



Building a better life together

China Resources Enterprise, Limited
Social Responsibility Report
2017

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Responsibility Stems from Mission

This is not a slogan but a phenomenon that is motivated by CRE's observation, contemplation and endeavors of social responsibility. In 2017, we started with 6 true stories of changes to highlight visible changes and explore efforts behind all the changes. Since then, a growing number of stakeholders engaged in and joined hands with CRE to continuously make more changes to shareholders, employees, clients, environment, partners and society so as to build a better life together.



润物耕心
Enriching Lives
Nurturing Dreams

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We are striving forward



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We are striving forward

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We are striving forward

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We are striving forward

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A Letter to the Stakeholders

Dear Stakeholders:

Thank you for sharing time to read the “2017 Social Responsibility Report of China Resources Enterprise, Limited”. This very report is the 5th social responsibility report of China Resources Enterprise, Limited (“CRE”), which carries the social responsibility management and practical results of CRE and all profit centers in 2017. We hope that through this report, you can feel the original intention and perseverance of CRE.

In 2017, at the critical period of the “13th Five-Year Plan”, with the vision of “becoming the most respected consumer goods and retail enterprise”, CRE followed closely the formulation requirements of the “13th Five-Year Plan” social responsibility planning of China Resources Group, in combination with the company’s business characteristics and social responsibility practice, fully deployed the social responsibility work of CRE during the “13th Five-Year Plan” period, adhered to the original intention of responsibility, bore in mind the responsibility and mission, and was committed to leading the business progress and building a better life together with consumers, shareholders, employees and business partners.

At CRE, we value responsibility management as the cornerstone of the company’s development. We adhere to standardized corporate governance, focus on perfecting internal supervision mechanism, continuously improve corporate management capabilities, and strengthen the company’s competitiveness; enhance risk prevention abilities by strengthening the construction of internal control system; promote stable business growth and create economic value by optimizing core business structures.

At CRE, we believe that talent is the most valuable asset of an enterprise. We adhere to people-orientation, develop together with our employees and ensure employee safety by continually promoting technical safety and production management training; provide powerful support for employees’ career development through customized vocational training; and create a warm and harmonious working atmosphere for employees through enriched and diverse employee activities.

At CRE, we believe that quality is the lifeblood of the company’s sustainable development. We adhere to inheriting the spirit of ingenuity, improve product quality through perfection of product quality control; meet changing customer needs through product innovation; and create customer life-cycle service experience through continuous improvement of the customer service system.

At CRE, we believe that environmental protection is an important link of sustainable development. We advocate the promotion of green and low-carbon management, improve the level of energy conservation and emission reduction through the application of advanced energy-saving and emission reduction technologies; improve green production levels by striving to build a green industrial chains; and promote employees’ environmental protection awareness by actively organizing green campaigns.

At CRE, we have faith that growing together with our partners constitutes an important part of the industry’s ecological construction. We insist on deepening industrial cooperation and promoting resources sharing; strictly select high-quality suppliers through mature supply chain management systems; standardize suppliers’ behavior, implement responsible procurement and create a responsible value chain.

At CRE, we hold dear to love and giving back to society, which have always been the company’s unswerving commitment. We adhere to contributing to social development within the power of CRE, actively carry out various social welfare volunteer activities through continuous improvement of public welfare management, involving personnel training, regional support, environmental protection and public welfare and other fields; reflect the maximum value of CRE, as a corporate citizen, through social public welfare practice, demonstrating its responsibilities and undertakings.

Embarking on a new journey and writing a brand new chapter. In 2018, we will carry on to fulfill the mission of “leading the business progress and building a better life together with consumers, shareholders, employees and business partners”, go all out and work together with stakeholders to create a better life.

Introduction to China Resources Enterprise

3 main businesses
Beer, food and beverage

1 Hong Kong listed company: China Resources Beer (Holdings) Company Limited

Company Overview

Established in 1992, China Resources Enterprise, Limited ("CRE") a Hong Kong-based flagship company of China Resources (Holdings) Co., Ltd., is an integrated consumer goods and retail services businesses. The Company focuses on three businesses: beer, food and beverage.

3 first-level profit centers: China Resources Snow Breweries Limited, China Resources Ng Fung Limited, China Resources C'estbon Kirin Beverage (Holdings) Company Limited

4 secondary-level profit centers: China Resources Logistics (Group) Ltd., CRE Properties (Hong Kong) Limited, Pacific Coffee (Holdings) Limited, CRE Alliance Fund Management Company Limited

94,000 employees

Total assets of more than HK\$ **95.3** billion (as of the end of 2017)

Company Structure



Course of Development

2017

CRE and JD.COM (Jingdong (JD) Group) established a strategic partnership.

2016

The listed company CR Beer under CRE completed the acquisition 49% stock right of CRSB held by SAB, enabling CR Beer acquiring the full ownership of CRSB (wholly-owned CRSB).

2015

CRE sold its entire non-beer businesses to CRH with the listed company renamed China Resources Beer (Holdings) Company Limited (focus on beer business).

2006

Beer business topped the list of best-selling beer producers in the country in terms of volume (best-selling beer producer in the country).

2007

Completed sales of all petrochemical business (quitting petrochemical business).

2008

"Snow" became the best-selling single beer brand worldwide in terms of volume (best-selling beer worldwide).

2005

"Snow" beer became the best-selling single beer brand in China in terms of volume ("Snow" becoming the best-selling single beer brand).

2003

Spun off concrete business, which was listed in the HKEx after integrating its business with the concrete and cement businesses of CRH (subsequently renamed China Resources Cement Holdings Limited) (spinning off concrete business).

2002

Acquired the retail business of CR Vanguard and the Suguo supermarket business (acquisition of CR Vanguard).

1992

China Resources (Holdings) Company Limited ("CRH") 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 (establishment).

1993

Founded the joint company China Resources (Shenyang) Snowflake Brewery Co. Ltd. with Shenyang brewery, engaged in beer business. (engagement in beer business).

1994

Concluded a joint adventure 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) (expansion of beer business).

2014

Set up a joint venture company with Tesco PLC to vigorously develop various kinds of retail business in China (setting up a joint venture with TESCO).

2013

CRSB, a subsidiary of CRE, completed acquisition of beer business of Kingway Brewery Holdings Limited (acquisition of Kingway).

2012

Completed acquisition of 100% stock right of Jiangxi Hongkelong Department Store Investment Company Limited (acquisition of Hongkelong).

