links, and advance environmental protection and pollution prevention through multi-dimensional efforts and initiatives. In 2018, CRE's consolidated energy consumption per RMB 10,000 output was 0.0569 tons of standard coal and the target completion rate reached 117.89%; its consolidated energy consumption per RMB 10,000 value addition was 0.1398 tons of standard coal and the target completion rate reached 113.44%; the COD was recorded 299.7789 tons and the target completion rate reached 111.34% We have been trying to implement environmental

purchasing policies together with suppliers and advocate the use of environmentally friendly materials to consumers. For example, Pacific Coffee started to promote reducing waste of resources in 2018. In all its outlets in Hong Kong, no more straws are placed in the seasoning area with an aim to encourage customers to reduce plastic consumption. Besides, Pacific Coffee plans to start reducing the use of plastics across the board in 2019. CR Logistics (Yuen Fat Wharf and Godown) won the "Environmental, Health and Safety Award-Large Corporation" Silver Award of "Hong Kong Green Award 2018". CRE developed photovoltaic energy projects in collaboration with CR Power based on its own property platform in Hong Kong and seized the potential opportunity to develop photovoltaic power generation in Hong Kong, which represented an important practice of CRE to promote ecological construction.

CRE is committed to "teaching one to fish", promoting public good and fulfilling social responsibilities. We have been vigorously assisting CR's strategic deployment of rejuvenating rural economy. We wish to develop 12 hope towns in the coming 10 years to influence and lead more than 100 thousand people to get out of poverty, get rich and live a better life. We look to reduce poverty through industrial development and shift the focus from capacity and material support to capacity building. We implement targeted poverty reduction, establish records, and develop different industry models for different areas. For instance, we adopted the "Cow foundation Bank" industry model in the "forage and livestock integrated poverty alleviation project" of Haiyuan, Ningxia, providing interest-free loans to local farmers to realize the dream of raising cattle. From the implementation in 2014 to the end of 2018, the "Cow foundation Bank" project helped Haiyuan county buy 25,620 heads of cows, and the credit sales recorded 23,068 heads, which benefited 15,000 poor people of 7,378 poor households of 175 villages of 16 towns and townships of Haiyuan county. This "CR Model" topped the list of 50 Cases of Targeted Poverty Alleviation of the Social Poverty Alleviation Department of the State Council Poverty Alleviation Office.

At the same time, CRE has also actively responded to regional coordination, targeted poverty alleviation and other national development strategies. CRE has given full play to its industrial advantages to drive the coordinated development of local industries and regional economy. In mode of "company + base + professional cooperatives + farmers", Sichuan Ng Fung Lihong Food established a long-term and stable interest linkage mechanism with more than 15,000 local farmers, which have effectively driven the development of local wild pepper industry. Meanwhile, through industrial assistance and support to poverty-stricken Min'an Village of Xixi Township, the company invests about RMB 500,000 in wild pepper seedings and agricultural materials every year for base construction and technical support. CRE has improved its influence through participating in various public good activities.

We will build GBA into an important platform for fulfilling the social responsibility as a central enterprise. At the end of 2018, CRE's total assets in GBA were HK\$ 45.4, accounting for 50.2%; its turnover recorded HK\$15.15, representing 23.4%; its operating profits reached HK\$1.795, taking up 36.9%. CRE will leverage the Group's overall advantages and its own experience in consumer goods to more actively allocate its assets in Hong Kong and strive to build a consumer goods platform in GBA. In 2018, CR Ng Fung actively prepared for the renewal of agreement with Sheung Shui Slaughterhouse to stabilize the fresh meat supply in Hong Kong. Pacific Coffee carried out the "PCC entrepreneurship training program" and cooperated with Youth Enterprise Development Fund to provide internship opportunities for Hong Kong poor youth and let them personally experience life in the workplace and aim high. Aquatic Division officially established its business platform in May 2018 and has implemented it in Foshan. As such, a three-level platform base for collection, logistics and distribution has taken shape in GBA.

Our works and efforts were well praised by the outside world in 2018. For the first time, CRE won the "Rising Star Award" for corporate social responsibility granted by Chinese Academy of Social Sciences. CRE also won the Outstanding Corporate Social Responsibility Award granted by The Mirror, and "Best ESG/SRI Metrics(first place)" in the consumer staple sector granted by Institutional Investor. Going forward, we will listen more carefully to the views and voices from all walks of life and constantly improve our responsibility fulfillment ability and management level.

As a consumer goods leader originating from Hong Kong, CRE bears a sense of patriotism of many older generations of Hong Kong people and the heartfelt affection of CRE's staff for people's livelihood. After dozens of years of development, CRE is now standing at a new starting point. In 2019, we will celebrate the 70<sup>th</sup> anniversary of the founding of the People's Republic of China. This is also a critical year for building a well-off society in an all-round way. We will practically assume our due social responsibilities, seize the moment with a long-term perspective, brave difficulties, and keep advancing and improving through tough trainings. In face of the opportunity of consumption upgrading, we will seek innovations in consumption in the spirit of entrepreneurship and try to become a world-class company specialized in consumer goods and retail service and work to create a better life with you.

CEO Jian Yi  
China Resources Enterprise, Limited



# Introduction to CRE

# Corporate Structure

## Corporate Profile

Founded in 1992, China Resources Enterprise, Limited is the Hong Kong flagship subsidiary of China Resources (Holdings) Co., Ltd., in the comprehensive consumer goods and retail services businesses. The company focuses on three businesses: beer, food and beverage.

**1** Hong Kong listed company

China Resources Beer

**3** first-level subsidiaries

China Resources Snow Breweries, China Resources C'estbon, China Resources Ng Fung

**10** direct management subsidiaries

China Resources Logistics, Pacific Coffee, CRE Properties (Hong Kong), CRE Alliance, International Distribution Division, International Distribution Hong Kong Division, China Resources Ng Fung International Centralized Purchasing Management, Zhejiang Ng Fung Freezing Food, Sichuan NG Fung Lihong Food, China Resources Ng Fung Agricultural Products

Total number of employees

**64,000**

Total assets

HK\$ **94.62** billion (as of the end of 2018)





# Development History

**1993**  
Founded the joint company China Resources (Shenyang) Snowflake Brewery Co., Ltd. marking CRE's venture into beer business.

**1995**  
Ng Fung Hong Limited (now known as China Resources Ng Fung Limited) was listed in the HKEx. CRE acquired 26% stake in this company and began operating food business.

**1997**  
CRE became an HSI constituent stock.

**2000**  
Transferred stakes in China Resources Beijing Land Limited (now known as China Resources Land Limited) and Logic International Holding Limited (which was subsequently renamed China Resources Logic Limited and China Resources Gas Group Limited) to CR.

**2002**  
Acquired the retail business of CR Vanguard and the Suguo brand supermarket business.

**2005**  
"CR Snow" became the best-selling single beer brand in China in terms of volume.

**2007**  
Completed sale of all petroleum related businesses.

**2009**  
Swapped assets with CR our textile and container terminal businesses for 75 hypermarkets in China and a brewery in Shandong province, to boost core retail and consumer goods businesses.

**2011**  
Set up a joint venture company with Kirin Holdings Company, Limited, with CRE holding 60% interest.

**2014**  
Set up a joint venture company with Tesco PLC to vigorously develop multi-forma retail businesses in China.

**2016**  
CR Beer, a listed company of CRE, acquired 49% stake in CRSB held by SAB, enabling China Resources Beer to acquire the full ownership of its subsidiary CRSB.

**2018**  
CR Beer announced a long-term strategic cooperation with HEINEKEN Group.

**1992**  
CR acquired Winland Investment Limited and renamed it "China Resources Enterprise, Limited (CRE)"; CRE was among the first Chinese enterprises to be listed in Hong Kong. Property investment was the main focus of CRE then.

**1994**  
Signed an agreement with South African Breweries Group to jointly develop beer business in China (South African Breweries Group acquired Miller Brewing Company in 2002 and changed its name to SABMiller PLC, SABMiller PLC was acquired in 2016).

**1996**  
Acquired 67.25% stake in a purified water production factory and began developing the "C'estbon" purified water business.

**1999**  
Acquired the retail business of CR, marking CRE's venture into retail business.

**2001**  
Completed privatization of Ng Fung Hong Limited, which became a wholly-owned subsidiary of CRE.

**2003**  
Span off concrete business, which was listed in the HKEx after integrating its business with the other concrete and cement businesses of CR (subsequently renamed China Resources Cement Holdings Limited).

**2006**  
Beer business topped the list of best-selling beer producers in the country in terms of volume.

**2008**  
"CR Snow" became the best-selling single beer brand worldwide in terms of volume.

**2010**  
Acquired 80% stake in Pacific Coffee (Holdings) Limited; completed selling stake in "Esprit" business in China to Esprit Holdings Limited. And from then onward, CRE directed its focus on four core retail and consumer goods businesses namely retail, beer, food and beverage.

**2012**  
Completed acquisition of 100% holding of Jiangxi Hongkelong Department Store Investment Company Limited.

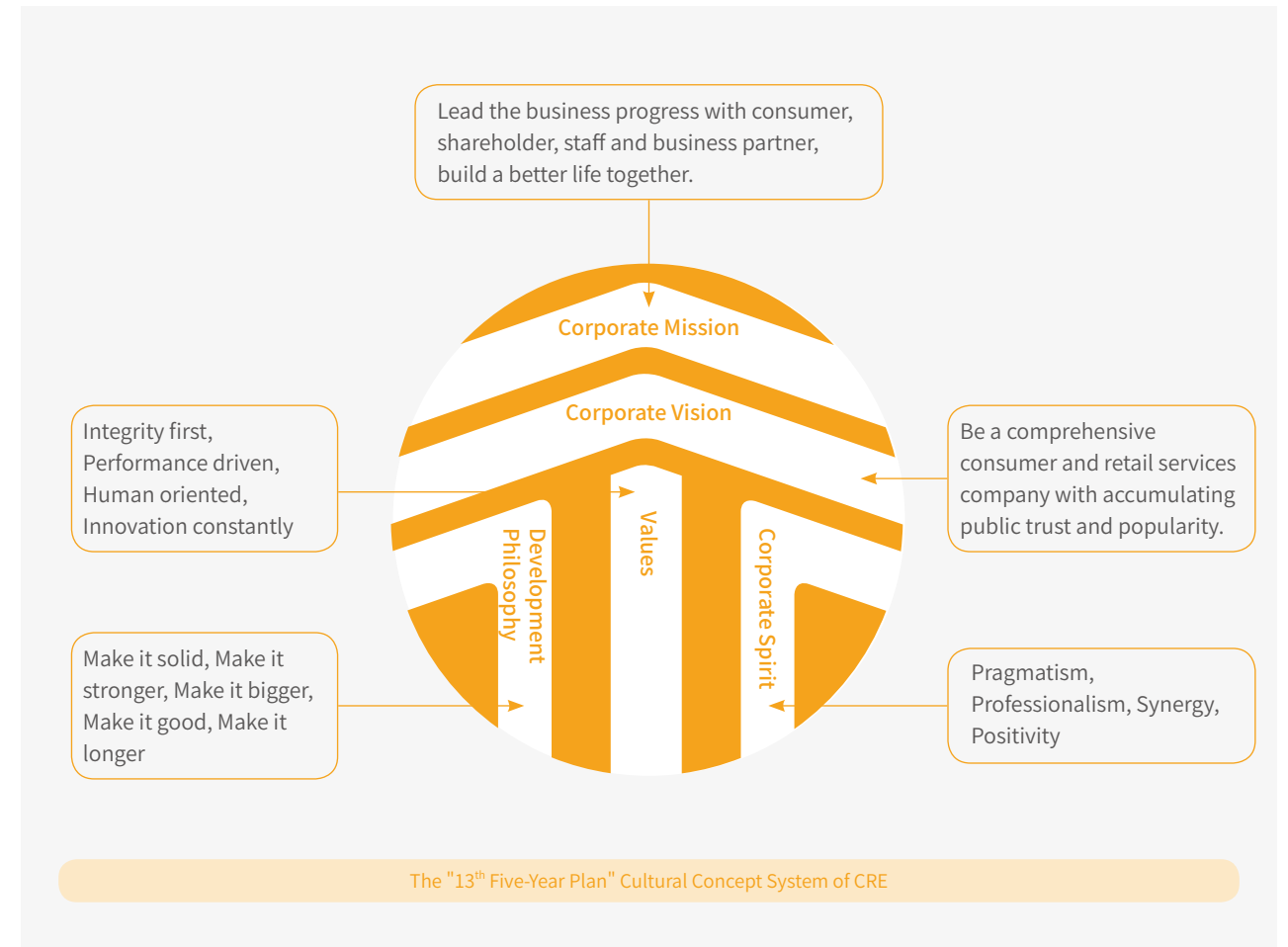
**2015**  
CRE completed the disposal of all non-beer businesses to CR; the listed company of CRE changed its name to "China Resources Beer (Holdings) Company Limited" (CR Beer) and focused on beer business.

**2017**  
CRE Properties acquired Sugar Estates Limited project; Pacific Coffee acquired 40% stake in Aroma Coffee (Shanghai) Co., Ltd.; China Resources Ng Fung set up a joint venture company with Sovena; China Resources Logistics acquired China Resources Vanguard Logistics Distribution (Qingdao) Co., Ltd. project.



# Corporate Culture

Culture is the driving source of enterprise development. In the critical juncture of the "13<sup>th</sup> Five-Year Plan", CRE built the "13<sup>th</sup> Five-Year Plan" Cultural Concept System, which clarified the five key elements of corporate mission, corporate vision, values, development philosophy and corporate spirit, and formulated the four major slogans: "innovation is vital to success", "quality products lead to growth", "a better life together, hand in hand forever", "use better resources to benefit China".





# Responsibility Focus • CRE in 2018

## Capital Assists Industry

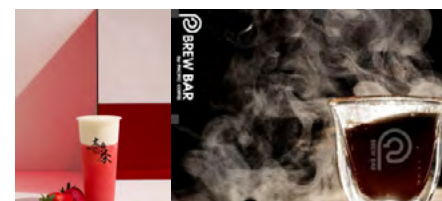


CRE became the second largest shareholder of Shanxi Fenjiu Liquor



CR Beer agreed to establish a long-term strategic partnership with the Heineken Group

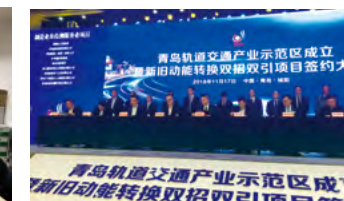
## Promote Business Innovation



Pacific Coffee: Brew Bar and Taicha



CRE Finance Sharing (Hong Kong) Service Center was formally established and operating



CR Logistics participated in the inauguration meeting of Qingdao Rail Transit Industry Demonstration Zone & Project Signing Ceremony

## Excellent Operation



China Resources Ng Fung Huaiyang Breeding Base won the title of the second batch of six-star benchmark factory of CR

## Talent Cultivation



CRE's first international talent development project ushered in its graduation season

## Social Responsibility



China Resources C'estbon: Hundred Libraries Plan, Flood Control and Disaster Relief, College Entrance Examination Water Supply, "China, Thumbs-up" Customized Bottle



CRE won the "Rising Star Award" for corporate social responsibility for the first time



Haiyuan's "China Resources Model" for fixed-point poverty alleviation was ranked first in the 50 Cases of Targeted Poverty Alleviation of the Social Poverty Alleviation Department of the State Council Poverty Alleviation Office

## Social Responsibility



CRE won the honor of "the Best Employer for China 2018-Top 30 Best Employer in Shenzhen"



# CSR Story

## Great Craftsman

Ideals, spirits...These things that may seem somewhat vain, will play an important role at a critical moment, and motivate a wonderful leap from quantitative change to qualitative change. CRE has such a group of people who believe in love, believe in perseverance, believe in research, believe in purity, and are called CRE's "great craftsmen"!

### The Olympic Spirit of the Coffee World

**Wei Zheng** Store Manager of Pacific Coffee North China Region

It's every barista's dream to participate in the World Barista Championship. In preparation for the Championship in China region, Wei Zheng of Pacific Coffee is striving for perfection in the selection of coffee beans. The flavor of coffee beans varies greatly from place to place, therefore it is extremely challenging to choose the origin of coffee beans, and after sourcing it, in order to make the coffee beans taste the best in the cup, you also need to understand all the flavor displays of the alternative coffee beans.



Under such circumstances, Wei Zheng began to taste various types of espresso in the way of Shennong (patron of agriculture) tasting hundreds of herbs, with dozens of cups of espresso every day, he can barely eat. He also suffered from severe reactions of excessive caffeine intake, such as dizziness and vomiting. In this competition, he took on all the role-playing roles of coach, assistant, player, etc. Physical discomfort and loneliness during the practice once also made Wei Zheng hesitant, embarrassed, and even doubted why he should participate in the competition, but every time his coffee tastes better, he would rekindle his confidence and motivation for the competition. In the end, Wei Zheng found the best coffee beans that echoed with him and won good results in the competition. "This may be the Olympic spirit. It will make you grow in the constant struggle, and continuously break through oneself in the growth," he said.

### Be the Guardian of the C'estbon Production Line

**Shen Zhiwen** Blowing Process Engineer of Shanghai Jiading Factory of China Resources C'estbon

"I want to use my delicate and simple, rough and hardworking hands to safeguard the valuable things." Since joining the Shanghai Jiading Factory of China Resources C'estbon, Shen Zhiwen has been struggling in the frontline of production with dedication and diligence, pursuing best in the processes, made bold improvements in technology, and achieved remarkable results.