2009

Swapped asset with CRH with textile and container terminal businesses for 75 supermarkets in China and a brewery in Shandong province, to boost core retail and consumer goods businesses (swap of asset).

2010

Acquired 80% equity of Pacific Coffee (Holdings) Limited (engagement in coffee business), completed selling equity of "Esprit" business in China to Esprit Holdings Limited, and from then on, CRE focused on four core retail and consumer goods businesses namely retail, beer, food and beverage.

2011

Set up a joint venture company with Kirin Holdings Company, Limited, with CRE holding 60% equity (setting up a joint venture with Kirin).

2001

Completed the incorporation of Ng Fung Hong Limited (now China Resources Ng Fung Limited) into a wholly-owned subsidiary of CRE and conducted privatization of it (wholly-owned Ng Fung).

2000

Transferred stock right of China Resources Beijing Land Limited (now known as China Resources Land Limited) and Logic International Holdings Limited (which was subsequently renamed China Resources Logic Limited and China Resources Gas Group Limited) to CRH in exchange for petroleum and chemical distribution business (quitting real estate business).

1999

Acquired the retail business of CRH including Chinese Arts & Crafts (H.K.) Limited and CRC Department Store Limited (engagement in retail business).

1995

Ng Fung Hong Limited (now known as China Resources Ng Fung Limited) was listed in the HKEx. CRE acquired 26% stock right of the company and began operating food business (engagement in food business).

1996

Acquired 67.25% stock right of a purified water production plant and began developing the "C'estbon" purified water business (engagement in beverage business).

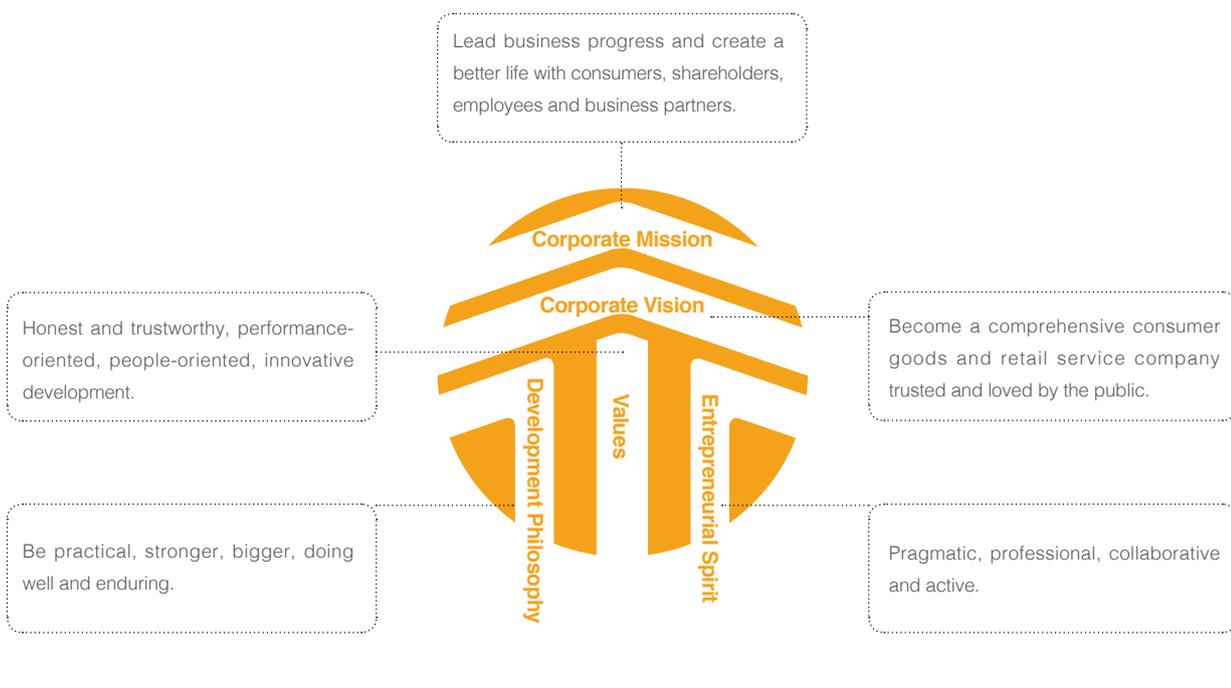
1997

CRE became an HSI constituent stock (becoming an HSI constituent stock).

Corporate Culture

Culture is the spiritual power of a company to develop vitality and life. In the critical juncture of the "13th Five-Year Plan", CRE built the "13th Five-Year Plan" CRE Cultural Concept System, which clarified the five key elements.

CRE's "13th Five-Year Plan"



"4 Company Slogans"



Responsibility 2017 China Resources Enterprise Focus

Time	Events
November 2017	● CRE participated in the Oxfam Trailwalker 2017 – Leaders Walk
November 2017	● CRE sponsored the "Together Let's Walk" charity walkathon
September 2017	● CRE released independent social responsibility report for four consecutive years
August 2017	● CRE visited poor families and distributed leftovers to those in need
July 2017	● CRE Properties acquired Sugar Estates Limited project
June 2017	● China Resources Beer released its first "Environmental, Social and Governance Report"
June 2017	● Pacific Coffee acquired 40% stake of Aroma Coffee (Shanghai) Co., Ltd.
June 2017	● China Resources Ng Fung and Sovena formed a joint venture
April 2017	● China Resources Logistics acquired China Resources Vanguard Logistics Distribution (Qingdao) Co., Ltd.
January 2017	● CRE and JD.COM (JD) established a strategic partnership

Building a better life together Responsibility Story

“Upholding Integrity”

Economic Responsibility: Insight into consumption upgrading, China Resources Beer's unlimited potential is recognized by investors

Brief Introduction: On August 9, 2017, Hillhouse Capital Management increased its shareholding in China Resources Beer (Holdings) Company Limited, and its stake increased from 4.89% to 5.05%. The shareholding recorded 163.8 million shares, becoming the largest independent shareholder of China Resources Beer (“CRB”). On March 9, 2018, Hillhouse Capital Management once again increased its shareholding of China Resources Beer by 3.74 million shares, with an average price of HK\$34.3767 per share, holding 6.02%, with cumulated shareholdings of 199.53 million shares.