These figures are the testimony of his efforts: improved production efficiency, through bottle rebuilding, oven reconstruction, unloading embryo transformation, blowing and drawing system reform, bottle remodeling, lubrication transformation, dialing reconstruction, the production efficiency was increased from the original single machine average 90% to 99%; helped reduce energy consumption, the single bottle power consumption was reduced from 0.005kwh/piece to 0.0045kwh/piece; the loss rate of bottle embryo was reduced from 8% to 3%. In addition, he has also trained six backbone bottle-blowing technicians to cultivate technological talents for the company through "mentoring" and technical standardization.

#### Window of Knowledge

##### Blowing Process

Refers to the process wherein plastic pellets (softened into liquid) or finished preforms are made into bottles by specific processes.



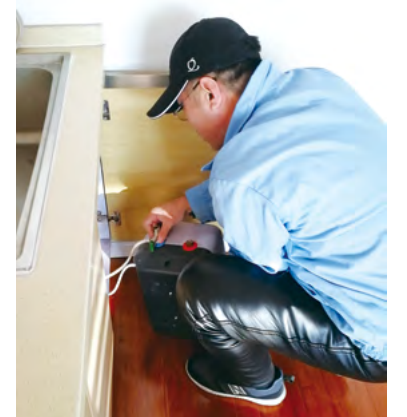
### Meticulosity, Solve Problems Professionally

**Zhao Jinping** Comprehensive Maintenance Worker of China Resources Logistics (Beijing) Limited

In the winter of 2018, the temperature of many heating areas of Beijing company was low, and several maintenance technicians carried out a 10-day commissioning, but the results were still not satisfactory. In this context, Zhao Jinping took the initiative to conduct an in-depth investigation, and found that a water inlet pipe valve inadvertently restricted the flow of the pipe network, affecting the water supply speed. He made a prompt decision to increase the amount of water supply. In just 4 hours, he discovered the leaking point of the underground pipeline in the park, and the follow-up maintenance work could be carried out smoothly.

During the flood season in 2018, several inspection wells in the company were filled with heavy rain and there was an urgent need for pumping. When preparing the submersible pump to pump water, Zhao Jinping found that several of the existing pumps were broken, and the flood situation needed to be solved urgently, and it would be too late to temporarily apply for the purchase of pumps. He calmly studied the problem of each pump, decisively removed the capacitor from the original pump, installed it on the just-destroyed pump to ensure normal pumping operation and achieve normal operation of the park.

Many years of diligent researches have sharpened Zhao Jinping's eyes and polished his superb techniques. He has many times solved problems that others regarded as very difficult, and has improved the service quality while saving costs for the company.



### Rooted in the Mountains, Transform Planting through Science and Technology

**Luo Jianming** Senior Manager of Fruit Business Department

In the past four years, Luo Jianming, a graduate of the agricultural profession, has been rushing back and forth between the Meizhou base of the Fruit Business Department surrounded by mountains and the Ganzhou base, where not even a blade of grass grows because of rare earth mining. In the tough environment, he led his team, persistently insisted on walking the mountains and planting trees, guarding the orchards, improving the soil, and studying planting techniques.

For the first time, Meizhou Base introduced Thai golden pomelo in the eastern Guangdong region of Mainland China for large-scale planting (1,000 mu). To enhance land use efficiency, save labor and improve product quality, Luo Jianming led his team to strictly control the application ratio of organic fertilizer and elemental fertilizer, implemented dense planting, adopted new shaping and pruning method, and used the micro-spraying water and fertilizer integrated system and other means of improvement to ensure that the trees are healthy and strong, the fruit is of good quality, turning the barren hill into a treasure bowl.

Luo Jianming witnessed the land from being absolutely barren to gradually growing seedlings, and now turning into groves that hang fruit. He withstood the loneliness, endured the hardships, and enthusiastically pursued, silently, the simplest Chinese agricultural dream of a farmer.







## Sincere Management • Return Shareholders' Trust

### Our Actions

17 PARTNERSHIPS  
FOR THE GOALS



In the statement of "accelerating the improvement of the socialist market economic system", the report of the 19<sup>th</sup> National Congress made major decision-making for the reform of state-owned enterprises in the new era, and pointed out the direction for the new era to further promote the reform of state-owned enterprises. CRE further defines management requirements, enhances internal audit and internal control capabilities, standardizes governance, optimizes structure, and continuously enhances the vitality and core competitiveness of state-owned enterprises through reform, innovation, and consolidation, and is committed to achieving all-round protection of shareholders' rights and interests.

# 潤物耕心

### Our Achievements

Total assets HK\$ **94.62** billion

Total profit (before tax) HK\$ **3.511** billion

Owner's equity HK\$ **28.981** billion

Operating income HK\$ **67.07** billion

- 18 Create Economic Value
- 19 Standardize Corporate Governance
- 20 Prevent Business Risks





## Create Economic Value

As the flagship subsidiary of China Resources Group's comprehensive consumer goods and retail services businesses, CRE is committed to optimizing its core business structure, promoting core business growth, rationally improving resource allocation, expanding market size, and achieving steady growth in economic value.

### Continued Steady Growth

In 2018, the overall assets and liabilities structure of CRE remained stable. The company's total assets amounted to HK\$ 94.62 billion, a decrease of HK\$ 690 million compared with last year; the total liabilities during the same period were HK\$ 65.64 billion, a drop of HK\$ 530 million compared with last year, of which, short-term bank loans grown by HK\$ 3.4 billion compared with the same period of last year, long-term loans declined by HK\$ 4 billion from the beginning of the year; total owner's equity decreased by approximately HK\$ 200 million; operating income was HK\$ 67.07 billion, a year-on-year growth of over HK\$ 4.5 billion.

In 2018

the company's operating income recorded **HK\$ 67.07 billion**



### Optimize Business Development

CRE thoroughly implements the CR's development strategy, continuously optimizes the quality of products and services of subsidiaries, and rationally distributes important businesses such as beer, beverages and food, which not only enriches the company's product ranges, expands new customer groups, but also empowers the company's transformation and development.

China Resources Beer

Continuously optimizes production capacity layout, removes inefficient production capacity, and increases the average size of production factories. By the end of 2018, CR Beer operated 80 breweries in 24 provinces, cities and districts in mainland China, with an annual production capacity of approximately 21,000,000 kiloliters. In addition, through co-operation with the Heineken Group, CR Beer effectively supplemented high-end products and enhanced the competitiveness of the high-end market. In the future, CR Beer will continue to exert its strength, segment its markets, build brands and achieve steady growth in operating profits.

Ng Fung Fish Market

The fifth-generation chilled and fresh platform upgrade project, jointly created by China Resources Ng Fung International Centralized Purchasing Management and China Resources' high-end supermarket Ole', aims to meet the needs of today's consumers for fresh, convenient and high-end diet. In December 2018, Ng Fung Fish Market opened its first concept store in Nanshan MiXc City of Shenzhen, taking the concept of "Japanese-style fish market raw food + cooked food" as the lead, use high-quality aquatic products with cooked food for on-site processing, thereby bringing a quality consumer experience to customers.



## Standardize Corporate Governance

CRE focuses on the standardizing operation and governance. By implementing the "Three Majors and One Big" system, improving the establishing of the board of directors, strengthening the internal audit and internal control and stressing on anti-corruption and clean governance, the company narrows the gap with leading industrial enterprises and continuously improves its corporate governance.

### Implement "Three Majors and One Big"

CRE strengthens the Party Committee Decision-Making Mechanism by strictly abiding by the "Three Majors and One Big" Decision-Making System Implementation Measures (Trial) and Operation Manual of Rights and Responsibilities, and adopts the Party Committee's Meeting Mechanism to decide on major decision-making matters, important personnel appointments and removals, major project arrangements and allocation of large amounts of funds. In order to effectively supervise operation of power, the company gradually standardize, list-check and breakdown the supervision matters and formulates the before, during and after all-round follow-up supervision system to ensure that "Three Majors and One Big" Collective Decision-Making System really comes to fruition.

#### Window of Knowledge

"Three Majors and One Big"  
 "Three Majors" refers to major issues decision-making, appointment and removal of important cadres, and major project investment decisions. "One Big" refers to the use of large amounts of funds. The "Three Majors and One Big" related matters must be decided through collective discussion.

### Improve the Construction of the Board of Directors

CR Beer, the listed company of CRE, established a board committee as an important part of the board of directors, set up the independent non-executive directors as part of the nomination committee, remuneration committee and audit committee. The chairman of each committee is assumed by different independent non-executive directors to facilitate the exchange of views and experiences in different professional areas. At the same time, the chairman of the independent committee (if any) under the board of directors should answer questions at any general meeting of shareholders who approve the following transactions, i.e., related transactions or any other transaction subject to the approval of the independent shareholders, to regulate the building of the board of directors.

## Strengthen Information Disclosure

In 2018, CR Beer, the listed company of CRE, remained in close contact with institutional investors, analysts and potential investors, alike through a variety of channels. In addition to regular results-related events, frequent one-on-one meetings, luncheons, conference calls as well as beer business channel visiting were conducted, through which CR Beer stayed connected with close to 1,600 fund managers and analysts via approximately 300 meetings.

In 2018  
CR Beer stayed connected  
with close to  
**1,600** fund managers  
and analysts via approximately  
**300** meetings

### CR Beer's Steady Development

CR Beer continuously deepens the content and form of information disclosure, maintains good corporate management and harmonious investor relations, and is recognized by the society and approved by shareholders. In 2018, it won honorary awards from a number of prestigious institutions.

- Awarded the honors of "Best in Sector-Consumer Staples" and "Best Corporate Governance & Disclosure" in Great China by IR Magazine.
- Awarded the honors of "Most Honored Company", "Best CEO (first place)", "Best CFO (third place)", "Best Investor Relations Professional (first & second place)", "Best Investor Relations Program (first place)", "Best Corporate Governance (first place)" and "Best ESG SRI Metrics (first place)" in Consumer staples sector by Institutional Investor.
- Awarded the honors of "Corporate Director Asia", "Corporate Governance Asia Model", "Asia's Best CEO (Investor Relations)", "Asia's Best CFO (Investor Relations)", "Best Investor Relations Company" and "Best Investor Relations Professional" by Corporate Governance Asia for many years.
- Awarded the honors of "Best IR Company-Large Cap", "Best IR by CFO-Large Cap", "Best IRO-Large Cap" and "Best Investor Meeting-Large Cap" by the Hong Kong Investor Relations Association.
- CR Beer's financial annual report was awarded the honors of "International ARC Annual Report Competition (ARC Awards)" and "International-Galaxy Award" by MerComm, Inc.

## Prevent Business Risks

Risk prevention is an important part of business management. CRE continuously strengthens the construction of its internal control system, consolidates internal supervision, improves risk management and control capabilities, enhances the scope and efficiency of risk prevention, and lays a foundation for further expanding the breadth and depth of risk prevention.

## Internal Control System Construction

CRE established an internal control and risk management committee to lead and promote the company's internal control and risk management system construction and overall deployment, and to audit the annual major risks. The committee has an internal control and risk management office (hereinafter referred to as "office"), which is responsible for the internal control and risk management system construction, operation, maintenance, inspection, analysis of annual risks, evaluation and negotiation of internal control and risk management. CRE Internal Audit Department is the daily execution organization of the office, responsible for the organization promotion, professional guidance, communication and coordination, supervision and inspection and evaluation of internal control and risk management.

## Comprehensive Risk Management

CRE follows the SASAC's Guidelines for Comprehensive Risk Management of Central Enterprises and China Resources Group Risk Management Guidelines to carry out risk management work and form a full process risk management closed-loop mechanism for "risk assessment, risk management and control, supervision and improvement". In 2018, CRE Headquarters continued to monitor and issue risk events under the indicators of early warning exchange rate risk, interest rate risk, extreme weather, external accidents, food safety, African swine fever, etc.; CRSB added the "market supply and demand risk" and "EHS risk" warning Indicators; China Resources Ng Fung Rice improved its rice inventory risk warning indicators to effectively prevent risk events from occurring.

- Organize the headquarters and subsidiaries to complete the next year's Annual Major Risk Assessment Report each year, and report the Internal Control Evaluation Report of the Year to the CR.
- With major risk management and control as the core, with risk monitoring indicators as the support, regularly track the major risk status changes and implementation of response measures.
- Through the annual risk assessment work, identify the top ten major risks of the company as a whole, analyze the degree of risk impact and formulate risk response measures.
- CRE Internal Audit Department and the subsidiaries Risk Management Department routinely ensure that the response to risks are timely, the measures are appropriate, and the risks are preventable controllable through measures such as monitoring indicators and special risk management etc.

### Risk Prevention Information Construction

CRE will strengthen informatization as an important starting point for improving the supervision level, highlight the basic database construction and building of intelligent research and judgment platform as two major points, and comprehensively carry out supervision data collection. In 2018, based on previous years' audit findings, relying on CRE Headquarters cloud platform and business intelligence system, the company's Internal Audit Department established multiple data analysis models to continuously monitor business risks. During the reporting period, the company completed a total of 7 monitoring indicators related to China Resources C'estbon's beverage sales, and 3 monitoring indicators related to Ng Fung Rice storage age and allocation.

In 2018  
the company completed  
a total of **7** monitoring  
indicators related to China  
Resources C'estbon's  
beverage sales, and  
**3** monitoring indicators  
related to Ng Fung Rice  
storage age and allocation

## Strengthen Internal Supervision

CRE focuses on high-risk areas such as finance, sales, purchasing and information security, continues to deepen the internal supervision system construction. In 2018, the company carried out 15 audit/risk control projects for headquarters and subsidiaries, identified more than 200 problems, and proposed more than 500 audit recommendations. At the same time, CRE attaches great importance to audit rectification. During the reporting period, in response to audit findings, CRE formulated and promulgated the CRE Audit Rectification Management Measures. CRE chairman and CEO have repeatedly issued instructions on the rectification of audit issues and fully implemented the first-hand rectification principal responsibility system, and made self-examination and self-correction on important systemic problems to promote systematic rectification.



## Prevent Commercial Corruption

CRE and its subsidiaries actively responded to the latest requirement of "anti-corruption campaign" emphasized by the 19<sup>th</sup> National Congress, consciously abided by the anti-corruption regulations, adhered to the goal of "no-forbidden zone, full coverage, zero tolerance" against corruption, and through the formulation of rules and regulations and the study of anti-corruption knowledge, further strengthened the integrity awareness of employees of "knowing fear, remain cautious, and keeping the bottom line", build a solid ideological defense line against corruption and degeneration, and continued to promote the company to form a strong upward, good, and honest atmosphere.

China Resources Snow Breweries

Issued the Implementation Plan for Building a Snow Beer Integrity Education System, and carried out multi-modal and multi-scene warning education activities and incumbent integrity education among personnel in such key posts as engineering projects, purchasing, transportation, finance, and sales. Taking cases as warning and forbade to use power for personal gain, trade in power and sex etc., and build an institutional mechanism that one "cannot, dare not, and don't want to corrupt". In 2018, CRSB did not have any lawsuits and major violations involving corruption, bribery, extortion, fraud and money laundering.

China Resources NG Fung

Highlights preventive education, strengthens the implementation of responsibilities, and consolidates integrity culture education. In 2018, China Resources Ng Fung revised the New Position Direct Manager's Appointment Talk and Integrity Talk System, and formulated the Process for Handling Letters and Visits, Guidelines for Works of Reply on the Selection and Appointment of Integrity Opinions, and other rules and regulations, and starting from the six levels of politics, discipline, style, system, ideology and organization, coordinating anti-corruption and integrity campaign, standardize the practicing behavior of leading cadres and employees, build a system that one "dares not to corrupt" mechanism, and promote compliance development.



China Resources C'estbon Guizhou Region Integrity Publicity Campaign



China Resources C'estbon Shandong Region Integrity Publicity Campaign

## Adhere to Fair Competition

Based on the concept of "compliance with laws and fair competition", CRE in linkage with its subsidiaries create a fair competitive market environment and eliminate the use of improper means to open up the market. For other brands' unfair competition behavior against the company, communication with the infringer should be carried out according to the situation, and take administrative complaints or litigation measures when necessary to prevent the acts of infringement from continuing; strengthened trademark monitoring, and through trademark objection, trademark invalidation or cancellation etc., resist the behavior of malicious counterfeiting of company trademarks. In 2018, China Resources C'estbon, the subsidiary of CRE, assisted local public security organs in investigating the manufacturing and sales of fake C'estbon cases, arresting nearly 15 people and clearing nearly 10 counterfeiting dens, containing infringement of property rights, counterfeiting and sales from the very source.

In 2018

China Resources C'estbon, the subsidiary of CRE, assisted local public security organs in investigating the manufacturing and sales of fake C'estbon cases, arresting nearly **15** people and clearing nearly **10** counterfeiting dens

## Listen to the Voice of Shareholders

“

Matthews Asia Funds has been a long-term investor of the company at the time of the overall listing of CRE on the Hong Kong Stock Exchange. The sense of responsibility of CRE in information disclosure with respect to transparency, credibility and corporate governance has left a deep impression on us. As an investment Manager, our work is not only to choose the enterprises that should be invested from the perspective of business development, but many times, it is more important to judge the performance of enterprises in corporate governance, business operations, and whether can create value for shareholders. CRE is undoubtedly an industry model in corporate governance.