Self-Narrative: I am David Li, currently the general manager of Hillhouse Capital Management, an independent shareholder of China Resources Beer, a listed company of CRE. Hillhouse Capital is very honored to become a minority shareholder after the reorganization of CRE, gradually becomes a minority shareholder holding 6% stake and continues to buy in more shares despite of ever-growing stock price. We are very optimistic about the great opportunities in China's beer industry, and we are more optimistic about the China Resources Beer team, which can not only operate from a strategically advantageous position to have insight into consumer's changes, reshape the products and brands but also implement to promote organizational changes. At the same time, I am also very grateful to the IR team for their efforts and indelible contribution to improve the company's transparency and protect the rights and interests of minority shareholders. We are willing to grow together with China Resources Beer and engage in long-term cooperation!

Employee Responsibility: CRE cannot do without our elevator staff just like the Hong Kong Film Awards acknowledge services from tea personnel



Brief Introduction: “Always smiling, enthusiastic and sunny” is the first impression of Ling Meizhen to people. As the first person you see when entering the Baishi Ercang Building of China Resources Logistics, Ling Meizhen carried out perfectly her job duties with a bright smile and a keen instinct, and stood firm in her ordinary post. Since 2003, after experiencing the low tide of SARS's attack of Hong Kong, attesting the economic recovery after the financial crisis, Ling Meizhen witnessed the immigration and emigration of tenants, resolutely put an end to the phenomenon of not registering and going upstairs, thereby providing a reliable "protection line" for the building. The extraordinary value created by Ling Meizhen in her ordinary position has been highly recognized by leaders of China Resources Group and China Resources Enterprise, and was appraised the “2016 China Resources Group Outstanding Employee”.

Self-Narrative: I am Ling Meizhen, an ordinary security guard of China Resources Logistics (Group) Co., Ltd. I have been a security guard in the building for more than ten years, there are always people who come up with various methods wanting to cross the registration to enter the building, but it is my duty to ensure the safety of the building and maintain the order of the building. For more than ten years of work, I have tried hard to remember every employee who works in the building. Through years of experience, I can quickly identify employees and outsiders, thereby reducing the risk of outsiders looking for trouble in the building and ensuring its safety. Now, I have become friends with many employees in the building. I am very happy that I have created a better and safer working environment for others because of my persistence in my work.

Build Brand Products

Customer Responsibility: Make “warm-hearted” drink and pass happiness with your heart

Brief Introduction:With a passion for coffee, Barista Jiang Xue joined Pacific Coffee. At the very beginning of her work, she always humbly asked colleagues for advice after work and then repeatedly practiced, only to prepare the coffee that satisfied the customer. As one of the best examples of Pacific Coffee’s excellent service, while improving her professional skills, she also remembers the essence of service. She always faces her daily customers with a smile, carefully remembers the preferences of frequent customers and received unanimous praise from customers.

Self-Narrative: I am Jiang Xue, a barista at Pacific Coffee, store of China Resources Building in Beijing. Coffee is a “temperature” drink and, all the more, it is an art that needs to be created with care. Working in the Pacific Coffee team has given me the opportunity to do my favorite things all the time, and it is a very happy thing for me. I am also very grateful to each and every customer who has tasted my brewed coffee with heart. I hope that this happiness and the love and care of Pacific Coffee can be conveyed to every customer I greet.



Partner Responsibility: Strong alliance between retail giant and emerging e-commerce powerhouse

Brief Introduction:CRE signed a strategic cooperation agreement with JD.COM (JD) to deepen 3-dimensional cooperation in marketing, big data and supply chain. Making full use of big data technology to understand user needs, strengthen the customization of the entire industry line, expand more forms of brand linkage and at the same time help CRE to enable channel expansion and marketing model innovation.

Self-Narrative:I am Feng Yi, president of the Consumer Products Division of JD.COM (JD). JD and CRE have cooperated for many times. As a leading enterprise in retail and coffee chain such as beer, food, beverage and fresh food, CRE always provides solid quality guarantee for products of our consumer goods business. JD.COM (JD) has also been committed to helping CRE to explore new channels and new models through our own technology. In the future cooperation, we will conduct more extensive and in-depth exploration with CRE to jointly enhance brand competitiveness.



华润创业·京东集团战略合作 签约仪式





“Nourish and Benefit”

Environmental Responsibility: Adhere to green development, turn beer factory into a small ecosphere

Brief Introduction:China Resources Snow Brewery Zhengzhou Factory adheres to the development policy of “implementing resource recycling, facilitating lean production management and promoting sustainable enterprise development”, establishes a sound environmental protection organization structure, actively carries out internal special training and exchange of external environmental protection experience to improve its own environmental protection management capabilities. Promotes green office operation, reduces production energy consumption, and strengthens the recycling of factory resources. At the same time, actively innovates technologies to address climate change and protects water resources.

Self-Narrative:We strictly abide by the environmental policy of “protecting the environment, saving energy and reducing consumption, keeping improving, and pursuing excellence”, give priority to environmental protection technologies, actively carry out environmental protection activities, and strive to fundamentally improve the environmental awareness of all employees and related parties, reduce resource waste and pollution from the very source. Improve the working conditions of employees through environmental protection, build green area factories, and ensure their sustainable development.



Public Responsibility: passing hope, the first beneficiary of a hundred libraries realizes her dream of becoming a teacher



Brief Introduction: The implementation of the Hundred Library Happy Reading Program of China Resources C'estbon has given Guan Hongyi the opportunity to access a wide variety of books, across geographical and living conditions and understand the wider world in reading. Now she is determined to become a teacher, inheriting the dedication concept of hundred libraries program the China Resources C'estbon and teach knowledge to more children.

Self-Narrative:I am Guan Hongyi, the first beneficiary of the “Hundred Libraries” program of China Resources C'estbon. When I was in elementary school, my parents were not at home all the year round. I always came to the library to read books when I encountered worries and troubles, because the world of books is very broad, and one day I will find my dream and realize it. Although I graduated, I also often return to the library of China Resources C'estbon, borrow some books from the school and give them to my sisters at home to read, hope they can also realize the pleasure of reading and learn more knowledge. When I grow up, I hope I can come back to be a teacher and let more children enjoy the happiness of learning.



Compliance · Integrity · Growth

Create Shareholder Value

Shareholders are important stakeholders of the company, thus to ensure the maximization of shareholder value is the economic responsibility fulfilled by a company. CRE actively assumes shareholder responsibility, clarifies shareholder management requirements, optimizes business structure, generates stable revenue growth, creates economic value and maximizes shareholder value; strengthens effectiveness of information disclosure, enhances internal audit and internal control capability, regulates organizational governance and safeguards shareholders' rights and interests.