”

Portfolio manager of Matthews Asia Funds

Deng Ziqi

## We Are Striving Forward

"Compliance, integrity, growth, and continually create shareholder value" are the direction in which CRE fulfills its shareholder responsibilities. The company will continue to develop its main business, optimize its business structure and capacity layout, strengthen working capital management, further improve return on investment, consolidate risk management and control, improve internal audit and internal control system, attach importance to anti-corruption, focus on organizational integrity and compliance development; increase corporate transparency, enhance compliance with high standards, high transparency and high efficiency of regulation, and continue to create value for shareholders.







# Be Ingenious and Intelligent • Focus on Quality Services

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



## Our Actions

At present, China's consumption is showing a process of positive change from quantity to quality, enjoyment, health and environmental protection. Individualized and fashionable consumption hotspots and highlights are constantly emerging. The driving effect of consumption on economic growth is increasing. CRE strives to seize the opportunity to gain insight into market rules and customer needs, with the principle of "good products and good channels" as guide, strictly control product quality and safety, continuously develop new products and introduce high-quality and high-priced products, and constantly improve the customer service system, improve service quality, provide customers with diverse resources, and create more value for the company.

## Our Achievements

Number of new patents

12

Handing rate of customers' complaints

99.99%

- 26 Product Quality Assurance
- 28 Committed to Innovation Constantly
- 30 Provide Satisfactory Services



# Product Quality Assurance

CRE adheres to the spirit of inheritance of craftsmanship, specifies product quality control requirements, promotes its subsidiaries to establish food safety internal control standards that exceed national standards, improves food safety inspection plans according to risk levels and actual conditions, and guides to carry out internal control quality standard investigation and improvement work.

## Product Quality Control

CRE's subsidiaries strictly control product quality, formulate management and control plans in accordance with relevant national laws and regulations, implement quality standard management systems, and constantly improve the quality management system to provide customers and consumers with more high-quality and reliable products.

- China Resources Snow Breweries** In 2018, a total of 15 internal quality control standards management systems, 672 products, and 92 kinds of production materials were investigated, investigation indicator totaling 1,623 items, covering all listed products and production materials, which basically met the requirements of "stricter than the national standard, superior to competing products, industry leading".
- China Resources C'estbon** Established SPM quality management system, covering the whole process from "supplier factory" to "production factory of own products" to "end of market consumption", which can effectively control the quality risk of the industrial chain.

### China Resources C'estbon SPM Quality Management System



- China Resources Ng Fung** Yangzhou NG Fung Fuchun Food, the subsidiary of CRE, takes strictly control of the quality of raw materials, and monitors the whole process of purchasing, processing and storage in real time. In order to ensure that the crab-roe bun making materials are fresh, Yangzhou NG Fung Fuchun Food sends the live crabs tendered for purchase to the third-party testing agency for inspection at the earliest time possible, and after being confirmed, the live crabs can be processed by professionals on site.
- Zhejiang Ng Fung Freezing Food** Implement the supplier access system, optimize the quality and safety management process, establish the blacklist and exit mechanism of relevant parties; standardize raw material purchasing and rate raw material suppliers by means of open tendering, review and regular evaluation of suppliers; invested RMB 310,000 to purchase "X-ray foreign object detection machine" to improve the accuracy of foreign object detection; standardize cold chain logistics temperature, vehicle, shipping requirements, import electronic temperature monitoring and GPS positioning technology to ensure that the cold chain logistics achieve full dynamics monitoring to improve product quality control.



China Resources Ng Fung distributed freezing food with cold chain vehicle China Resources C'estbon Liu'an Factory Quality Training

## Product Safety Guarantee

The subsidiaries of CRE adhere to the principle of "safety first" to ensure that its core businesses such as beverages and foods strictly abide by product safety related policies and regulations, ensure food safety for each batch of business, and continue to provide customers with safe products and assured products.

- Pacific Coffee** Establish a supply chain food safety system to guarantee the safety of the products sold in the store and the raw materials of the ready-made products, and form an effective management mechanism from "product design and development to supplier selection and management" and set up a process monitoring mechanism to obtain key control point data in real time.
- China Resources Ng Fung Agricultural Products** Through pre-production origin survey, product agricultural pesticide residue detection, product arrival agricultural pesticide residue inspection, product monthly sampling inspection, etc., prevent and control food safety risks, establish a sound food safety mechanism.
- China Resources Ng Fung International Centralized Purchasing Management** Endorsed by the authority of the China Inspection, the whole source traceability chain of the aquatic products business is built from the very source, and the whole process information control from the origin, processing workshop, warehousing, logistics, channels, stores to terminals of aquatic products is realized, so as to achieve a safe and reliable supply chain, high transparency and easy sharing etc.



## Committed to Innovation Constantly

In order to cope with the diversified consumption trends, CRE has the courage to break through the limitations, invest in technological innovation, independently research and develop new products, new packaging, and take multiple measures to meet the needs of consumers. While constantly exploring its potential and daring to be the first, it actively expands market and creates value.

### Promote Management Innovation

CRE not only focuses on product innovation, but also actively carries out management innovation. In 2018, CRE Financial Sharing Service Center was officially launched, which not only realized resource sharing, but also effectively regulated financial behavior and greatly strengthened internal control of enterprises. The realization of financial sharing is not only the requirement of the CR's "China Resources Exchange", but also the internal demand of CRE's financial management and financial transformation. As of the end of 2018, CRE Financial Sharing Service Center handled 651 orders per day on average, covering 205 accounting institutions, serving more than 9,000 users.

In addition, CRE Financial Sharing Service Center officially launched the collection accounting process RPA project in April 2018, and successfully completed the project pilot and online promotion in October 2018. CRE is the first subsidiary in the CR to implement RPA in a sharing service center. The implementation benefits are mainly reflected in three aspects: through the realization of process automation, the collection accounting process automation rate reached 98%, while the timeliness improved by 56%, reducing the dependence of financial sharing operations on the human scale effect, lowering and controlling operating costs; by standardizing the routes of data transmission, the process is highly standardized, data consistency and the level of process risk control are increased, thereby improving the service quality of the sharing center; through the initial attempt of financial intelligence, the RPA automation talents are cultivated, thereby laying a foundation for the financial management to become intelligent.

### Intellectual Property Management

Based on the Patent law of the People's Republic of China and other laws and regulations, CRE in linkage with its subsidiaries developed and improved the company's internal intellectual property management system, standardized patents, trademarks, trade secrets, copyright and other intellectual property management. In 2018, the company added 12 new patents; China Resources C'estbon, the subsidiary of CRE, submitted more than 300 trademark registration applications, 5 patent applications, and 6 copyright registrations.

### Product Category Innovation

Development is the top priority, and innovation is the first impetus. CRE adheres to the value of "innovative constantly", integrates innovation into its development strategy, continuously innovates product research and development technologies, enriches product categories, and is committed to enhance the consumer experience with a comprehensive product matrix.

As of the end of 2018

CRE Financial Sharing Service Center handled **651** orders per day on average

#### Window of Knowledge

RPA  
Short for "Robotic process automation", which refers to robotic process automation, is a class of automated software tools that automate routine rules-based operations.

In 2018

**12** new patents were newly-added

China Resources Snow Breweries

In 2018, continued to break through the traditional styles of product packaging, brewing technology, and taste quality, and increased the research and development of new products, launched "Ingenuity Creation", "Black Lion Golden Goblet", "Globe Trekker Super X" and "Snowflake Whole Wheat Brewing", and a lot of brand-new products.

China Resources Ng Fung

Carries out "enterprise + university + farmer specialized cooperatives" joint research and development work to create a "press conference + experiential marketing" model; judge the trend of industrial transformation and upgrading accurately with forward-looking thinking, organizes the advance layout, fulfills the responsibility of ensuring supply and maintaining stability, reduces operating costs, and stabilizes pork prices.

China Resources C'estbon

Develops new products based on factors such as consumer taste preference and buying habits. In 2018, China Resources C'estbon launched 3 new products, namely near-water drink honey water lemon, lactic acid bacteria light drink small bacteria and Bottle-Can cold extract black coffee (a fire coffee high-end product), among which, the honey water lemon test sales feedback is good.

### Honey Water Lemon New "Fresh" Listing

In 2018, China Resources C'estbon launched honey water lemon-the high-end near-water beverage brand. In terms of quality assurance, honey water lemon adheres to the use of high-quality raw materials, such as Mediterranean lemon and imported honey. It uses low-temperature blending and aseptic cold-irrigation technology to ensure the taste, giving consumers a "fresh bubble" experience. In terms of packaging design, the bottle type is inspired by the design of the PET packaging bottle award from abroad. Its three-dimensional shape of the diamond cut can reflect the glass texture, showing the elegant and high-end characteristics of the bottle. The product has been widely praised by customers and consumers since its launch. By the end of 2018, the overall turnover rate of honey water lemon in traditional sales channels exceeded 49%.



### CRSB Helps the Flavor of the World with its Ingenious Quality

To advance to the high-end beer market, CRSB tailor-made brand new products "Craftsmanship" specially for the social backbone who pursues a higher quality of life. The bottle type is designed as an ingenious diamond, and its surrounding area is subtly integrated into the "step by step" window element, highlighting the oriental aesthetics and deducting the ultimate ingenuity. "Craftsmanship" product is made with 100% imported whole malt, supplemented with low-fermentation brewing techniques, retaining the aroma and mellow taste of pure wheat.

"Craftsmanship" product won recognition from all walks of life, and was presented with four international design awards including the "Italy Platinum A' Design Award", "Gold Pencil at the One Show Advertising Grand Prix", "Gold Pentawards for Worldwide Packaging Design Awards Competition", and "German Design Award".





## Provide Satisfactory Services

CRE adheres to the principle of customer first, continuously improves the customer management system, perfects its after-sales service mechanism, and escorts the rights and interests of customers. At the same time, it broadens the popularization of product knowledge, encourages sustainable consumption, and with increasing customer satisfaction driven, makes unremitting efforts to achieve the development philosophy of "make it solid, make it stronger, make it bigger, make it good, make it longer".

## Protect Customer Rights and Interests

CRE and its subsidiaries strictly follow the Anti-Unfair Competition Law to execute sales activities, implement nationwide all-channel unified pricing, treat all consumers fairly; eliminate false advertising and publicity, popularize real product knowledge; prompt potential risks on the product packaging, allowing customers to use the product with ease; strictly protect customer data security and safeguard customers' basic rights and interests such as right to be informed.

China Resources Snow Breweries

In 2018, five factories were opened to the public. By conducting the Public Open Day and visiting the Beer Culture Museum and other activities, the distance between consumers and consumers was brought closer, so that consumers could further understand CRSB and effectively enhance brand awareness and reliability.

China Resources Ng Fung

On September 8, 2018, Hangzhou Ng Fung held its first "Enterprise Open Day", by inviting 20 groups of parent-child families and several media reporters to go to Hangzhou Zhiwei Foods Co., Ltd. to experience hand-made cartoon bugs and visit the "Transparent Factory", the public personally experienced China Resources Ng Fung's strict and standardized internal management, and practically felt the ingenious pursuit of China Resources Ng Fung on food quality.

China Resources C'estbon

Indicates all the raw materials ingredients on the product label to the customers in strict accordance with the GB 7718-2011 National Food Safety Standard General Standard for the Labeling of Prepackaged Foods, GB 28050-2011 National Food Safety Standard General Rules for Nutrition Labeling of Prepackaged Foods and other relevant laws and regulations according to the descending order of the amount of raw materials. For a long time, in the supervision and spot check and commission inspection of the relevant state departments, China Resources C'estbon product labeling (including the ingredient list) has always passed the inspection.



"Kissing CR • Feeling Its 80 Years" 2018 First Public Open Day

## Customer Service System

CRE continuously improves customer management, improves after-sales service, improves product complaints and handling mechanism, perfects the whole-cycle service chain, creates a customer service system with its own characteristics, fully protects customer rights and interests, and continuously improves customer satisfaction.

### Customer Satisfaction Surveys

The subsidiaries of CRE continued to carry out satisfaction survey work, continuously optimized survey methods and enhanced data analysis capabilities to improve the scientific nature and accuracy of the survey and form a closed-loop management for customer relationship maintenance.

In 2018, the "Ng Fung Fresh Meat" "3•15 consumer satisfaction questionnaire survey" was launched. The results showed that customer satisfaction was 95.7%.



China Resources Ng Fung

China Resources C'estbon

China Resources C'estbon is one of the early companies to carry out customer satisfaction assessment projects. Since the first round of survey research launched in August 2004, C'estbon has carried out satisfaction assessment for 15 consecutive years. C'estbon regards the satisfaction survey results as the work direction to improve customer satisfaction, and starting from the very source, understands customer feedback from multiple angles, and forms a closed-loop management of customer relationship maintenance. In 2018, consumers' overall satisfaction rating for the C'estbon brand was 89 points, compared with 2016 and 2017, the overall satisfaction score continued to show a significant upward trend.

Consumer satisfaction (scores)	
2016	83
2017	86
2018	89

Pacific Coffee

Enriches means of customer feedback through the "Message Book", 400 customer service hotline, official MicroBlog, official WeChat and other channels, with the customer feedback acceptance rate reaching 100%. At the same time, market research is organized regularly for consumer experience and product taste to accurately understand customer preferences and needs, providing direction for product and service upgrades.

CRE Properties

In 2018, all properties fulfilled their service commitments, and their quality management objectives met the standards. Customer satisfaction was 98.14%.

## Improve Complaint Handling

The subsidiaries of CRE has placed safeguarding its customer rights and interests in an important position. While providing quality products, it proactively responded to customer complaints and followed up in a timely manner, and is committed to bringing a satisfying, moving and warm service experience to customers.

- China Resources Ng Fung**  
 Formulates the Consumer Product Quality Complaint Handling Management System, implements the first responsibility system, and sets up a 400 customer service hotline to realize the complaint information to be sent to relevant departments in 10 minutes, and directly deal with it within 24 hours; handles compensation in strict accordance with the Food Safety Law of the People's Republic of China and makes regular follow-up visits.
- China Resources C'estbon**  
 According to regulations, after the general complaints are accepted, the processing department must contact the customer within 24 hours after receiving the work order, and complete the processing within 2 working days; if individual complaints cannot be processed on time due to objective reasons, the processing department need to take the initiative to explain the reasons to the customer and follow up the progress of the feedback; in the case of an urgent complaint, the emergency processing flow shall be initiated. In 2018, C'estbon 's complaint handling rate reached 100%.

## Bottled Water Handle Improvement Project

### Event Overview

During the customer and consumer public opinion monitoring process, some consumers reported that China Resources C'estbon's 1.555L bottled water handle was too tight.

### Coping Process

In response to consumer feedback, the company immediately launched verification, and started to improve the handle project. Through repeated experiments and adjustments, the handles were adjusted and improved from three aspects: the straight handle was changed to a curved handle; change the top bearing surface from V to flat, and increase the width of the plane; increase the width of the top inside and outside, and optimize the overall length.

### Improvement Effect

After the optimization and adjustment, the structure of the handle is more stable and the comfort is obviously improved. At present, the handle's optimization design has applied for two national patents.



## Listen to the Voice of Customers

“

Since China Resources Ng Fung stationed in Huaiyang, we have continued to introduce breedings in China Resources Ng Fung. Due to the improvement of breeding pigs, the price of commercial pigs is on average RMB 0.2 higher than the market price, and the annual direct benefit is increased by RMB 310,000. Thanks to China Resources Ng Fung for bringing us real benefits.

”

Huaiyang Chengwei Agriculture and Livestock Company



## We Are Striving Forward

Adhering to the concept of "commitment, excellence, and high quality", CRE continues to create value and serve customers. The company will continue to improve its product quality control system, pay attention to product safety, provide high quality and reliable products; tap new customer needs, innovate research and develop products to meet personalized and diversified consumer demand; improve after-sales mechanism, protect customer privacy, popularize product knowledge, let customers enjoy a more comfortable and caring service.

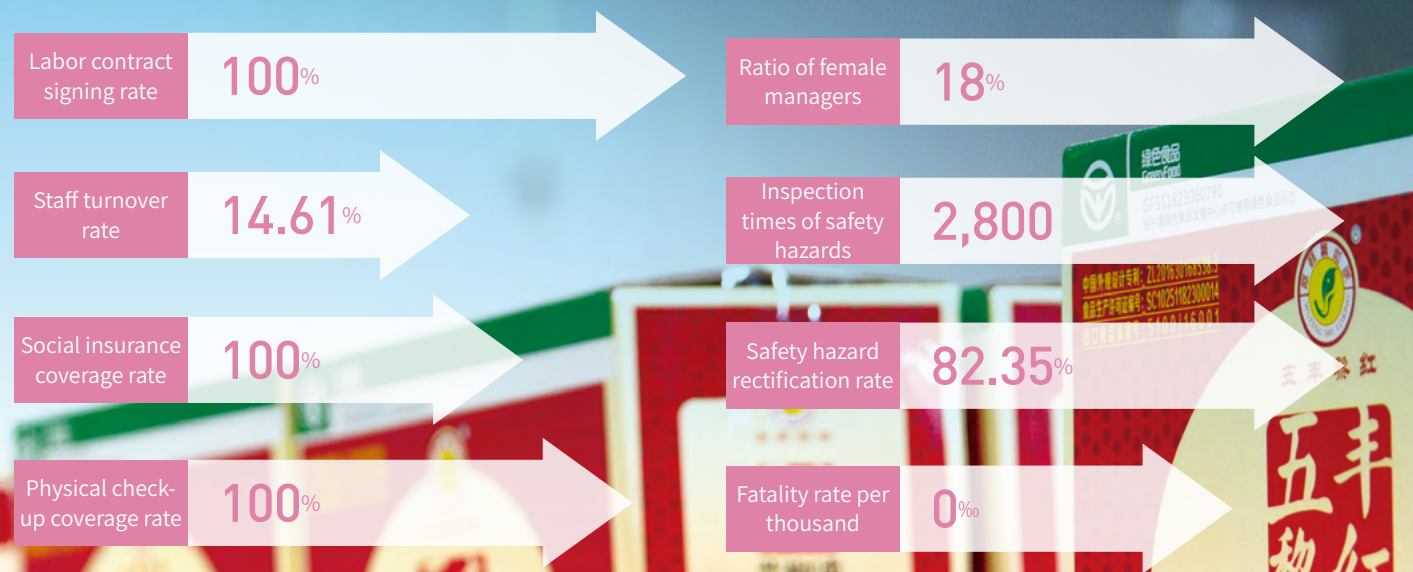






# Meticulous Care for Employees · Grow Hand-in-Glove

## Our Achievements



## Our Actions



The report of the 19<sup>th</sup> National Congress of the Communist Party of China emphasized that it is necessary to build a knowledge-based, skilled and innovative labor force, promote the spirit of the model workers and the spirit of craftsmanship, and create a glorious social style of work and a dedicated spirit of excellence. CRE actively responds to the call of the Party and the State, and regards talents as a strategic resource to safeguard the sustainable development of enterprises. By respecting and protecting employees' legitimate rights and interests, establishing and improving employee training mechanisms, and smoothing the channels for career development, paying attention to and caring for employees' lives and occupational health and safety, continue to build a harmonious and progressive organizational atmosphere for our employees and build a cohesive and passionate workforce.

- 36 Protection of Basic Rights and Interests
- 37 Cultivate Industry Elites
- 39 Meticulous Care for Employees
- 40 Implement Safe Production

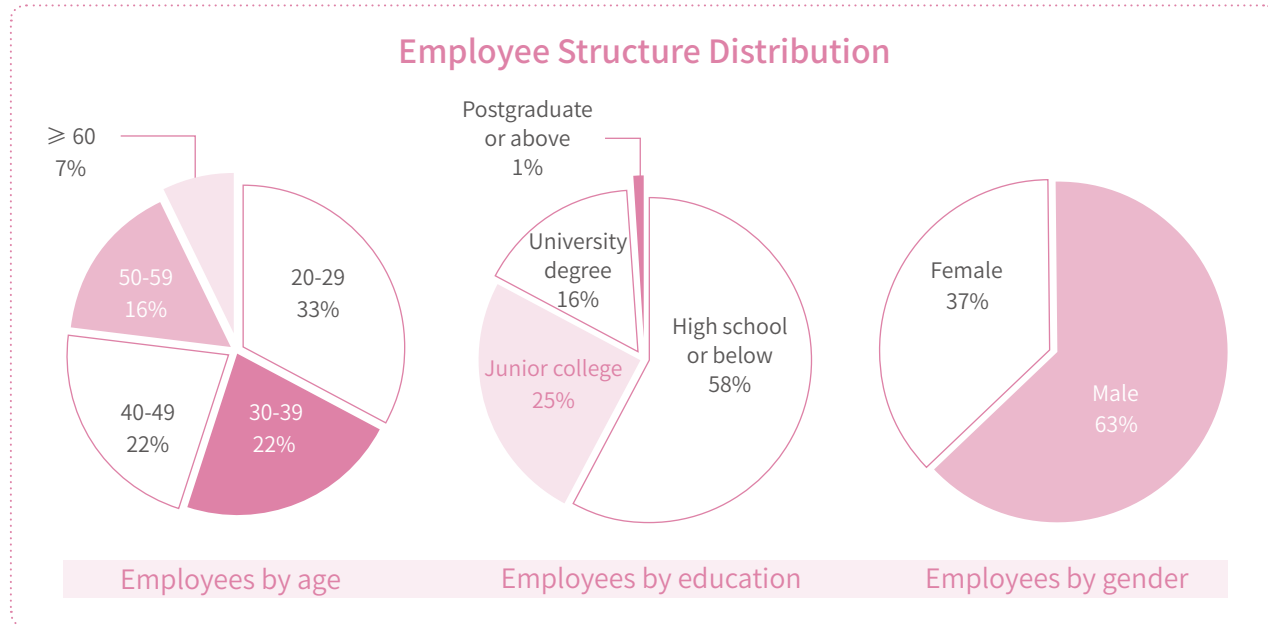


## Protection of Basic Rights and Interests

Adhering to the "human oriented" value, CRE firmly safeguards the basic rights and interests of employees, pays attention to employees' occupational health management; adheres to multi-channel collection and understanding of employee demands, smoothes their communication channels, and strives to make profits for employees and think for employees, and work together with employees to realize the corporate vision of "be a comprehensive consumer goods and retail services company with accumulating public trust and popularity".

### Respect for Human Rights Equality

CRE respects and upholds human rights, and consciously resists the act of disregarding and trampling on human rights. Strictly abide by the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, etc., establishes a sound system of employment management rules and regulations; pays the "Five Insurances and One Fund" for employees, and purchases supplementary commercial insurance, and purchases Mandatory Provident Fund (MPF) for Hong Kong employees; attaches importance to the care of female employees, establishes maternity and lactation leave regulations and regular rehabilitation health check-up system for female employees; eliminates discrimination against employees due to nationality, gender, etc., prohibits child labor, opposes forced labor; respects employee privacy, protects the personal information security of employees; expands the proportion of localized employment, and promotes regional economic development while developing the cause of people's livelihood. In 2018, the company had a total of 64,000 employees, of which female managers accounted for 18%.



### Implement Democratic Management

CRE has always practiced its "sunshine, simplicity, and honesty" principle, and while maintaining a simple, active and happy working atmosphere, fully implemented the democratic management system. Set up an employee relationship group in the Human Resources Department as a bridge for communication between the company and its employees. Listen to the opinions and suggestions of grassroots employees, and promptly feedback to relevant departments and leaders to properly solve employee problems, and establish a long-term mechanism for communication between employees and enterprises.

## Cultivate Industry Elites

Adhering to the HR objective of "respecting the human value, developing the human potential, and enhancing the human spirit", CRE constantly pays attention to the career development of employees, establishes and improves employee vocational training and career development system, and improves the talent reserve mechanism; combines the characteristics of various career development sequences, establishes a sound talent promotion system mechanism, and smoothes the development channels for employees to provide them with a broader development platform. In 2018, CRE's International Talent Development Project won the "Best Learning Project" award of the Best Corporate University Rankings in China hosted by the Overseas Education College, Shanghai Jiao Tong University; its micro-course works won the "Excellence Award" of the first Micro-class Competition of CR.



### 2018 China Resources C'estbon Key Training Project

Carry out centralized rotation training of the spirit of the 19<sup>th</sup> National Congress of the CPC, and cultivate the political quality of C'estbon direct management managers. On May 14-18, 21-25, 2018, for all the direct management managers (219 people in total), conducted two sessions of centralized rotation training of China Resources C'estbon named "stay true to the original mission, C'estbon strives forward" to implement the spirit of the 19<sup>th</sup> National Congress of the CPC. The training focused on the contents of the six modules: "Party building, discipline inspection and supervision, innovation constantly, cultural self-confidence, quality and safety, and organization construction."



Launch the second phase of the "Customized Training Plan+" Sales Manager Development Project. In September and November of 2018, the second "Customized Training Plan+" sales manager development project was launched for 41 regional sales managers. The content focused on three modules: "self-management, business management, and team management".





Launched the "Wings Plan" sales manager development project. For the city sales manager, implemented the "wings plan" project, and through the "business issues as the main line, coupled with business methodology, in-depth business market insight verification", improved the business strategy level of 38 city managers, forming multiple reproducible business solutions.



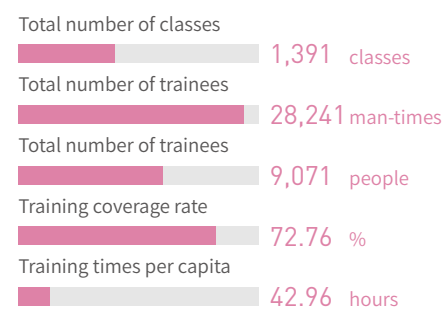
Launched the "Development Star" training camp (senior agent class). In view of the senior agent for sales, the company implemented the "Development Star" project, covering about 200 senior agents, exporting more than 30 sales supervisors.



Conduct new employee training. In order to help new employees to better integrate into the corporate culture, understand the corporate's history, enhance their sense of belonging and honor, C'estbon carried out training courses for the company's new employees on corporate history and culture, human resources rules and regulations, and EHS security. In 2018, 3,169 recruitments of China Resources C'estbon participated in the training, and the training coverage rate reached 100%. China Resources C'estbon also launched the "China Resources C'estbon 2018 Moisturizing Youth Training Camp" project for new graduates, and a total of 25 new graduates participated in the training.



### 2018 China Resources C'estbon Training Performance



CRE International Talent Training Class ended

## Meticulous Care for Employees

In order to improve employees' cohesiveness and sense of belonging, CRE vigorously advocates a variety of employee activities and actively promotes balanced work and life; continues to organize employee care activities, pays attention to employees with difficulties, cares for female employees, overcomes difficulties with employees and helps employees solve difficult problems.

### Occupation Health Management

Taking employees' health and life safety as the fundamental starting point, CRE pays attention to employees' occupational health and safety. By strengthening occupational health and safety management, improving the occupational health and safety system, actively promoting safety culture, and regularly checking occupational health hazards, CRE continues to create a safe and healthy working environment for our employees, and tracks employee health from different dimensions such as physiology and psychology, and maintain employee physical and mental health.

### Work-Life Balance

CRE Association is an organization under CRE Headquarters, which serves as the communication bridge between CRE, CR and the subsidiaries of CRE. In 2018, CRE Association expanded its reach to CR Beer (Hong Kong), China Resources Ng Fung International Distribution and the Sharing Service Center. At the same time, under the initiative of CRE Association, Pacific Coffee made further inputs into it. During the reporting period, more than 15 events were organized by CRE Association and CRE Human Resources Center.



CRE Choir sang Hong Kong, Just Because You Are Here at the CR's 80<sup>th</sup> Founding Anniversary Celebration & 2018 Excellent Staff HK Visit Party on March 31<sup>st</sup>



CRE actively organized Hong Kong colleagues to discuss politics from business perspective



CRE visited Hong Kong Legislative Council Building



CRE Headquarters Autumn Birthday Party



## True Love and Care of Employees

CRE continues to pay attention to female employees, retired employees and other groups. Through the development of caring activities, the company conveys its warmth and care, and creates a harmonious internal atmosphere. Among them, as CRE Properties is based in Hong Kong with higher cost living, according to CRE's "Rental Repayment Plan Guidelines", "Guidelines for the Rental Repayment Plan for Qualified Employees of CRE Properties" was formulated to relieve the tax burden for eligible candidates.

More over, as a subsidiary of the large central enterprise CR, CRE vigorously promotes the spirit of mutual assistance and friendship, resolve major difficulties faced by individuals as a group, and forms a long-term mechanism to help those in danger or difficulty, help and support each other while nurturing a harmonious culture. At present, CRE's subsidiary CRSB, China Resources Ng Fung, and China Resources C'estbon have all established employee mutual help funds respectively.

## Implement Safe Production

CRE subsidiaries take production safety as the top priority, and check and strictly monitor each project from 7 dimensions, namely: "leadership, risk management planning, support, operation control, food supply chains, monitoring, evaluation and improvement", establish CRE's EHSQ management system; strengthen risk management and hidden dangers rectification in key aspects, effectively guarantee the safety and stability of production links, and lay a good foundation for economic benefits. In 2018, the company invested a total of HK\$ 125.07 million in safe production; carried out 41 times of EHS inspections, 2,800 hidden dangers investigations, and 221 man-times of participation in EHSQ special education and training.

**China Resources Ng Fung**

The safety management system of 8 enterprises of CRE, including Hangzhou Ng Fung United Meat and Deqing Fengsheng Food, was evaluated as the third level of safe production standardization. More over, Shanghai Ng Fung Shangshi Foodstuff was appraised as the second level of safe production standardization and Hong Kong Sheung Shui Slaughter House and Shenzhen Ng Fung adopted the OHSAS18001 system. In 2018, China Resources Ng Fung invested a total of RMB 9.128 million in safe production; carried out 514 safety inspections and new found 2,080 hidden dangers, all of which have been rectified; conducted a total of 84 emergency drills involving 3,635 people; held 20 times of safety management training, up to 1,552.5 hours; subsidiaries organized a total of 440 times of production safety training, training 12,212 man-times of employees and related parties, totaling 98,469.6 hours. During the reporting period, China Resources Ng Fung safe production related death toll was 0.

**China Resources C'estbon**

Improve EHS organizational structure and staffing setup, revise and improve the company's EHS management system, and organize employees to uniformly sign EHS responsibility commitments; adhere to the monthly warning mechanism of major risk, continuously track the improvement of EHS issues; establish an exposure platform and sharing platform, improve the accident case publicity and education mechanism and archives, establish security training needs matrix at all levels and enrich training resources, and set up a total of 36 training theme courses. In 2018, the total number of own factories and sales systems training amounted to 201,369.5 class hours, and in total 5,176.5 class hours from all the relevant parties accumulated; all kinds of safety inputs totaled RMB 8.8033 million, up by 57.46% year-on-year; more than 60 emergency drills were conducted in various factories and major sales areas with more than 2,390 participants; the annual cumulative inspection identified 2,291 safety hazards and completed 2,289 rectifications, with a rectification rate of 99.9%. During the reporting period, the number of occurrence of general or above security incidents of the company was 0.



Hangzhou Ng Fung Refrigeration fire evacuation drill



Rice Minhang Factory fire drill

## Listen to the Voice of Employees

“

CRE attaches great importance to the quality training and capacity improvement of internal management. The Human Resources Center organized the 'Pioneer' International Talent Training Class in 2017-2018. This training was aimed at the internationalization strategy of the group. Through screening, a total of 34 potential members of CRE Headquarters and CR Beer, China Resources Ng Fung, China Resources C'estbon, Pacific Coffee and other subsidiaries participated in the training. The whole training lasted for one and a half years, spanning 12 cities on three continents. The overall organization was thorough, rich in content with great width and depth. As a result, trainees upskilled their language proficiency. In the process, their trading and negotiation skills were sharpened, physical and psychological qualities were cultivated, and the training better equipped CRE with a group of young talents with potential and high comprehensive quality, who will play an important role in CRE business development and international business co-operation in the future.

”

Head of International Class, Chief of CRE Alliances  
**Tang Xiaolin**

## We Are Striving Forward

"Respect, care, achievement and continually create employee value" are the direction of fulfilling responsibility for CRE employees. The company will protect employee privacy and safeguard employees' basic rights and interests; improve the talent training and career development system, conduct fair assessment, and help employees' career development; carry out related party governance, formulate EHS Management Measures for Related Parties' Onsite Operations, strengthen EHS management, and realize common development between the company and its employees.







# Eco-Friendly Development

## • Guard a Better Home

### Our Actions



The report of the 19<sup>th</sup> National Congress of the Communist Party of China regards "adhering to the harmonious co-existence between nature and mankind" as one of the basic strategies for adhering to and developing Socialism with Chinese Characteristics in the new era, takes "building a beautiful China" as a major goal of building a great modernized socialist country in an all-round way, and puts forward efforts to solve outstanding environmental problems. CRE actively promotes and implements the spirit of the speech of the National Conference on Ecological Environment Protection, strictly controls the energy-saving and emission-reduction targets issued by CR, integrates green concepts into environmental management, production operations, daily office and other aspects, and promotes environmental protection and pollution prevention work through multi-dimensional efforts and multi-initiatives.

### Our Achievements



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# Environmental Management System

Based on the EHS management system elements of CR, an EHS Department was set to lead environmental management related works, and urge subsidiaries to organize and carry out environmental protection qualification certification, organize environmental protection training, and strengthen green management. In addition, CRE also established environmental protection early warning and emergency response mechanisms to improve emergency response capabilities for environmental emergencies; increase green purchasing investment, try to implement environmental purchasing policies to suppliers, promote the use of eco-friendly materials to consumers; actively introduce new technologies, new processes, new equipment and improve the effectiveness of environmental management.

In June 2018, C'estbon Zhuhai Factory won the title of "the First Batch of 50 Green Mines Construction in Guangdong Province" and received a government grant of RMB 800,000; C'estbon Jiangmen Factory and Zhuhai Factory were respectively awarded the "Green Hills and Clear Waters, Water and Energy Saving" outstanding enterprise award by China Beverage Industry Association.



China Resources C'estbon

China Resources Ng Fung

Yangzhou Ng Fung Fuchun Food and Hong Kong Sheung Shui Slaughter House adopted the ISO14000 Environmental Management System; the Gutian CR Hope Town formulated the Environmental Protection Supervision System and Pesticide Safety Operation Regulations to achieve environmental protection self-monitoring and standardize operation practices so as to reduce hazardous waste emissions.