Our Achievements

▲ Total assets:

● HK\$ **95.53** billion

Total liabilities:

● HK\$ **66.1** billion

▲ Total owner's equity:

● HK\$ **29.2** billion

Operating income:

● HK\$ **63.7** billion



Create Economic Value

As the flagship of the consumer goods retail business of China Resources Group, CRE takes the initiatives to foster core business growth, develops important business segments such as beer, food and beverage, in a way to optimize core business structure, improve resource allocation, expand market size and achieve steady growth in economic value.

Steady Growth

CRE actively promotes business development and strengthens the company's capital base. In 2017, the company achieved annual operating income of HK\$ 63.698 billion, a year-on-year increase of 5.5%; total profit of HK\$ 5.574 billion, an increase of 63.5%. The asset-liability ratio was 69%, which was lower than that in 2016, and the asset-liability structure was relatively stable. Each profit center has achieved steady growth in economic value.



China Resources Beer achieved annual sales of 11.819 billion kiloliters recording operating income of RMB 29.732 billion yuan.

The operating income of **China Resources Ng Fung Limited** exceeded HK\$ 15.09 billion yuan.

The operating income of **China Resources C'estbon Beverage (China) Co., Ltd.** exceeded HK\$ 11.51 billion yuan.

China Resources Logistics achieved an operating income of HK\$ 780 million (excluding CRE Shenzhen Management incomes).

CRE Properties achieved an operating income of HK\$ 940 million.

The operating income of **Pacific Coffee** recorded HK\$ 1.12 billion.

CRB annual sales

11.819 billion kiloliters

CRB operating income

RMB **29.732** billion

Business Optimizations

Based on the development concept of "quality growth, transformation and upgrade, innovative development", China Resources Beer further optimizes the beer business operation and continues to expand its market share. By the end of 2017, 91 breweries were operated in 25 provinces, municipalities and autonomous regions in China with an annual production capacity of 22 million kiloliters approximately.



China Resources Logistics
Qingdao Branch

In 2017, China Resources Logistics acquired China Resources Vanguard Logistics Distribution (Qingdao) Co., Ltd. to expand the scale of dry goods business in the Mainland.

In 2017, CRE Properties completed the acquisition of Fair View Commercial Building and Grand View Commercial Center in Sugar Street, Causeway Bay, Hong Kong. The move was designed to improve the rental income and asset value through post-disassembly and reconstruction work.



CRE Properties Acquisition Project Reconstruction Schematic Diagram

Standardize Corporate Governance

CRE focuses on the company's standardized operation and governance, implements the "three majors and one big" system, fine-tunes the structure of the board of directors, discloses important information timely, strengthens internal audit and internal control, pays attention to anti-corruption and clean governance, narrows the gap with leading enterprises and improves the level of governance.

Implementation of the "Three Majors and One Big" System

CRE revised the "Detailed Rules for Implementation of the "Three Majors and One Big" Decision-Making System of China Resources Enterprise Limited", clarifying the decision-making body, decision-making procedures, examination and approval procedures, etc. of major decision-making matters. The company clarifies the legal status of the BOD in the legal representative governance structure of CRE, and determines the powers and responsibilities and working methods of all links in the decision-making, implementation and supervision, guarantees the implementation of the state guidelines .

Improve the Construction of the Board of Directors

China Resources Beer, a listed company of CRE, established BOD, and compiled China Resources Beer Shareholders Communication Policies to standardize BOD governance. The independent non-executive directors are part of the nomination committee, remuneration committee and audit committee. The committee chairpersons are chaired by different independent non-executive directors to facilitate the exchange of views and experiences in different professional areas.



Corporate Governance Asia Recognition Awards

Case

China Resources Beer Board of Directors Won Recognition

In 2017, China Resources Beer won the “Corporate Governance Asia Recognition Awards” and “Asian Corporate Directors Awards” by Corporate Governance Asia for many consecutive years.



Asian Corporate Directors Awards

Standardize Information Disclosure

China Resources Beer, a listed company of CRE, standardizes its information disclosure, establishes a general meeting of shareholders, issues regularly interim reports and annual reports to shareholders; complies with the "Listing Rules" of the Hong Kong Stock Exchange ("HKEx"), provides financial statements, performance announcements, and other explanatory documents to HKEx on schedule and posts them simultaneously on the website of the HKEx; releases the "2016 Environmental, Social and Governance Report" of China Resources Beer, highlighting relevant information on the realization of social and environmental performances of China Resources Beer and China Resources Snow Breweries.

China Resources Beer ("CRB") formulates the "Shareholders Communication Policy", establishes effective communication mechanisms and communication channels, actively maintains close communication with shareholders and investors, ensures accurate and timely release of the company's latest development strategies and other content to investors, listens to investors' opinions, improves the Group's operating performance and creates more value for shareholders.

Case

China Resources Beer Won the Honor of IR Magazine's "Best Overall Investor Relations"

In December 2017, CRB received the honor of IR Magazine's "Best Overall Investor Relations" in the Greater China, reflecting investors' recognition of China Resources Beer's outstanding performance in investor relations management and corporate governance.



CRB Wins IR Magazine's "Best Overall Investor Relations" Honor

Prevent Business Risks

Internal Control System Construction

CRE establishes and strengthens the internal audit and internal control system, sets up an internal control structure and regularly evaluates the effectiveness of the internal control system. In 2017, the company carried out 10 audit projects and 2 follow-up rectification follow-up projects in key areas, such as financial operations and bidding procurement. The audit reported more than 100 issues, put forward more than 200 audit recommendations, pushed the various profit centers to newly establish and improve 107 process systems. In summary, the completion of the audit rectification is rather ideal.

Risk Management

CRE continues to improve its risk management system, conducts regular reviews and updates and reduces the occurrence of risks and the negative impact.

◎ Comprehensive Risk Management

CRE establishes risk management procedures by setting up a risk early warning mechanism which prevents risks such as investment merger and acquisition (M&A), exchange rate, information system, EHS and human resources etc., and integrates risk management into the company's development strategy, business planning, decision-making and daily operation.