Ng Fung Freezing Food

Since 2015, Ng Fung Freezing Food has implemented energy management, established energy-saving and emission-reduction management approval process for each production base, conducted monthly comparison and abnormal analysis of energy consumption of each production base; carried out comparative analysis of sewage treatment facilities operation and cost; managed the implementation of energy conservation and emission reduction technical transformation projects; organized self-inspection, supervision and inspection of energy and environmental protection issues and tracked their improvement; took management and control of the benchmarking and assessment of energy conservation and emission reduction targets of the three bases, namely, Lanxi, Xiasha and Yangzhou, thereby effectively promoting energy conservation and consumption and pollution reduction.

Fruit Business Department

In 2018, China Resources Ng Fung Agricultural Products (Zhangzhou) Co., Ltd., which is mainly engaged in honey pomelo processing, invested nearly RMB 700,000 to build sewage treatment equipment with a treatment scale of 60m<sup>3</sup>/d. After grading → tap water cleaning → rinsing with food grade detergent solution → tap water cleaning → packaging and other processes, all sewage met the national emission targets.

# Practice Green Business

CRE actively responds to the call for ecological civilization construction, firmly establishes the concept of low-carbon operation and integrates the green management concept into the whole process of production and operation management, constantly innovates environmental protection technology, continuously improves the green industry chain construction, promotes resource recycling and reuse, optimizes product transportation routes in time, reduces the impact of transportation links on the environment. In the meantime, the company is committed to supporting the development of low-carbon industries with green operations. In 2018, the company's consolidated energy consumption per RMB 10,000 output was 0.0569 tons of standard coal and the target completion rate reached 117.89%; the consolidated energy consumption per RMB 10,000 value addition was 0.1398 tons of standard coal and the target completion rate reached 113.44%; the COD was recorded 299.7789 tons and the target completion rate reached 111.34%.

## Promote Energy Saving and Emission Reduction

CRE fully understands that enterprise development and environmental protection should go hand-in-hand and always pursues a new economic model of coordinated development of resources and environment, seeks harmonious co-existence between enterprises and cities, and aspires to be a role model for ecological civilization construction.

China Resources Snow Breweries

In order to reduce heat loss, improve the comprehensive utilization efficiency of heat energy, in May 2018, CRSB launched the "New Factory Thermal Energy Comprehensive Utilization System" project, established packaging cryogenic condensate tank, high-temperature condensate circulating tank and brewing condensate water storage tank and added two sets of heat exchange systems, namely, "Sterilizer and Condensate Heat Exchange System" and "Heating and Condensate Water Heat Exchange System", to recycle heat from process steps such as saccharification and packaging condensation etc. In November 2018, CRSB completed the overall construction of the project, which was officially put into production. By the end of 2018, packaging steam consumption decreased by 6kg/kl year-on-year, saving about 182 tons of steam.

China Resources Ng Fung

In the process of promoting the low-nitrogen combustion reform project of Shanghai gas boiler, China Resources Ng Fung replaced the traditional burner with low-nitrogen burner, made full use of staged combustion and flue gas external circulation technology to achieve low-nitrogen combustion. In 2018, China Resources Ng Fung's total NO<sub>x</sub> emissions fell by more than 17%.

China Resources C'estbon

Eliminate high-polluting fuels and vigorously use clean energy. In 2018, electricity consumption accounted for 85.93% of the total energy consumption of China Resources C'estbon, thermal power accounted for 7.47%, natural gas reached 6.13%, and CO<sub>2</sub> emissions decreased by 22.29% year-on-year. No general or above environmental pollution incidents occurred throughout the year.

## Reduce Resource Consumption

While driving the growth of production, CRE's subsidiaries continue to reduce environmental pollution and resource consumption through more eco-friendly equipment, greener design and finer management, and promotes the transformation of environmental governance model from end-of-pipe management to cleaner and greener production, which is an effective path for the transition from the traditional industrialization model to the emerging industrialization model.

CRE Properties

The Hong Kong Hennessy Building adopted an oil-free air compressor, a magnetic floating central refrigeration unit, combining energy and environmental benefits and completed the installation of the new unit in April 2018. From May to December 2018, the electricity consumption of air-conditioning in shopping malls has been saved by more than 20% per month compared with the same period of the previous year. The noise generated by the operation of the new unit was also lower than before, and the mechanical wear was minimum and the maintenance cost was reduced by 80%. The original poster display area of the mall was replaced with an electronic publicity screen, replacing a total of 39 electronic publicity screens to effectively reduce the waste and pollution caused by promotional materials; participated in the peach blossom recycling service led by the Hong Kong Environmental Protection Department, and recycled the peach blossoms in the mall for horticultural coverings and composting.



Ng Fung Freezing Food

Implemented the "Sewage Station Return Pump water Saving Improvement Project" at the Yangzhou production base, pumping the secondary settling tank water for the return pump to replace the tap water; implemented the "Bean Washing Water Reuse Project" at the Lanxi production base, installed the pumping on the water collection tank, and pumped the filtered bean water for recycling.

Pacific Coffee

Hong Kong would use a newly developed thermoplastic paper cups and lids with decomposed plastic organic additive. The project initiated communication and validation of feasible solutions with potential suppliers from May 2016. The first batch of genuine goods was received in December 2018 and was expected to be launched in all stores in 2019.



Hong Kong Sheung Shui Slaughter House of China Resources Ng Fung was awarded the "BOCHK Corporate Environmental Leadership Award"



Hong Kong Sheung Shui Slaughter House of China Resources Ng Fung was awarded the "Peak Power Management Effectiveness Award"



Ng Fung Livestock Promotes Clean and Efficient "Natural Pig Farming Method"

According to the micro-ecology theory, Jiangxi Ng Fung Livestock implements the "Natural Pig Farming Method" & Eco-Friendly Pig Farming, using feed additives (microbial preparations) processed by special techniques to improve the micro-ecological balance of pig intestines and improve the disease resistance of pigs, and comprehensively laying mixed bio-organic material as mats with certain thickness, such as rice husk and sawdust etc. in the pig house. The pigs are kept on the top, and the excreted feces and urine are rapidly degraded in the pig house and digested by the microorganisms after complete fermentation, thereby achieving a flush-free pig pen, no odor, effectively solve the problem of serious pollution of rivers, cultivated land and groundwater by manure discharge from pig environment, achieve zero discharge of pollutants, and realize environmental protection treatment of reduction, harmlessness, resourcefulness and ecological environment protection of livestock and poultry pollution from the very source. Adopt automatic feeding, automatic water drinking and other technologies to achieve more than 90% of water saving.

Pacific Coffee Energy-Saving and Consumption-Reduction Series Action

Starting from various stores, Pacific Coffee actively carried out energy-saving and consumption-reducing actions, and by setting up coffee insulation sleeve recycling bin and glass bottle collection points, reducing the number of printed documents, providing plastic tableware for food take-out orders, testing sugar cane fiber drinking tubes, carrying out the action of "no more straws in the seasoning area", replacing plastic stir bar with wooden stir bar, and collecting coffee grounds and sending them to the Live Life Green Committee as community farming fertilizer and other ways, to help develop a circular economy and reduce waste of resources.

Mainland China and Hong Kong, China of Pacific Coffee for many years (9 consecutive years in mainland China, 10 consecutive years in Hong Kong, China) participated in the Earth Hour campaign organized by WWF. On the evening of March 24, 2018, Pacific Coffee responded to the Earth Hour campaign, shutting down non-primary light, implementing the Energy-Saving and Consumption-Reduction Initiative, and received a "Partner" thank you letter from WWF.



Pacific Coffee and HSBC collaborate to promote environmental protection programs, including coffee cup cover recycling rewards, non-active provision of straws, non-provision of physical receipts (except for credit card payments), special discount for bringing your own cup, coffee cup sets reuse plans, etc., to promote the importance of environmental protection to the public.



All coffee shops in universities or higher education colleges in Hong Kong, China of Pacific Coffee participate in the "No Straw Day" activity on every Tuesday, encouraging students and employees to reduce the daily consumption of plastic drinking tubes and

protect the marine ecosystem. The Education University of Hong Kong coffee shop even extended the "No Straw Day" to "No Straw Campus" to encourage and guide green consumption.





## Protect Natural Ecology

The subsidiaries of CRE will fully consider the potential impact on the factories area and surrounding biodiversity during the site selection, production and operation of the factories. It is required to comprehensively evaluate the impact of site selection on the basis of strict adherence to the site selection principle; adopt diversified comprehensive remediation measures to treat various pollutants discharged during the construction period, and prevent and reduce the adverse impacts of the construction process on the environment.

China Resources C'estbon

Sets up temporary grease traps and sedimentation tanks in factories area, construction wastewater can be recycled after treatment; strengthens the education and training of construction workers, improves their environmental protection and water conservation awareness; promotes the standardization, civilization and scientific development of the construction process and reduces the generation of wastewater.

China Resources Logistics

China Resources Logistics (Yuen Fat Wharf & Godown) organized a dust control project, and started rebuilding the terminal roadway project in 2018, to fundamentally improve the environment of the terminal site, and formulate daily dust control measures, such as adding sprinkler systems for tenants, install a dust removal fog gun machine in the sprinkling blind spot area etc., comprehensively safeguard green and safe operations as well as employees health.



Environmental Impact Assessment of China Resources C'estbon Nanning Project

## Cultivate Green Culture

In order to let more people understand the importance of EHS work, CRE actively responded to the call of CR to take the initiative to participate in the 2<sup>nd</sup> "Running with Green 2018" charity run and the 15<sup>th</sup> "Hong Kong Environmental Carnival 2018" environmental protection publicity activities sponsored by the Green Council to strengthen employees' environmental awareness and abilities.

China Resources C'estbon

Gradually implement energy-saving and emission-reduction work, carry out energy-saving publicity week, low-carbon day and "energy shortage experience day" activities; make full use of emerging media such as WeChat, MicroBlog, QQ, etc. to promote energy-saving and low-carbon information, and pass green environmental protection concept to more people.



"Energy Saving and Consumption Reduction, Defending the Blue sky" environmental protection publicity of China Resources C'estbon

China Resources Ng Fung

Organized the EHSQ management personnel of subsidiaries, and EHSQ related personnel of various departments, workshops and teams to carry out training activities on the theme of "Environmental Factors Identification and Assessment", "Environmental Laws and Regulations" and "Sewage Station Operation Technology", the number of training totaling 135 man-times; added energy-saving and emission-reduction content to the grassroots leadership training sponsored by the Human Resources Department, the number of training totaling 64 man-times; organized subsidiaries to carry out the theme promotion activities such as "National Energy Conservation Publicity Week" and "National Low Carbon Day" etc.; shared environmental knowledge through internal publication "EHSQ Knowledge and Case Sharing".

Ng Fung Freezing Food

June 5, 2018, "Sowing Green, Looking to the Future" Theme World Environment Day, hosted by Hangzhou Economic and Technological Development Zone Construction and Environmental Protection Bureau, Social Development Bureau, Water Control Office, and sponsored by Zhejiang Ng Fung Freezing Food, Haida Green Development Promotion Association, etc., was successfully held. The main contents included: Green Visit Activity Base Awarding Ceremony, Green Bookshelf Book Donation Activity, Readout Environmental Protection Initiative Book, etc., attracting about 200 people to participate. On June 22, 2018, Ng Fung Freezing Food Lanxi Production Base launched the "Energy Saving, Defending the Blue Sky-I Sign, I Participate, and I Promote" energy-saving publicity campaign.



## Pacific Coffee Environmental Protection Publicity and Education Action

### "Take Coffee Grounds Home"

Pacific Coffee Mainland China and Hong Kong, China continue to support the "Take Coffee Grounds Home" activity, providing free coffee grounds for consumers for daily home use; encouraging and advocating the good use of coffee grounds, reducing waste of resources. In Hong Kong, China, Pacific Coffee placed pre-packaged coffee grounds in the lobby of the Soundwill Plaza for free access by the public, and the activity lasted for 2 months.



### "Rubber Cup Cover Recycling"

June 5, 2018 is the "World Environment Day". Pacific Coffee China Mainland participated in the Water Forever public welfare and environmental Protection project initiated by the China Women's Development Foundation, and sponsored the activity tea break, indicating the brand's strong support for environmental protection, and in the follow-up, it will continue to support the "the Queen Mother Reservoirs" project.





# Implement Green Workplace

CRE integrates the concept of green development into daily work and advocates green workplace. Following the three principles of "reducing use, waste recycling and utilization", CRE formulates green workplace management measures, and establishes an environmental protection workplace to save energy resources while creating a healthy and warm workplace environment.

## Unified Management and Mutual Complementarity

When applying for office supplies, it is necessary to check whether any forgotten office supplies are not used. If there are surplus materials, they shall be submitted to the Corporate Affairs Department for mutual complementation between departments.

## Cherish Energy and Save Electricity

Post energy-saving signs in public areas such as tea rooms and conference rooms, advocate turning off computers and air conditioners when no one is using them; set up specially-assigned personnel to check lights, air conditioners and power off after work; put tips on the lamp button of the corresponding office area to remind the employees to turn off the power when leaving the office for a long time. In 2018, CRE's office electricity consumption was 446,509 kwh.

In 2018  
office power  
consumption was  
**446,509** kwh

## Save Paper and Reduce Waste

Set up photocopying paper collection box next to the photocopier, prompting to put single-sided paper in the collection box for reuse; ask employees to use electronic means to send information as much as possible, advocate paperless office; set the printer uniformly to the default grayscale and double-sided printing mode. In 2018, CRE used a total of 377,596 sheets of office papers, including 270,606 sheets of black and white prints, and 106,990 pieces of color prints.

In 2018  
a total of  
**377,596**  
sheets of office  
paper were used

## Waste Utilization, Environmental Protection Reuse

Set up waste paper recycling bags in special areas to collect waste paper; transfer the used printing machine toner cartridge to qualified recyclers for recycling.

## Video Conferencing, Reducing Travel

Encourage employees to adopt the telephone video conference mode as much as possible, effectively reducing the frequency of on-site meetings where participants are required to travel.

## Listen to the Voice of Environment

“

Raising pigs to clear manure is a tiring and dirty job. Use our tiredness to exchange the cleanliness of the environment, not letting a drop of excess wastewater out of our farm, then our tiredness is worth it. For the reduction of pollutants on the farm, let's continue to struggle!

”

China Resources Ng Fung  
Zhong Qiongyang

## We Are Striving Forward

"Efficient, low-carbon, green, and continuously create environmental value" are the direction of CRE to fulfill its environmental responsibility. The company will continue to improve the environmental management system, carry out environmental protection training, popularize environmental protection knowledge, enhance environmental awareness; apply environmental protection technology to build a green industrial chain; practice energy conservation and emission reduction, recycle resources, adhere to green production; carry out green workplace, enhance employees' awareness of water saving, power saving and paper-saving, build a green workplace environment, and make unremitting efforts for building a resource-saving and eco-friendly enterprise.

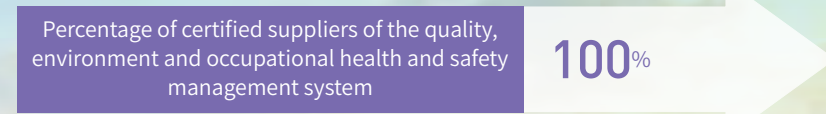






# Achieve the Goal with One Heart • Create a Happy Future Together

## Our Achievements



## Our Actions

Every step of the company's growth is inseparable from its partners. CRE strictly abides by relevant laws and regulations and adheres to fair trade; actively carries out strategic co-operation to promote communication and exchange of information and technology in the industry; improves the management system of suppliers and distributors, builds a responsible supply chain, carries out capacity improvement activities, promotes common growth, and achieves win-win scenarios with partners.



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## Carry out Strategic Co-Operation

CRE adheres to the concept of mutual benefit and win-win co-operation, and opens up communication, exchange and co-operation channels with the government, enterprises and scientific research units and builds a co-operation platform that can give full play to the resources and advantages of all parties, and seeks co-operation and win-win scenarios.

### Integration of Industry, Study and Research

CRE vigorously promotes co-operation with schools and scientific research institutions etc., creates a special co-operation platform, invests more funding in research, encourages scientific research and development and scientific research personnel talent training, and lays a good foundation for product renewal and adaptation to the market environment.



The company and Sichuan University jointly established the "Joint Research Laboratory for Condiment Processing Technology", which is mainly to testing standard system construction, technology development, production process optimization design, production R&D system construction and technical personnel training for wild pepper and condiment series products; jointly established "Sichuan Tourism College • Ng Fung Lihong Condiment" Research Institute with Sichuan Tourism College, the main co-operation direction is the development and research of wild pepper seasonings.

### Serving the China Great Bay Area Development

CRE actively responds to national policies, supports the national strategy of Guangdong-Hong Kong-Macao Greater Bay Area (GBA), and relying on the overall advantages of the CR and its own experience in the consumer field, strives to build a consumer platform in GBA, and continually improves its business competitiveness. As of the end of 2018, CRE's total assets in GBA were HK\$45.4 billion, and its turnover was HK\$15.15 billion, with a total of 7,977 employees. In addition, the subsidiaries of CRE also participates in the development of GBA.