In 2017, CRE held its 2017 Annual Audit and Risk Management Work Conference themed by "Standing at a New Starting Point and Exploring the New World". The participating units shared the special works of IT supervision, information security management and business approval procedures etc., and, according to the new trend of risk management, actively explored overseas investment risk management, control self-assessment (CSA) and other topics to prepare for the next step risk management work; CRE compiled and released its "Audit and Risk Management Case Compilation" for the first time and provided 11 times of audit cases and risk management sharing for its subordinate profit centers, the same level and superior units; formulated the "Basic System of Financial Management of China Resources Enterprise Limited" and "Guidelines for Financial Management of China Resources Enterprise Limited" to strengthen financial risk management and control.

◎ Annual Risk Assessment

CRE establishes a regular major risk review mechanism to prevent and control major risks through special inspections, self-evaluation, audit supervision, etc.; focusing on business plans and business objectives, assesses risks from strategy, macroeconomics and policy, market, industry, operations, finance, health, safety and environmental protection, information systems, etc., identifying the top ten risks of CRE.

In 2017, in accordance with the best practices of the new "Corporate Control Code" of the HKEX, China Resources Beer("CRB"), the Level 1 profit center under CRE, launched a risk preference pilot work, formed a qualitative description of the major beer risk preference and improved the hierarchical internal control mechanism that should be taken by different risk impact levels.

Case

✓ CRE Held its 2017 Annual Audit and Risk Management Work Conference

From October 30 to 31, 2017, CRE Auditing Department held its 2017 Annual Audit and Risk Management Work Conference in Shenzhen and invited the employees of the Group Audit Department and CRE Development Department to share the annual special works, such as risks related to overseas investment projects and management and control methods and the enlightenment of information technology to security and risk management etc., thereby laying the foundation for the company's risk management and control.



CRE Held its Annual Audit and Risk Management Work Conference

Voice of Shareholders

"As a foreign investment analyst, I have been tracking China Resources Beer (and its predecessor "China Resources Enterprise") for nearly 9 years since my previous job. In the 20 years of cooperation with SABMiller, China Resources Beer has fully demonstrated its respect for foreign business partners and excellent corporate governance. For the merger and acquisitions, in the past decades, its valuation of mergers and acquisitions has always been disciplined, and all the more, it highlights its importance attached to the interests of shareholders."

——Wei Xiaopo, Managing Director, Head of Asia Consumer Research (ex-Japan),
Citibank Investment Research

"In my daily work, I often communicate with listed companies, domestic and foreign institutional investment and industry experts in the consumer industry. When it comes to China Resources Beer, the general feedback is that it is a company that pursues excellence and pays great attention to the interests of shareholders. Fortunately, I had contact with internal employees of China Resources in Hong Kong last year (internal technical analysis training), and I can clearly feel that it is a company that also focuses on personal growth and improvement of employees and team harmony."

——Lincoln Kong, Asia Consumer Research,
Goldman Sachs (Asia)

"I have been engaged in the research of China FMCG stock for more than 10 years, and I have seen that China Resources Beer management has always been creating value for shareholders – whether it is for consumers, shareholders and other stakeholders, and they always consider the long-term interests and formulate operational guidelines and make decisions to achieve a win-win situation. The company attaches great importance to communication with all stakeholders and the community from all walks of life, and has a sound governance system."

——Anson Chan, Asian Equity Research – Consumer
Daiwa Capital Markets



We are striving forward

Compliance, integrity, growth, and continually create shareholder value are the direction of the shareholder's responsibility of CRE. To optimize business structure, maintain steady growth, create economic value; focus on risk management and control, improve internal audit and internal control system, attach importance to anti-corruption and clean governance, stress on organizational integrity and compliance development; comply with HKEx transaction requirements, increase corporate transparency, enhance compliance through high level, high transparency and high efficiency control, and continue to create value for shareholders will be the goal of our unremitting efforts.

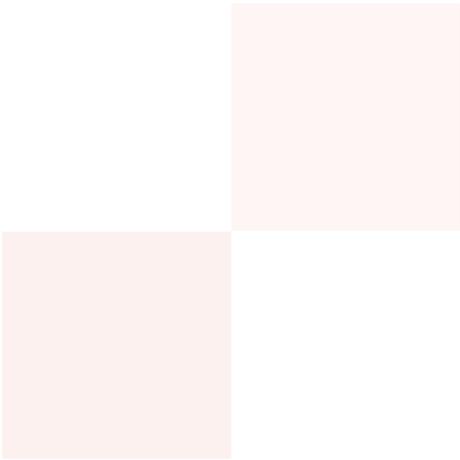


Respect · Care · Achievement

Create Employee Value

Talent is a strategic resource for enterprises to strengthen their competitiveness and ensure sustainable development. CRE always believes that only by giving talents a macroscopic view, a broad stage, enjoying the fun of work and life, letting the creative vitality of employees burst out through competition, helping employees realize their personal dreams, can it maximize the employee value and achieve a better future for the company.





Our Achievements

- ^ Labor contract signing rate: **100%**
- Female manager ratio: **20%**
- Staff training coverage: **100%**
- Number of safety hazard investigations: **8438** times
- Safety hazard rectification rate: **95.42%**



Basic Rights Protection

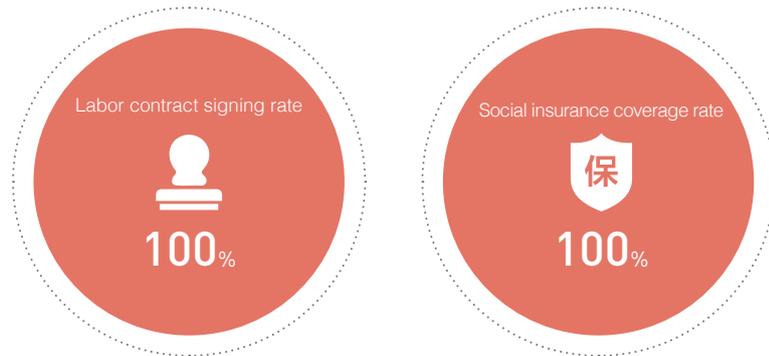
CRE adheres to the people-oriented principle, treats people equally, safeguards the basic rights and interests of employees, ensures that employees receive fair treatment, and continuously improves the compensation system to protect the basic rights and interests of employees.

Respect for Human Rights Equality

CRE strictly abides by international and domestic legal conventions, respects and upholds internationally recognized various human rights, and consciously resists acts of indifference and abuse of human rights; treats others as equals and eliminates discrimination against employees due to nationality, gender and other reasons etc.; prohibit the use of child labor and forced labor; pays attention to the protection of female employees, establishes the regulations for maternity and lactation leave for female employees and the physical examination system for regular; respects employee privacy and protects the personal information of employees.

Adhere to Compliance Employment

CRE adheres to the principle of compliance employment, abides by the labor laws of the Mainland and Hong Kong, and guarantees equal employment. The company signs labor contracts with all employees, establishes a clear labor contract management system; provides “five insurances and one retirement pension”, and pays mandatory provident fund (MPF) to Hong Kong employees in accordance with Hong Kong law. In 2017, the labor contract signing rate of CRE Headquarters was 100% and the social insurance coverage rate was 100%.



Improve Compensation and Benefits

CRE implements the paralleling salary incentives and non-remuneration incentives policy, pays labor compensation in full and on time, launches enterprise annuity projects, introduces CRE secondary profit center excess profit bonus scheme and improves the compensation and welfare system.

Implement Democratic Management

CRE adheres to democratic management, sets up employee relations group to listen to employees' opinions and suggestions for timely feedback; Management team regularly holds democratic life meetings, understands the opinions and suggestions of Party members and the masses of various units, and promptly gives feedback.



On April 22, Chen Lang, CRE chairman of BOD visited China Resources C'estbon Shandong Company

Case

CRE Chairman of BOD Goes to the Grassroots Units, Motivating momentum

In 2017, Chen Lang, the chairman of BOD of CRE, insisted on the normal mechanism of "going to the grassroots units" for a long time. He went to the grassroots units for research 25 times, listened to the voice of employees to understand their work situation.



On August 4, Chen Lang, CRE chairman of BOD visited Snow Brewery Jiangsu Company to conduct work research.

Go to the grassroots units

25times

Career Planning Development

CRE pays attention to the career development of employees, improves their vocational training and career development system and helps them grow into talents.

Improve the Talent Standard System

CRE continues to build and improve its talent standard system. In March 2017, CRE released the "CRE Post Qualification Management Guide", which includes the post qualification standard system, certification system, and application system. It optimized and released the headquarters employee behavior assessment indicator database 2.0 version and defined its talent standard system.

Optimize Talent Assessment System

CRE continues to optimize its talent evaluation system, improve the expert evaluation database, evaluation resource library, learning resource library and other systems to enhance the scientific management of talent evaluation. In 2017, the online evaluation tool of CRE 's on-line leadership standard version 2.0 successfully completed the first phase of the talent appraisers BP training project of CRE series and optimized the talent evaluation system.

Improve the Talent Training System

CRE improves its talent training system. In 2017, the company organized a variety of training programs, including new employee orientation, international talent training and English learning training to strengthen the construction of the CRE talent pool.

Sichuan Ng Fung Lihong Food Company of **China Resources Ng Fung** conducted annual internal training of not less than 36 hours per year for all employees. In 2017, the number of participants reached 1003 man-times; the external training institutions were hired to conduct external training for professional and technical employees.



China Resources Logistics incorporated lean management indicators into the management trainee project assessment dimension, requiring that the management trainees must complete the lean yellow belt training and get a piggyback during the training period before they can be promoted to the target position; formulated the "China Resources Logistics Employee Change Management System" to guarantee the promotion of employees to be fair and open.

Case



CRE Launches International Class Talent Training Project

To enhance employees' understanding of the development trend of the international consumer goods industry and learn from the excellent experience of international leading multinational consumer goods companies, CRE has implemented an international talent-training project - "Creation (Chuang) · Pioneer".

From October 10th to 22nd, 2017, Chen Lang and Wang Weiyong, Chairman and CEO of CRE, led 15 and 13 employees respectively to study and exchange in the United States, New Zealand and Australia, which opened up the international vision of employees and improved their business capabilities.



CRE International Talent Class Visited the United States for Exchange

Case



China Resources Logistics Actively Carries out Employee Training

China Resources Logistics actively organizes various training courses and practical projects to enhance the general force, professionalism and leadership of employees. The company has conducted 396 times of training, with 5,621 participants, and accumulated training sessions of 903.37 hours.



China Resources Logistics Staff Training

Accumulated training

396 times

Participants

5621

Accumulated training sessions

903.37 hours

Occupational Health and Safety

CRE attaches great importance to employees' occupational health and safety, strengthens occupational health and safety management, improves occupational health and safety system, actively promotes safety culture, regularly checks factors of occupational health hazards and creates a safe and healthy working environment for employees.

Health and Safety Management

CRE builds a top-down security management organization system that comprehensively controls employees' occupational health and safety production. In 2017, the company conducted nearly 40 times of EHS inspections at various profit centers, found 2,141 hidden dangers and rectified 2,118 items, with a rectification rate of 98.9%.



- Control System Construction

▼

Hazard Shooting Governance

▼

Security Risk Management
- The "EHS Management Organization Construction System" was issued to promote the improvement of the EHS management organization structure at all levels of enterprises; in accordance with the "horizontal to the side, vertical to the end" EHS responsibility system construction goal, the EHS responsibility was decomposed at various levels.
- Fully mobilize internal and external resources, enterprises at all levels organized 8438 times of hidden danger investigation and management, and investigated 58777 hidden dangers, with a rectification rate of 95.42%.
- In combination with the company's business characteristics, continue to promote EHS compliance, integrity systems, forklifts, liquid ammonia, road transport, hazardous operations, traceability and other key aspects and key risk management and control of EHS management, and explore the construction of demonstration bases and benchmarking plants.

China Resources Logistics regularly organizes employees to participate in medical examinations and provides personal protective equipment for employees and key third parties, including reflective clothing/work clothes, safety shoes, safety helmets, protective gloves, and ear protection equipment etc.

Pacific Coffee has established clear management procedures and guidelines for factors of occupational hazards, actively developed automation tools with protection in place to reduce injuries; organized employee health checkups every year, and conducted health assessments for Administrative staffs. In 2017, about 740,000 Hong Kong dollars were invested in employee medical examinations, fire protection management and labor protection supplies.

Health and Safety Culture

CRE values the importance of building employees' health and safety culture atmosphere, continuously strengthens the construction of safety culture, organizes and carries out various kinds of safety publicity activities, emergency drills and safety education and training etc.

In 2017, the company cooperated with the Training Center of the State Administration of Work Safety to carry out education training in production safety, held safety management training course for the EHS first responsible person, comprehensively improved the management concept of EHS first responsible person to ensure the safety production knowledge and capabilities corresponding to the company's production and operation activities. At the same time, in cooperation with the Publicity and Education Center of the State Administration of Work Safety, held a pre-examination training course for registered security engineers to further strengthen the professional capabilities of the EHS team.