- **China Resources Snow Breweries:** Sets up 4 factories in GBA, with a total investment of nearly RMB 2 billion.
- **China Resources Ng Fung:** Operates the largest slaughter house in Hong Kong, accounting for 44.7% of the live pig market in Hong Kong in 2018, and owning a slaughter house and a rice factory each in Shenzhen.
- **China Resources C'estbon:** Sets up 4 factories in GBA, and the market share ranks No.1 in GBA.
- **Pacific Coffee:** It has already advanced to 8 cities in GBA with a total of 238 stores, accounting for 49.5% of all stores, and the number of stores in GBA ranks second.
- **China Resources Logistics:** The scale of freezing warehouses ranks second in Hong Kong and the dry goods warehouse ranks fifth.
- **CRE Properties:** Owns 9 high-end retail leasing properties in Hong Kong.
- **Aquatic Division:** Develops "good products, good supply chains, good channels" business in Hong Kong, Foshan and Shenzhen and build a comprehensive trade processing aquatic product service platform integrating Guangdong, Hong Kong and Macao.

As of the end of 2018  
 CRE's total assets in GBA was HK\$ **45.4** billion, with a turnover of HK\$ **15.15** billion and a total of **7,977** employees

## Linked Enterprise Co-Operation

CRE continuously strengthens communication and co-operation with other enterprises, deeply integrates the advantages and resources of both parties, signs long-term co-operation strategic planning and creates a win-win and mutually beneficial co-operation platform to achieve mutual growth and development.

### CRE Actively Participates in the Mixed-ownership Reform of Local State-owned Enterprises

On February 3, 2018, CRE and Fenjiu Liquor signed a share transfer agreement, and held a strategic co-operation deployment seminar in November. The meeting decided to establish a strategic co-operation leadership committee to formulate the 2019 sales plan, strategic co-operation goals and key synergies. CRE hopes to leverage its operating experience and market brand capabilities in the beer industry to enhance the capabilities of Shanxi Fenjiu in the market, brand, product and supply chain operations and to assist in industrial synergy and to increase its business value.



This investment is an attempt of fund and traditional industry synergistic portfolio investment, it is also a new model for creating "capital investment + wisdom investment", which is conducive to participating in local state-owned enterprises' mixed-ownership reforms and strategically supporting local economic development.

### Industries Co-Operation between CRE and Fraternal Unit

In 2018, CRE seized closely the potential opportunities for the development of photovoltaic facilities in Hong Kong. Based on its own property platform in Hong Kong and with support of the mature solar photovoltaic technology of CR Power and the successful experience of the mainland photovoltaic project (PV) project, CRE, in co-operation with CR Power, developed solar photovoltaic projects, at the same time, implemented the concept of "Guangdong-Hong Kong-Macao Greater Bay Area + Reshaping Hong Kong", an important practice to promote performance growth, business expansion and ecological construction.



Upon completion of the project, it will supply clean energy of 718,000 kwh per year, saving 258.5 tons of standard coal, reducing dust emissions by about 195.3 tons, and generating annual revenue of about HK\$ 2.87 million. By 2033, it is expected to achieve an overall revenue of approximately HK\$ 43.05 million.

By 2033  
 the project expected to realize an overall revenue of approximately HK\$ **43.05** million



## Build a Responsible Supply Chain

CRE focuses on integrating responsibility concept and responsibility awareness into the construction of supply chains, and through the formulation of relevant management systems, strengthening the training and communication of suppliers and distributors, continuously improves their capabilities, regulates their behavior, and guarantees the sustainable development of the supply chains.

### Strengthen Supplier Management

The subsidiaries of CRE clarify supplier purchasing standards, formulate management systems, such as supplier access standards, supplier co-operation process management requirements and supplier evaluation systems, and strengthen supplier management; incorporate fair and open trade principles into supplier management and promote healthy market economic development.

China Resources Logistics	Pay attention to the responsibility management of stakeholders. At the time of project purchasing bidding, the contractors are required to sign relevant liability statement, safety regulations and other precautions, and the contractors are required to purchase labor insurance and third-party liability insurance for the employees.
China Resources Ng Fung	Promulgated the "Purchasing Management System of China Resources Ng Fung", conducted grading management of suppliers, and clarified the supplier evaluation rules; conducted annual inspection and updating based on the requirements of the "Qualified Suppliers Register", and remove unqualified suppliers in a timely manner. In 2018, the Purchasing and Engineering Management Department of the Headquarters of China Resources Ng Fung evaluated a total of 95 key suppliers, with a pass rate of 92%. <b>In 2018</b> the Purchasing and Engineering Management Department of the Headquarters of China Resources Ng Fung evaluated a total of <b>95</b> key suppliers
China Resources Beer	Formulate a series of supply chain management systems, such as "Quality Extension Management Regulations", "Rules on Hops Quality Extension Management", "Rules on Beer Syrup Quality Extension Management", and strengthen the quality control of supply materials; cooperate with third-party companies, and carry out random inspection on food safety of supplies. In 2018, CR Beer conducted a comprehensive evaluation of 336 suppliers, of which 201 suppliers met the good standards, 127 suppliers met the qualified standards, and 8 were unqualified suppliers. <b>In 2018</b> <b>336</b> suppliers were comprehensively evaluated by CR Beer
China Resources C'estbon	Attaches importance to supplier integrity assessment, incorporates integrity management into supplier selection requirements, fully implements "sunshine purchasing", and opposes unfair commercial competition; strictly abides by "China Resources Beverage Integrity Practice Guidelines" and "Sunshine Declaration", requires 100% of the relevant personnel involved in bidding purchasing activities sign the letter of commitment; signs the "Integrity Agreement" with the national material supplier as an attachment to the contract, stipulating that employees of both parties should be honest and self-disciplined, and must not seek personal gain in the process of bidding, negotiation, winning bid, contract signing, contract performance, contract payment, contract settlement, etc.; regularly organizes supplier conferences to help suppliers improve to the better. In 2018, China Resources C'estbon organized 49 major purchasing suppliers to participate in social responsibility related training, such as "Supplier Quality Management System Training" etc. <b>In 2018</b> <b>49</b> major suppliers of purchasing of China Resources C'estbon participated in social responsibility related training, such as "Supplier Quality Management System Training" etc.



In 2018, China Resources C'estbon publicly commended outstanding co-operation suppliers at the supplier conference entitled "Sincere Cooperation, Win-Win Future".

### Drive Dealers to Grow

CRE's subsidiaries focus on dealer management, and by adopting measures such as guidance, training, commendation and encouragement, etc., continue to improve dealers' operational capabilities and management experience, and promote a positive growth in sales performance.

China Resources Beer	Take multiple measures to manage dealers, including guiding, planning and designing dealer business content, improving terminal maintenance level, etc.; guide dealers' business model upgrades, enhance dealers' comprehensive competitiveness; organize excellent dealers to learn advanced fast-moving consumer goods (FMCG) products channel operation management experience; assist dealers to formulate annual budget, business plan and development plan; and regularly hold dealers' year-end commendation meeting.
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## Promote Industry Development

Adhere to the business principles of "strictly abiding by integrity, striving for win-win development" and the "mutual benefit and win-win" co-operation concept, at the same time of its own development, CRE always pays attention to the industry dynamics. CRE mobilizes its subsidiaries to actively participate in the training exchanges and industry standards development activities of the industry, makes rational use of superior resources, builds a strategic sharing platform, and commit to common development and progress with the industry.

China Resources C'estbon

In 2018, as the vice chairman unit of China Beverage Industry Association (CBIA), the vice president unit of China Beverage Industry Association Natural Mineral Water Branch and of Guangdong Bottled Drinking Water Industry Association, and other member units of more than 20 professional industry associations, China Resources C'estbon participated in a total of 32 seminars and social welfare projects, and assisted in the preparation of the "Sustainability Report 2018 of China Beverage Industry", "China Beverage Industry Association 25<sup>th</sup> Anniversary Commemorative Book", etc.; cooperated with CBIA to complete the "Group Standard for General Rules of Assessment and Evaluation of Outstanding Enterprises in Water-Saving and Energy-Saving in China's Beverage Industry", and as one of the drafting units, together with CBIA, promoted the whole industry to fulfill its social responsibility of resources saving and environmental protection; joined the research group of "General Principles for Evaluation of Excellent Enterprises in Practicing Social Responsibility of China Beverage Industry", and has become one of the drafting units of the General Principles.

In 2018

China Resources C'estbon participated in a total of **32** seminars and social welfare projects



China Resources C'estbon participated in the Council Meeting of CBIA



China Resources C'estbon participated in the Annual Meeting of CBIA



CR Logistics participated in the Inauguration Meeting of Qingdao Rail Transit Industry Demonstration Zone & Project Signing Ceremony

## Listen to the Voice of Partners

“

In 2018, the sales of China Resources Ng Fung in JoyBuy exceeded RMB 100 million and successfully entered the RMB 100 million club! Only two years from the co-operation in 2016, China Resources Ng Fung's 10kg' single item, namely, Wu Chang and Dao Hua Xiang, has become the most popular best-seller product of Jingdong Supermarket!

”

Official MicroBlog and WeChat of JoyBuy

“

It has already been 30 years since starting co-operation of the air conditioning factory with Ng Fung Freezing Food in 1988. In the fierce competition of cold drinks and quick-freezing market, there are dozens of brands out there, but Ng Fung Freezing Food has always insisted on doing business in a down-to-earth manner, maintaining the terminal interests for the dealer, so we trust Ng Fung.

”

Representative of Xingxin Vegetable & Fruit Co., Ltd. of Hangzhou Region



## We Are Striving Forward

"Collaboration, promotion, and win-win, and continually create partner value" are the direction in which CRE fulfills its partner responsibilities. The company will continue to abide by relevant laws and regulations, ensure fair competition and maintain industry order; focus on solidarity and co-operation, actively carry out strategic co-operation with peers and non-peers to achieve mutual benefit and win-win scenarios; improve supplier management system, promote supplier responsibility; focus on dealer capacity, build responsible supply chains, and continuously build competitive-friendly and strategic co-operation partnership.







# Spare No Resource in Public Welfare • Showcase a Responsible CRE

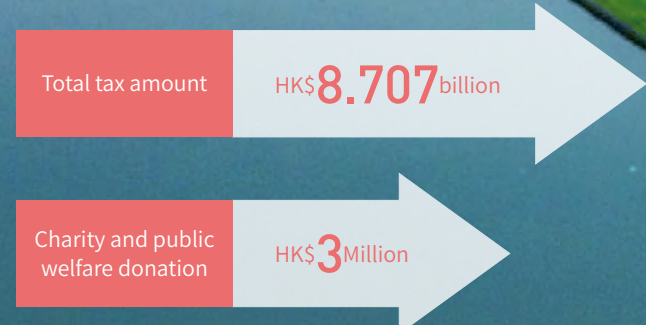
## Our Actions



Upholding the company vision of "Starting Afresh in Creating a Better Life", CRE hopes to continue to fulfill its role as a responsible corporate citizen through continuous social value creation. The company has made precise efforts in targeted poverty alleviation, community development, cultural and sports support, etc., and effectively improved people's livelihood and well-being. In 2018, Haiyuan's Poverty Alleviation Model organized by CRE was listed in the "50 Cases of Targeted Poverty Alleviation" of the Social Poverty Alleviation Department of the State Council Poverty Alleviation Office, actively driving local coordinated development. The company will continue to carry out charitable donations and help vulnerable groups, and enthusiastically support public welfare charities; assist in cultural and sports undertakings and community building, and build a harmonious and civilized society.

- 62 Assist in Targeted Poverty Alleviation
- 63 Participate in Community Development
- 65 Support Cultural and Sports Activities

## Our Achievements





## Assist in Targeted Poverty Alleviation

Since the 18<sup>th</sup> National Congress of the Communist Party of China, General Secretary Xi Jinping has made a series of important statements on poverty alleviation work, creatively proposed the basic strategy of targeted poverty alleviation and targeted poverty elimination, and promoted theoretical innovation and practical innovation on poverty alleviation and poverty elimination. CRE deeply understands and has grasped the rich connotation of the basic strategy of targeted poverty alleviation, gives full play to its own advantages, combines internal and external resources with local and regional industries, and continuously drives coordinated economic development in poverty-stricken areas, works with partners to build a harmonious society, and jointly realizes the corporate mission of "create a better life together".

Industry Development Department of Hope Town affiliated to China Resources Ng Fung

In 2018, it contributed 23,847 man-times of farmer employments in fixed-point poverty alleviation areas, old revolutionary base areas, ethnic autonomous areas, border areas and poverty-stricken areas, spent RMB 33.4063 million on labor for farmers, making positive contributions to the work of poverty alleviation through employment.

Jiangxi Ng Fung Rice Vermicelli

In 2018, 907 people from vulnerable and disadvantaged groups were employed, and 87 poor households were given targeted assistance, making positive contributions to the work of poverty alleviation through employment.

Zhejiang Ng Fung Freezing Food

Helped vulnerable and disadvantaged groups solve employment problems, there are 7 disabled workers in employment at present; paired up with poverty points Lingqi Township, Chun'an County, Zhejiang Province, and purchased more than 1,500 kilograms of pecans to help poverty-stricken counties and towns get rid of poverty.

Sichuan NG Fung Lihong Food

In 2018, a total of 60,000 mu of green wild pepper bases were established in more than 20 townships around Hanyuan. With the model of "company + base + professional cooperatives + farmers", Sichuan NG Fung Lihong Food established long-term and stable interest linkage mechanism with more than 15,000 local farmers to effectively promote the development of local wild pepper industry; through industrial assistance and counterpart support to Min'an Village, Xixi Township as poverty-stricken village, the company invests about RMB 500,000 in wild pepper seedings and agricultural materials every year for base construction and technical support.

China Resources Snow Breweries

In 2018, Jiaying Factory in Zhejiang Province donated RMB 100,000 for the help of Fenghuang Community in Haiyan County; Anqing Factory in Anhui Province helped Sanhe Village of Leichi Township in Wangjiang County and Tiantai Village of Dianqian Township in Yuexi County to achieve poverty elimination; Deyang Factory in Sichuan Province helped villagers renovate the surrounding culverts to improve the water use environment; Suzhou Factory in Jiangsu Province cooperated with the local public security bureau to carry out the joint security and defense system; Yuncheng Factory in Shanxi Province and the 83<sup>rd</sup> Division Artillery Regiment Reserve Infantry of the People's Liberation Army jointly set up a comprehensive rescue team.



Fixed-Point Poverty Alleviation Project of Changdu Factory of CRSB, in Gansu Tibetan

## China Resources C'estbon Beverage (Liu'an) Co., Ltd. Helps Fight Poverty

The Central Village of Liu'an Economic and Technological Development Zone is located in the north gate of Liu'an City. The village has 17 villager groups, with a total population of about 2,270, of which, 58 households are poor due to illness. It is a key village to poverty elimination in the Development Zone.

On June 29, 2018, under the coordination and assistance of the Poverty Alleviation Office and the grassroots Party committee of Liu'an Economic and Technological Development Zone, all Party members and some volunteer representatives of the Trade Union of China Resources C'estbon Beverage (Liu'an) Co., Ltd. went to the Central Village of the Economic and Technological Development Zone to carry out "China Resources C'estbon Liu'an Factory Helping the Poor and Needy & Sending Cool in Summer Activity". The activity focused on visiting and sending cool in summer, and invited teachers and students volunteers to provide volunteer services to the villagers. Liu'an Factory of China Resources C'estbon donated pure water, afternoon milk tea and edible oil to the village, totalling RMB 10,000.



In 2018  
China Resources C'estbon donated RMB  
**10,000** to the  
Central Village

## Participate in Community Development

CRE is committed to the cause of public welfare, deeply integrates public welfare resources and corporate advantages, actively carries out public welfare activities, provides material assistance and support to those in need so that more people can feel the warmth and care of CRE, and works together to tide over the difficulties; mobilizes subsidiaries to promote policies of localized purchasing, purchases the bulk raw materials required for production by China Resources C'estbon of the subsidiaries directly at the factory location, and while reducing the transportation cost, drives more local people to achieve entrepreneurial employment.



In 2018, CRE established the "CRE Heart-nurturing Club (Gengxin Club)" volunteer team, recruited nearly 70 volunteer members, and organized activities such as "Protecting the Dasha River", "Cleaning the Beach", "Escorting the Nanshan Half Marathon", and other loving care activities.

Pacific Coffee

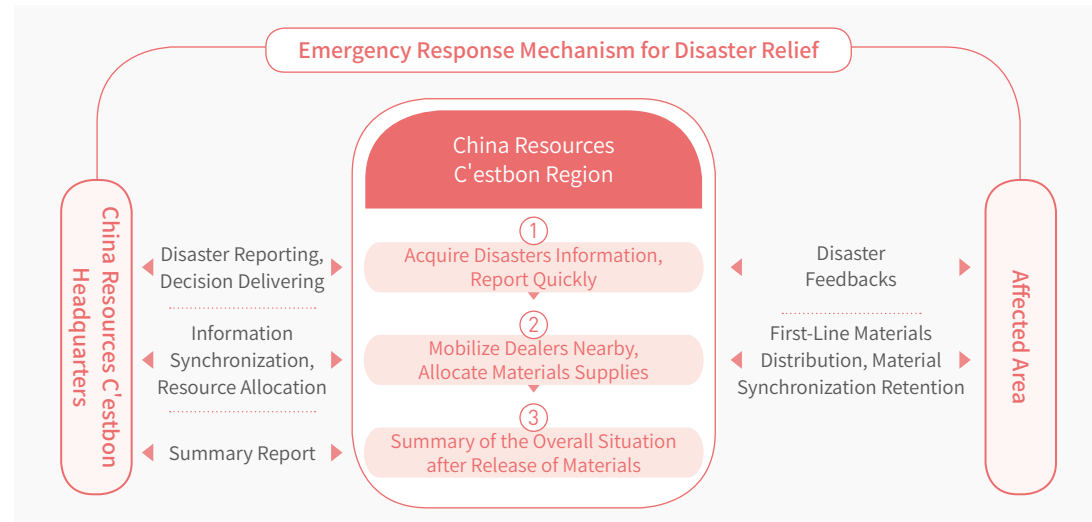
Cooperate with the Youth Enterprise Development Foud to provide internship opportunities for poor young people, let them personally experience life in the workplace, learn a skill to get out of poverty; and donate to support the Youth Enterprise Development Fund to help poor young people in Hong Kong.

China Resources Ng Fung

China Resources Ng Fung and its subsidiaries insist on joint discussion and construction with the resident people, organizing various volunteer activities, helping and caring for vulnerable groups, and contributing to the development of the community. For 8 consecutive years, Hangzhou Ng Fung participated in the "Spring Breeze Action" initiated by the Hangzhou Municipal Party Committee and the Municipal Government, and donated a total of RMB 800,000 to send warmth to the people in need.



Established a "Emergency Response Mechanism for Disaster Relief" with headquarters and regional coordination. In the face of heavy rain and typhoon disasters, C'estbon stuck to the first line of disaster relief and transported materials to the disaster area the earliest time possible. In 2018, C'estbon's disaster relief materials totaled 3,000 boxes of pure water, equivalent to RMB 78,712.



Chinese Resources C'estbon



Donating C'estbon pure water for earthquake disaster relief (Boxes)

2016	26,025
2017	26,850
2018	3,000

Note: The occurrence of disasters in 2018 was less than previous years, so the data on donation of C'estbon pure water also dropped significantly.



2018/7/13	870	Flood Disaster In Tongnan
2018/7/14	730	Flood Disaster in Hechuan
2018/7/25	600	Flood Disaster in Guanghan, Deyang City in July Due to Sustained Rains
2018/8/11	800	Disaster Relief in Luoding

### Water to the Gate in the Mud

In July 2018, affected by continuous heavy rainfall, the floods in the Fujiang Section of Tongnan District of Chongqing City surged, and the water level rose to 245.15 meters (exceeding the guaranteed water level by 5.16 meters). The lives and property safety of the people in the disaster areas were threatened.

The staff of China Resources C'estbon Southwest Regional Branch has always paid attention to the dynamics of precipitation area, and coordinated in linkage with local distributors, etc., quickly allocated 1,600 boxes of pure water and some urgently needed materials to the disaster areas, organized rescue teams to support the front line, and together with all forces to protect the drinking water safety of the people in the disaster areas. After a long period of heavy precipitation, the roads in Tongnan District were covered by muddy water. In some areas, the mud was thick and heavy to the level that when the disaster relief water reached the scene, the storage site could not even be found. The disaster relief team therefore distributed the goods with the truck as the center, and helped people move the pure water to their homes in the muddy ground.

### CRE Participates in the "Oxfam Trailwalker" Hiking Fundraising Activity

"Oxfam Trailwalker" is the largest hiking fundraising activity in Hong Kong. Since its launch in 1986, more than 98,000 participants have raised over HK\$ 530 million for this event to support Oxfam's efforts to promote poverty alleviation, disaster relief and development initiatives in Mainland China and Hong Kong, Africa and other parts of Asia.

In November 2018, CRE's former Chairman Chen Lang and the Chief Financial Officer of CR Beer Li Baosheng participated in the activity of "Oxfam Trailwalker 2018 Leadership Tour", organized by Oxfam, a Hong Kong charity group. They walked through the Pak Tam Chung River in Sai Kung to the West Dam of the High Island Reservoir, earnestly practising their advocate to support Oxfam's poverty alleviation, disaster relief and development initiatives, and helping to raise more money and working together to create a "poverty-free world".

### Support Cultural and Sports Activities

While constantly paying attention to the needs of the public's spiritual culture, CRE continues to work with all walks of the society to carry out various forms of cultural and sports activities, support the development of regional cultural and sports undertakings, cultivate public cultural literacy, enrich spiritual and cultural life, and help healthy living and harmonious development.

In 2018, China Resources C'estbon put forward the concept of "Green Runners of Marathon", and combining the offline Marathon events, refined the events promotion details, and realized interactive links with consumers through products; joining Codoon, launched the theme of "Awakening the Nature of Running", to awaken people's nature of running through runner's story, and assist in achieving health of people across the country. During the reporting period, C'estbon sponsored a total of 223 Running Events (including 149 Marathon Events), and assisted supply station along approximately 6,245 kilometers.

China Resources C'estbon



China Resources C'estbon support the 400km Ultra Gobi



China Resources C'estbon support the Gobi Desert Challenge



China Resources C'estbon support the Le Tour de France



China Resources C'estbon support the Gaoligong by UTMB®



China Resources C'estbon



China Resources C'estbon support the Marathon Events

Sponsored Running Events (Number of times)		Sponsored Marathon Events (Number of times)	
2016	176	2016	93
2017	271	2017	182
2018	223	2018	149

In May 2018, the "Hong Kong Creative PR Competition" organized by the Education Bureau was held at the Mong Kok New Town Mall, Hong Kong, a property owned by CRE Properties. This event not only effectively enhanced the image of CR, but also helped CRE understand the needs and difficulties encountered by young entrepreneurs in the process of operating physical stores.



On November 7, 2018, the new building of Memorial Hall of the Society for the Study of Chinese Architecture (Snow Hall) was officially inaugurated in Tsinghua University. This was another significant event in the "Ancient Chinese Architecture of Popularization and Inheritance Series" in co-operation with CRSB and the School of Architecture, Tsinghua University. As a small comprehensive museum, the museum has functions of collection, research, education, publicity, etc.



## Listen to the Voice of Public

“

The children of Yaoshui Primary School are mostly left-behind children. They have been lacking companionship since childhood, and can only find a little comfort from books for their daily life. China Resources C'estbon Library allows children to realize their wishes and has the opportunity to broaden their horizons. I am very grateful to the Hundred Libraries Plan.

”

In Charge Teacher of Class 2, Grade 5 of Yaoshui Primary School  
Teacher Tang



## We Are Striving Forward

As the flagship subsidiary of CR's comprehensive consumer products, CRE is closely related to people's livelihood. In the future, we will continue to integrate care, harmony, and creation of social value into CRE's business philosophy, so that more social responsibility projects can be effectively implemented; actively drive regional coordinated development, focus on improving the quality of life of the vulnerable and disadvantaged groups; vigorously support cultural and sports activities, enrich public spiritual culture, and create a better life together.





# Improve Responsibility Management

## Responsibility Strategy

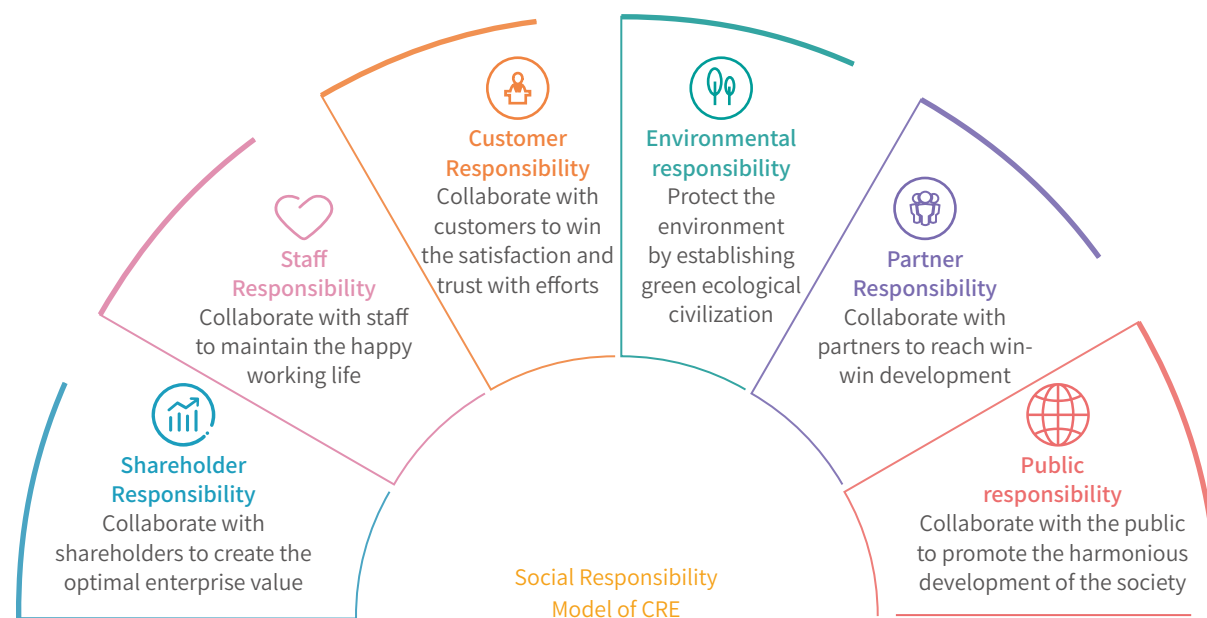
Strategic formulation and development helps enterprises identify internal and external opportunities and threats. CRE has a profound grasp of the trend of times, by combining the priorities and difficulties of social responsibility work, formulate a social responsibility strategic plan that conforms to its own characteristics, and guide CRE to better carry out its social responsibility works.

## Responsibility Concept

Adhering to the "pragmatism, professionalism, synergy, positivity" enterprise spirit, CRE follows the "Regulations on the Management of Social Responsibilities of CR", integrates the mission, vision and values of CR, establishes the social responsibility concept that is in line with the culture of CR, combines works of social responsibility with corporate strategic development and corporate culture construction, and mobilizes its subsidiaries to collaboratively create influential and sustainable responsibility brands such as "Hundred Libraries Plan" etc.

## Responsibility Model

During the "13<sup>th</sup> Five-Year Plan" period, CRE followed closely the requirements of the "CR Social Responsibility Plan during the 13<sup>th</sup> Five-Year Plan Period", in connection with its own business characteristics and actual performance of responsibility and based on its strategic heights, fully deployed its CSR work, defined the overall thinking and path, continuously enhanced the sense of responsibility, advanced responsibility practice, promoted responsibility integration, and strived to achieve the corporate vision of "be a comprehensive consumer and retail services company with accumulating public trust and popularity".



# Responsibility Governance

Following the "Regulations on the Management of Social Responsibilities of CR", CRE issued "Regulations on the Management of Social Responsibilities of CRE" based on its own characteristics, deeply sorted out the responsibilities of various functional departments, offices, business divisions, and subsidiaries, and built a social responsibility matrix management organization system.

## Organizationa System of Social Responsibility Management in CRE

### Leadership and Responsibilities

CRE Social Responsibility Steering Committee is the highest leadership and decision-making body for CSR. It is mainly responsible for strategy formulation, decision-making on important issues and setting forward-looking goals to drive the development path of CSR work.

- Director:** Jian Yi
- Deputy Director:** Li Baosheng, Tang Hongtao, Feng Jing, An Xing, Cheng Dayong, Xie Danhan
- Standing Deputy Director:** Hou Xiaohai, Yu Shutian, Zhang Weitong
- Executive Deputy Director:** Bai Xiaosong, Pu Shi, Liu Mingfang, Liu Xiujun
- Member:** Wang Yu, Wang Wei, Li Han, Tong Tong, Xiang Jun, Wang Shanwen, Guo Qing, Zhang Guangling, Li Haitao, Jonathan Somerville, Shen Jingwu, Qin Dongsheng, Ni Jun, Zhao Yang, Liu Yipeng, Lu Xiaofeng, Zhang Xiaobo

### Executive Agency and Responsibilities

The Corporate Affairs Department, in charge of day-to-day management of corporate culture and social responsibility, is also responsible for leading the organization of relevant rules and regulations and management mechanisms to ensure the smooth progress of CSR work and to organize and prepare the annual CSR reports.

### Functional Departments and Responsibilities

<b>Strategic Development Department</b>	Practices corporate culture in investment development, strategic planning, strategic co-operation, structural optimization, innovation constantly, and ensure that its own and partners comply with social responsibility requirements.
<b>Operation Management Department</b>	Formulates CRE's responsibility brand promotion strategy; empowers the company's interests in constructing excellent operational mechanism and innovative collaborative platform; supervises purchasing management, engineering management and digitalization work, enhances company efficiency, promotes resource synergy, and gives CRE's overall advantage into full play.
<b>Human Resources Center</b>	Assists the Corporate Affairs Department in the promotion and implementation of corporate culture and social responsibility, and makes commitments and efforts in employee rights and interests protection, growth and training, employee care, democratic management, occupational health and safety, and other aspects.
<b>Financial Management Center</b>	Ensures compliance with laws and regulations in terms of capital/asset management, protection of shareholders' rights and interests, and payment of taxes according to law.
<b>Internal Audit Department</b>	Makes efforts in compliance auditing, risk management, etc. to safeguard the company's interests.
<b>Legal &amp; Secretarial Department</b>	Plays an effective role in supervision and promotion in the areas of governing enterprises according to law, compliance management, and protection of shareholders' rights and interests.
<b>Information Management Center</b>	Ensures information security and provide necessary information technology support for related work.
<b>Investor Relations Department</b>	Complies with the company's corporate culture and social responsibility commitments in the protection of shareholders' rights and interests, disclosure of public opinion, etc., publicizes and promotes related work.
<b>Environmental, Health and Safety Department</b>	Promotes efficiency monitoring and risk management in areas such as energy conservation and emission reduction, green development, food safety, production safety, etc., and promotes the sound and orderly development of all work.
<b>Department of Supervision</b>	Supervises to establish a clean and self-disciplined corporate culture and working atmosphere to escort the healthy development.
<b>Mass Work Department</b>	Improves mass work, corporates integrity construction, employees care and development of other works in an orderly manner.



# Issues Analysis

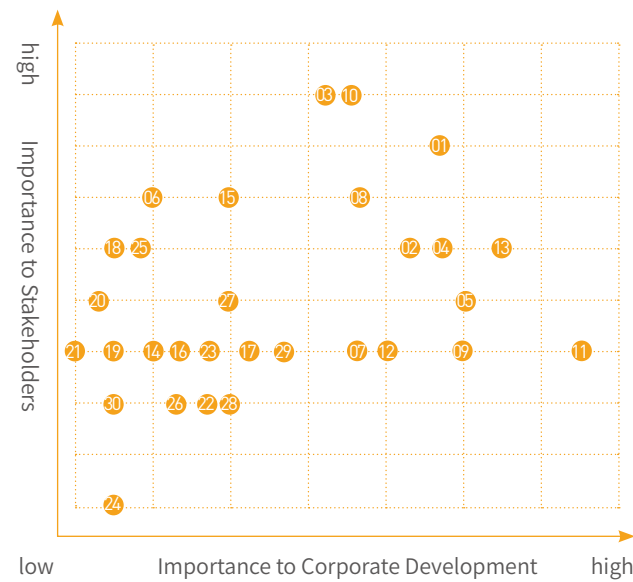
CRE attaches great importance to the opinions of stakeholders, and through benchmarking issues of CR, management interviews, solicitation of external expert opinions, and stakeholder questionnaires etc., conducts responsibility communication and exchanges and deeply explores the needs of stakeholders.

## Define Core Issues

In reference to the social responsibility index system of CR, CRE screened out a total of 30 core social responsibility issues from five dimensions, namely: "self-characteristics and development strategies, important industry topics, stakeholder concerns, future economic and social and environmental challenges, and domestic and international social responsibility standards".

## Substantive Issues Analysis

In order to better understand the expectations and needs of stakeholders, CRE specializes in designing questionnaires on materiality issues and analyzing various issues based on the results of the questionnaires, combining the two major dimensions, namely, "importance to stakeholders" and "importance to corporate development", confirms the core issues involved in the report, and discloses the relevant issues information in the report.



- 01 Responsibility Management
- 02 Corporate Governance
- 03 Compliance with Business Ethics
- 04 Compliance with Laws and Regulations
- 05 Create Economic Value
- 06 Anti-Monopoly and Fair Competition
- 07 Promote Industry Development
- 08 Safe Production
- 09 Training and Career Development
- 10 Occupational Health and Safety
- 11 Compensation and Benefits
- 12 Employees' Communication and Participation
- 13 Care for Employees
- 14 Community Development and Integration
- 15 Charity Events
- 16 Volunteer Service Activities
- 17 Environmental Protection
- 18 Pollution Prevention and Control
- 19 Production of Energy-Saving and Environmental-Protection Products
- 20 Resource Recycling and Utilization
- 21 Pollutants Emissions Reduction
- 22 Green Workplace
- 23 Environmental Protection and Public Welfare
- 24 Responsible Purchasing
- 25 Better Supply Chain Responsibility
- 26 Sales and After-sales Service
- 27 Product Quality and Safety
- 28 Product Innovation
- 29 Customer Satisfaction
- 30 Customer Information Protection

## Responsibility Communication

CRE and its subsidiaries stay active in communicating with stakeholders. On the one hand, they set up a social responsibility column on the company's official website and official microblog, regularly push out social responsibility information. On the other hand, they regularly publicize CSR reports or ESG reports, systematically disclose responsibility performance management and practice.