In 2017, **China Resources Beer** carried out 552 various types of emergency drills, a total of 17,165 man-times participated in the drills, organized 2,107 times of various kinds of production safety training, with a total learning period of 139,005 hours.

In combination with the characteristics of the cafe business format, **Pacific Coffee** established 5 special emergency plans in 2017, carried out 5 times of security inspections on 84 stores and found 907 items of non-conformity.



Employee Care and Support

CRE advocates a healthy and colorful employee lifestyle. The company actively carries out employee care activities, balances work and life; cares for female employees, provides special care for pregnant and lactating employees; helps difficult employees to overcome together their difficulties and enhances employees' cohesiveness and sense of belonging.

Work-Life Balance

CRE established the "CRE Reading and Running Club" to encourage employees to actively participate in fitness activities through WeChat Group. In 2017, CRE Basketball Club and Badminton Club held weekly basketball and badminton events.

In 2017, **China Resources Ng Fung** carried out nearly 60 employee healthy activities, such as badminton competition, fun sports games, hiking, climbing, and basketball games etc.

China Resources Logistics improved its canteen service, provides a healthy lunch, guarantees the nutrition balance of employees; and purchases sun protection and heat preservation products for frontline employees to implement personalized care.



CRE Crossing Shenzhen East-West Rush Hiking Activity



CRE HQ Summer Birthday Party Group Photo



Group Photo of CRE staffs after their first climb



CRE "Friendship and Love Rice-Pudding Celebration" Dragon Boat Festival Activity



China Resources Ng Fung Employees Activity Group Photo



CRE "Pengcheng First Peak - Wutong Mountain" Climbing Activity



China Resources Logistics Employees Excursion



China Resources Logistics "Employee Week" Activity

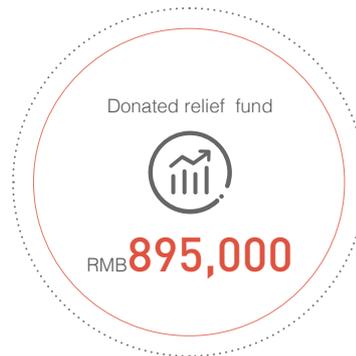


Pacific Coffee "Employee Week" Fun Development Activity Group Photo

True Love among Employees

CRE continues to pay attention to special groups, such as female employees, retired employees and employees in difficulty etc. Through charity activities, CRE conveys the company's love and care, and creates a harmonious internal atmosphere.

China Resources Ng Fung formulated the "Charter of Love and Mutual Help Foundation of China Resources Ng Fung", and established the Love and Mutual Help Foundation to provide assistance to Mainland in-service formal employees and labor dispatching staff themselves of the company who suffer from major diseases (such as leukemia, kidney failure, malignant tumors, etc.) and are unable to pay for expensive medical treatment expenses, encounter major natural disasters and disasters that lead to special difficulties such as that their daily life becomes unsustainable etc. Since its establishment, the Foundation has donated RMB 895,000 relief fund to a total of 32 employees.



Case



CRE "Besties' Photography Party" Women's Day Activity

In March 2017, CRE held the "Besties' Photography Party" Women's Day event, calling on the company's female employees to actively contribute and participate in the award-winning creative photography competition activity. Let female employees experience a different Women's Day.



CRE "Besties' Photography Party" Award-winning Photos

Voice of Employees

"Under the overall arrangement of the company's leadership and human resources center, the information management center of the Company has established a complete IT post qualification management system, the competency assessment model, corresponding learning development system, with relevant tool methods and processes are implemented on the information system. It also obtained the national intellectual property copyright patent. The information management center enhances comprehensively the staff's ability through special project training, departmental general ability training, team professional ability training and individual learning and sharing."

—Zhang Shuang from CRE Information Management Center

"Interacting with IFTF Future Research Institute, Clara Food Company and Indiebio incubator enterprise, I am very excited to feel in a close distance to the vitality and potential of the innovative spirit of the United States for enterprise development; during business interviews and market insights, I am deeply impressed by the open mindset of social individuals pursuing freedom and individuality, but at the same time being able to accommodate different voices when communicating with the locals; and the feelings of the local people keeping their feet on the ground to pursue their dreams, and advocating healthy and kind-hearted values also make me respect them. I dare not say how much new knowledge I have learned in just ten days, but this journey has helped me broaden my visions, enlighten my thinking, and once again feel the great power of teamwork. I believe this journey will be an unforgettable memory."

—Fu Yujin, Legal and Secretarial Department of CRE

"Internationalization is the trend, (we should) actively embrace, and be bold. Look for good products, good assets that are unique to foreign countries, integrate CRE's unique resources, and conduct good transactions."

—Li Nanxiang, Information Management Center of CRE



We Are Striving Forward

Respect, care, achievement and continuous creation and sharing of employee value are the direction of efforts of employees' responsibility of CRE. To protect employee privacy, safeguard employees' basic rights and interests; improve personnel training and career development system, fair assessment, and help employees' career development; conduct occupational health checkup, improve occupational health management and safety training system, ensure employee health and safety; carry out team building activities, balance employees work and life; care for employees with difficulties and realize the common development of the company and employees will be the goal of our unremitting efforts.



Commitment · Excellence · Quality

Create Customer Value

Ingenuity and quality. At present, the main contradiction in our society has been transformed into the contradiction between people's growing needs for a better life and the unbalanced and inadequate development. The upgrading of consumption has brought new opportunities. In the face of diversified and personalized consumption ecology, CRE takes the initiative to seize opportunities, strictly control product quality and safety, continues to develop new products, to meet market diversified needs; improve customer service system, enhance service quality, and create value for customers.





Our Achievements

Product qualification rate: **100** %

Technology development investment:
HK\$**478** million

Number of new patents: **6**

Customer complaint feedback resolution
rate: **100** %



Dedication to Product Control

CRE adheres to the spirit of inheritance, clarifies product quality control requirements, strictly abides by relevant regulations in its operations, improves product quality certification, standardizes product processes, and improves product safety control to ensure product quality.

Product Quality

CRE's profit centers take strict control of product quality, constantly improve the quality management system and provide customers with high quality and reliable products.

China Resources Beer strictly abides by the various food production quality standards. In 2017, it promulgated and implemented the "Detailed Implementation Rules for Bulk Malt Management" and "Measures for the Management of Bulk Malt Quality Inspection in Regional Companies" and other documents to regulate the operation and implementation of bulk malt projects.