Stakeholders	Expectations and Requirements	Communication Mechanisms and Methods	Measures of Company Response
Government	<ul style="list-style-type: none"> <li>State-owned assets preservation and appreciation</li> <li>Standardize operations according to law</li> <li>Safety and protection</li> <li>Promote local economic development</li> </ul>	<ul style="list-style-type: none"> <li>Work report</li> <li>Information submission</li> <li>Exchange access</li> <li>Statistical statements</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Compliance management</li> <li>Active taxes payment</li> <li>Reduce safe production risks</li> <li>Strengthen crisis emergency management</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Return on investment</li> <li>Control risks</li> <li>Understand company's operation conditions</li> </ul>	<ul style="list-style-type: none"> <li>Performance report</li> <li>Annual meeting of shareholders</li> <li>One-on-One meetings</li> <li>Luncheons</li> <li>Telephone conference calls</li> <li>Visit business channel</li> </ul>	<ul style="list-style-type: none"> <li>Maintain an ideal dividend payout level</li> <li>Maintain a sound financial level</li> <li>Improve risk control management</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Provide compensation and benefits protection</li> <li>Fair competition and development</li> <li>Pay attention to employees' health and safety</li> <li>Care for employees</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Exchange activities and training</li> <li>Daily communication</li> <li>Circle of company employees</li> <li>CRE's official WeChat</li> </ul>	<ul style="list-style-type: none"> <li>Timely payment of full wages</li> <li>Social security payment on time</li> <li>Conduct employee training</li> <li>Provide a healthy and safe workplace environment</li> <li>Establish a fair promotion mechanism</li> <li>Difficult staff assistance</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Guarantee food safety</li> <li>Provide quality products</li> <li>Reasonable price</li> <li>Provide convenient service channels</li> </ul>	<ul style="list-style-type: none"> <li>Customer service</li> <li>Customer survey</li> <li>Exchange activities and visits</li> </ul>	<ul style="list-style-type: none"> <li>Provided quality and sufficient products</li> <li>Product diversification</li> <li>Preferential price</li> <li>Establish a variety of e-commerce channels</li> <li>Improve after-sales service</li> </ul>
Partners	<ul style="list-style-type: none"> <li>Sunshine purchasing</li> <li>Long-term equal co-operation</li> <li>Keeping credibility</li> </ul>	<ul style="list-style-type: none"> <li>Work meetings</li> <li>Agreement contracts</li> <li>Daily communication</li> </ul>	<ul style="list-style-type: none"> <li>Public bidding and purchasing information</li> <li>Carry out responsible purchasing</li> <li>Eliminated commercial bribery</li> <li>Signed co-operation agreements</li> <li>Strengthened supplier management and training</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Energy saving and emission reduction</li> <li>Safe production</li> <li>Protect environment</li> </ul>	<ul style="list-style-type: none"> <li>Exchange activities</li> <li>Policy publicity and implementation</li> </ul>	<ul style="list-style-type: none"> <li>Focus on production safety</li> <li>Actively carry out safety supervision and inspection</li> <li>Prevent major safety accidents from happening</li> <li>Commit to ecological protection</li> <li>Technology upgrade</li> </ul>
Community and public	<ul style="list-style-type: none"> <li>Maintain public relations</li> <li>Community public utility development</li> </ul>	<ul style="list-style-type: none"> <li>Public welfare activities</li> <li>Community building</li> </ul>	<ul style="list-style-type: none"> <li>Participate in the construction of CR Hope Town</li> <li>Drive local economic and industrial development</li> <li>Support social public welfare and community education</li> <li>Continuous development of social responsibility brands</li> </ul>



# Responsibility Culture

CRE attaches great importance to the improvement of ability of social responsibility, constantly consolidates its ability to perform its duties, and has created a good brand image and corporate image in the industry.

Participated in the 10<sup>th</sup> China CSR Open Class organized by the Chinese Academy of Social Sciences, exchanged with companies with rich experience and outstanding practical performance in fulfillment of responsibilities, and continuously improved comprehensive ability on performance of responsibility.

At the beginning of each year, in the form of a report preparation meeting, organized relevant personnel of CSR work of various departments and subsidiaries to participate in the annual CSR report training meeting, to deepen their understanding of the layout table of CSR report.

Participated in CR and other external social responsibility evaluation activities, benchmarked outstanding enterprises, explored own shortcomings, formulated detailed plans, and continually improved.

In reference to the "Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0)", combining its own reality, continued to improve the construction of social responsibility management indicators system, and clarified the specific direction and objectives of CSR work.

## Social Responsibility Indicators System

Areas of responsibility	Responsibility Issues
Economic responsibility	Create shareholder value, Compliance management, Integrity construction, Business performance, Internal control system construction
Staff responsibility	Employee rights and interests, Democratic management, Occupational health, Employee growth, Employee care
Customer responsibility	Product innovation, Optimization services, Customer satisfaction survey, Innovation constantly
Partner responsibility	Strategic co-operation, Fair competition, Coordinate development, Supply chain management, Improve media relations
Public responsibility	Response to national policies, Safe production, Payment of taxes according to law, Charity and public welfare, Community building
Environmental responsibility	Resource recycling and utilization, Green management, Green workplace, Energy saving and emission reduction



2018 CSR Report Pre-Editing Meeting



Participating in the 10<sup>th</sup> China CSR Open Class

# Responsibility Honors

Over the years, CRE has continuously promoted and implemented CSR work, actively responded to the needs of stakeholders, and won wide recognition from all sectors of society. In 2018, in the "7<sup>th</sup> Responsibility Golden Bull Awards Ceremony-Responsibility Night" hosted by China Social Responsibility 100 Forum, the company was jointly presented the "Rising Star Award" in CSR by Zhong Hongwu, Director of the CSR Research Center at the Chinese Academy of Social Sciences and Secretary General of the China Social Responsibility 100 Forum and Wang Jie, Dean of the CSR Cloud Research Institute.

## China Resources Logistics (Yuen Fat Wharf and Godown) Limited Won the "Hong Kong Green Award Environmental, Health and Safety Award-Large Corporation" Silver Award

Since 2010, the Green Council has awarded the "Hong Kong Green Award" every year, an award extensively influential in Hong Kong, designed to recognize companies that excel in environmental protection, health management, safe production, continuous improvement of management performance. Among them, the "Environmental, Health and Safety Award-Large Corporation" evaluates a company's performance in 8 categories, namely, achievements in EHS, policies and strategies, management procedures, training promotion, project cases, etc., designed to recognize companies' achievements in environmental, safety and health management. On December 14, 2018, China Resources Logistics (Yuen Fat Wharf and Godown) Limited won the Silver Award of it.





# Outlook 2019

- Responsibility Management:** Publicizes "Regulations on the Management of Social Responsibilities of CR", improves the concept of CRE's CSR, enhances the company's overall CSR awareness; strengthens social responsibility assessment, refines and summarizes social responsibility practical experience, improves shortcomings; develops and participates in social responsibility exchange, case writing, special topic research and other activities, and learns advanced experience.
- Economic Responsibility:** Closely tracks the macroeconomic situation and industry trends, carries out industry benchmarking, strengthens analysis and research, enhances rapid response and flexibility and focuses on synergy as a thrust, promotes business innovation and creates economic value.
- Employee Responsibility:** Respects the basic rights and interests of employees; listens to employees' demands, and implements democratic management; continuously improves the talent management system, builds multi-level and multi-dimensional incentive mechanisms and helps employees grow into talents; improves occupational health management and practice system, ensures employee health and safety; organizes diversified activities, and creates a healthy and harmonious organizational atmosphere.
- Customer Responsibility:** Increases R&D investment, promotes brand innovation, product innovation, and technological process innovation, in order to provide consumers with more diversified choices; improves product quality and safety management mechanism, provides more high-quality and reliable products; strengthens the construction of customer management system, actively responds to complaints, continues to conduct customer satisfaction surveys, and strengthens customer rights and interests protection.
- Partner Responsibility:** Adhere to the values of "Integrity first", abides by commercial credit, opposes unfair competition; complies with "CR Ten Commandments", eliminates acts of commercial corruption; strengthens supply chain management, focuses on capacity building of distributors and have realized win-win growth with suppliers.
- Environmental Responsibility:** Continues to promote environmental protection work, strengthens environmental and ecological assessment work in project construction; promotes safe production standardization compliance work; increases application of eco-friendly technologies and products, promotes energy saving and emission reduction; improves resource utilization efficiency, and maximizes resource utilization.
- Public Responsibility:** Cooperates with CR Hope Town project team, actively participates in the construction of Hope Town; plans to carry out CSR investigations of CRE 2019; implements effective resource allocation, and continues to pay attention to public welfare and charity undertakings.





# Appendices

## Key Performance Indicators

Economic Responsibility					
Indexes	Units	2015	2016	2017	2018
Total assets	HK\$ 100 million	1,618	899	953.1	946.2
Operating income	HK\$ 100 million	1,736	1,393	625.34	670.7
Total profit (before tax)	HK\$ 100 million	-41	-45	55.74	35.11
Net profit	HK\$ 100 million	-56	-59	38.75	22.76
Return on equity (ROE)	%	-11.17	-19.82	14.68	8
Return on total assets (ROA)	%	-1.97	-3.24	6.91	4
Ratio of value maintenance and appreciation of State-owned assets	%	62	79	144	101
Net assets	HK\$ 100 million	361	236	291.80	289.81
Owners' equity	HK\$ 100 million	361	236	291.80	289.81
Total investment in fixed assets	HK\$ 100 million	82	41	26	31
Ratio of liabilities to assets	%	78	74	69	69
Net profit attributable to shareholders of the parent company	HK\$ 100 million	-38	-72	25.94	14.13
Labor productivity	HK\$ 10,000/year	71	72	83.24	97.74

Social Contributions					
Indexes	Units	2015	2016	2017	2018
Total number of employees	people	269,715	100,754	94,353	64,000
Number of new recruitments	people	13,715	16,530	13,052	11,607
Total tax amount	HK\$ 100 million	23	90.84	94.23	87.07
Charity and public welfare donation	HK\$ 100 million	0.07	0.05	0.04	0.03
Ratio of responsible purchasing	%	100	100	100	100
Percentage of certified suppliers of the quality, environment and occupational health and safety management system	%	100	100	100	100
Number of strategic co-operation agreements executed	-	1	3	1	5
Number of penalties for violations	times	0	4	9	6

Note: The 2015-2016 CRE statistics include data of China Resources Vanguard and Chinese Arts & Crafts. In 2016, as the two major BUs were stripped off, leading to major changes in the total assets, operating income, total number of employees, and number of new recruitments etc.

Employee Responsibility					
Indexes	Unit	2015	2016	2017	2018
Labor contract signing rate	%	100	100	100	100
Social insurance coverage rate	%	99	99	99	100
Ratio of female managers	%	26.5	22	20	18
Paid vacation days per capita	days	-	-	16	15

Employee Responsibility					
Indexes	Units	2015	2016	2017	2018
Employee training coverage rate	%	100	100	100	100
Training investments per capita	RMB/people	-	373.44	444.37	384.32
Training times per capita	days	-	12.82	12.82	12
Average salary level of employees	RMB 10,000	4.79	7.35	8.19	9.58
Total investment in employee training	HK\$ 10,000/year	399	270	788.18	461.44
Vocational health training	times	16,700	-	16,970	14,596
Occupational health check	times	310	-	0	1,956
Number of employees with disabilities	people	212	-	0	135
Difficult staff assistance	HK\$ 10,000	409	232	11	363

Customer Responsibility					
Indexes	Units	2015	2016	2017	2018
Science and technology investments	HK\$ 100 million	-	-	4.788	-
Number of new patents	-	0	0	6	12
Handing rate of customers' complaints	%	100	99	100	99.99
Pass rate of product quality	%	100	100	100	-

Note: In 2018, two batches of products were reported failing the sampling test.

Safe Production and Environmental Responsibility					
Indexes	Units	2015	2016	2017	2018
Fatality rate per thousand	‰	-	-	0	0
Safe production investment	HK\$ 10,000	14,805	7,826	5,693	12,507
Number of emergency drills	times	-	-	2,272	2,970
Total investment in environmental protection	HK\$ 10,000	-	13,762	10,029.2	12,580.5
Total investment in energy-saving and emission-reduction technology transformation	HK\$ 10,000	-	13,762	10,029.2	12,580.5
Safety training coverage rate	%	-	-	-	96.7
Consolidated energy consumption	10,000 Tons	-	138.14	141.09	136.90
SO <sub>2</sub> emissions	tons	735.388	342.0259	222.6349	100.1
COD emissions	tons	2,667.025	1,771.0504	1,649.5942	1,547.1
CO <sub>2</sub> emissions	tons	1,956,786.2432	1,695,573.9973	1,474,975.0656	1,347,596.5
NO <sub>x</sub> emissions	tons	779.2388	511.6487	409.9503	243.2
Ammonia nitrogen emissions	tons	200.4779	164.4637	168.9468	166.6
Number of registered security engineers	People	-	119	113	144



# Reference Table of Indicators

Topic	Subtopic	"Guidelines on Corporate Social Responsibility Reporting for Chinese enterprises(CASS-CSR4.0)"	Page Number
Introduction to Report	-	P1.1-1.3	P01
A Letter from the CEO of CRE to Stakeholders	-	P2.1-2.2	P04
Introduction to CRE	Corporate Profile	P4.2-4.3	P06
	Corporate Structure	P4.1	P07
	Development History	P3.1, P4.4	P08
	Corporate Culture	G1.1-1.2	P10
	Capital Assists Industry	P2.2, P3.1-3.2, M3.4	P12
Responsibility Focus • CRE in 2018	Social Responsibility	P2.2, P3.1-3.2	P12
	Promote Business Innovation	P2.2, P3.1-3.2, M3.4	P13
	Excellent Operation	P2.2, P3.1-3.2	P13
	Talent Cultivation	P2.2, P3.1-3.2, S2.14	P13
CSR Story • Great Craftsman	The Olympic Spirit of the Coffee World	P3.2	P14
	Be the Guardian of the C'estbon Production Line	P3.2	P14
	Meticulosity, Solve Problems Professionally	P3.2	P15
	Rooted in the Mountain, Transform Planting through Science and Technology	P3.2	P15
Management • Return Shareholders' Trust	Create Economic Value	P4.1, P4.3, M1.6-1.7, M2.1, M3.4	P18
	Standardize Corporate Governance	M1.1-1.2, M1.4	P19
	Prevent Business Risks	M1.3, M3.3, M3.5, S1.1-1.2	P20
Be Ingenious and Intelligent • Focus on Quality Services	Product Quality Assurance	M2.1-2.2	P26
	Committed to Innovation Constantly	M2.4-2.6, M3.5	P28
	Provide Satisfactory Services	G6.2, M2.8-2.18	P30
Meticulous Care for Employees • Grow Hand-in-Glove	Protection of Basic Rights and Interests	S2.1-2.7, S4.2	P36
	Cultivate Industry Elites	S2.14-2.16	P37
	Meticulous Care for Employees	S2.11-2.13, S2.17-2.18, S4.7	P39
	Implement Safe Production	S3.1-3.7	P40

Topic	Subtopic	"Guidelines on Corporate Social Responsibility Reporting for Chinese enterprises(CASS-CSR4.0)"	Page Number
Eco-Friendly Development • Guard a Better Home	Environmental Management System	E1.1-1.3, E1.5, E1.8, E2.2	P44
	Practice Green Business	E1.3, E1.7, E2.1-2.7, E2.9, E2.12-2.14, E2.16, E2.18, E2.20, E2.22, E2.24	P45
	Protect Natural Ecology	S2.12, S2.16, E2.12, E2.18, E3.3-3.4	P48
	Cultivate Green Culture	E1.5, E3.6	P48
Achieve the Goal with One Heart • Create a Happy Future Together	Implement Green Workplace	E3.1-3.2	P50
	Carry out Strategic Co-Operation	M3.4	P54
	Build a Responsible Supply Chain	M3.1, M3.3, M3.7-3.8, M3.10-3.15	P56
Spare No Resource in Public Welfare • Showcase a Responsible CRE	Promote Industry Development	M3.1, M3.4, M3.6	P58
	Assist in Targeted Poverty Alleviation	S1.5, S4.5, S4.12	P62
	Participate in Community Development	S1.5, S4.1, S4.4, S4.6, S4.8	P63
Improve Responsibility Management	Support Cultural and Sports Activities	S4.9-4.11	P65
	Responsibility Strategy	G1.2, G2.2	P68
	Responsibility Governance	G3.1-3.3, G4.1	P69
	Issues Analysis	G2.1	P70
Outlook 2019	Responsibility Communication	G6.1	P70
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# Feedbacks

## Dear Readers:

Greetings! This is the sixth social responsibility report which CRE published to the public. In order to constantly raise the capability and level of fulfilling social responsibilities, and continuously improve the management and compilation work of corporate social responsibility report, we sincerely hope that you can put forward opinions and suggestions for this report, and send us your feedbacks via fax (0755-25883982).

## Multiple-Choice Questions

• What is your overall evaluation of "CRE 2018 Social Responsibility Report"?

Very Good  Good  Ordinary  Poor

• Do you think this report can fully and accurately reflect the significant impact of CRE on the economy, society and the environment?

Very Good  Good  Ordinary  Poor

• Do you think this report can respond to and disclosure of issues which stakeholders concerned in?

Very Good  Good  Ordinary  Poor

• Do you think the information, indicators and data disclosed in this report are clear, accurate and complete?

Very Good  Good  Ordinary  Poor

## Open-Ended Questions

• Which part of the report are you most satisfied with?

• What information do you want to know more about ?

• What suggestions do you have for our future compilation of social responsibility report?

Please fill in the following information at your convenience :

Name:  Occupation:

Institution:  Address:

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