The rice business of **China Resources Ng Fung** has been certified by ISO9001: 2015 Quality Management System Certification and established a whole industry chain quality control system from procurement, production and processing, warehousing and logistics to sales terminals. In the procurement process, all raw and auxiliary materials supplied are tested for quality and can be put into the warehouse for use only after inspection; in the production and processing links, key control points, such as CCP/OPRP etc., are set up; in the warehousing and logistics links, strict grain management, warehouse and logistics vehicles cleaning and inspection system are implemented; and in the terminal sales link, regular inspections are carried out to ensure stable quality of terminal sales products.

In 2017, **China Resources C'estbon** organized 4 sessions of supplier standard requirements interpretation training and experience exchange, 5 sessions of factory inspection personnel testing normative training, and set up a special market quality module to conduct warehousing requirements and traceability requirements training guide for dealers through market inspection. And carry out product protection knowledge publicity towards terminal sales point to ensure product quality.

Case

China Resources Ng Fung Won the "Excellent Practice Enterprise Award of the Year"

On June 30, 2017, the awarding ceremony of "The 6th China Food Health Seven Star Award", one of the highest awards in China's food industry, was held in Beijing. China Resources Ng Fung won the "Excellent Practice Enterprise Award of the Year" from the China Food Health Seven Star Convention Alliance for its quality products.



China Resources Ng Fung "Excellent Practice Enterprise Award of the Year" Group Photo

Product Safety

The various profit centers of CRE adhere to the principle of "safety first". Its core businesses, such as beer, food and beverage, strictly abide by product safety related policies and regulations and provide customers with safe and secure products.

The rice business of **China Resources Ng Fung** has passed the ISO22000, FSSC22000 Food Safety System Certification. Henan Ng Fug complies with the relevant regulations of the State on the safety of pigs for food supply to Hong Kong, and improves the food safety control system for live pigs farming based on the production process of live pigs pollution-free farming.

Pacific Coffee develops supply chain food safety management system project to strengthen supply chain safety, adopts cold chain management temperature dynamic monitoring technology, and the cold storage is equipped with temperature monitoring facilities to realize real-time monitoring of management process to ensure food safety.

Case

Pacific 2017 Coffee Quality Safety Accident

On August 30, 2017, Pacific Coffee reported a product safety incident. A customer at Xi'an Xianyang Airport Store found a cockroach in his coffee cup after buying a takeaway coffee and tweeted the incident to Sina Weibo (micro-blog) causing widespread concern in society.

After the incident, the management team of Pacific Coffee paid great attention to it and dispatched an emergency response team to the store to handle it properly. At the same time, in response to this incident, Pacific Coffee requested that Xi'an Airport Store be seriously rectified, actively implement the investigation of hidden dangers of pests in the store, pest killing and supervision, optimize the enterprise operation manual and pest control system, organize and carry out warning education and special topic training and improve food safety awareness and management level.



Pacific Coffee Food Safety Incident Handling Timeline



The screenshot of Weibo about Pacific Coffee Food Safety Incident

Committed to Product Innovation

In the face of increasingly diversified consumer trends, traditional consumer industries of CRE such as beer, food and beverages continue to make breakthrough innovation, carry out independent research and development and innovate product categories and packaging.

The innovative industry development ideas of Liaoning Ng Fung Marketing Company of China Resources Ng Fung adopts the most advanced technology and equipment in the world to make the rice bran, a by-product of rice production, into rice bran oil or rice oil, providing customers with oil products with blood pressure lowering, blood fat reduction and other health effects. Through product innovation, the rice industry chain has been extended and the processing depth of rice and the added value of products have been improved.

Case

China Resources Beer Innovates Packaging, and Upgrades Product Image

In 2017, China Resources Beer launched the "You Define Your Future" concept series products, which includes 4 new products, namely, "Male Opera Mask", "Female Opera Mask", "Draft Beer" and "Brave the world" thereby enriching the customer experience through product packaging and image upgrade.



China Resources Beer New Product Concept Diagram

Case

China Resources Ng Fung Hangzhou Zhiwei Food Co., Ltd. Independently Developed Patents

Hangzhou Zhiwei, a subsidiary of China Resources Ng Fung, focuses on innovative research and development to create personalized and refined products. In 2017, Hangzhou Zhiwei Company independently developed 4 modeling bags - pudding bag, rooster bag, penguin bag and bear bag, and was granted the right to establish a patent by the State Intellectual Property Office.



Independently Developed 4 Modeling New Packaging - Pudding Bag, Rooster Bag, Penguin Bag and Bear Bag

Case

China Resources C'estbon Develops New Flavor Sports Drinks

To meet the consumption demand of young sports crowd for beverages, China Resources C'estbon has comprehensively updated the "magic power", a sport drink, from the aspects of product attributes, packaging, taste and formula, especially adding amino acid ingredients, and launching brand new salty lychee flavor products. While replenishing water and energy, the products supplement young sports people with reduced amino acids due to sweat loss.



The new package of "magic power"

Enhance Customer Service

CRE adheres to the principle of customer first, carries out product knowledge popularization, advocates rational purchase, encourages sustainable consumption, protects customer rights, improves customer management system, and improves after-sales service mechanism to provide better service to customers.

Protect Customer Rights and Interests

The various profit centers of CRE adhere to fair sales, eliminate false propaganda, truly popularize product knowledge, protect customer information, and protect the basic rights and interests of customers, such as the right to know and the right to privacy.

China Resources Ng Fung adheres to the customer-oriented principle, and sets a number of service requirements to protect customers' right, such as the right to know, privacy, etc.

Respect customer's privacy and clarify customer's right to access information. No employee is allowed to access customer files without permission, and strictly protect customer information security;

Eliminate false propaganda, carry out advertising campaigns in traditional media and new media channels, prohibit the promotion of false information, exaggeration and other behaviors that deceive consumers;

Adhere to fair sales, abide by "Anti-Unfair Competition Law", implement unified pricing for all channels in the country, no bullying, no price hiking;

Enhance customer engagement; organize customers to visit production bases, participate in various food safety promotion activities, and shoot food safety videos to protect customers' right to know.

Customer Service System

The various profit centers of CRE continue to improve customer management, enhance after-sales service, perfect product complaints and handling mechanisms, and improve the full-cycle service chain.

◎ Improve Customer Management

China Resources Ng Fung Hangzhou Ng Fug United Meat Co., Ltd. established guidelines for customer management and evaluation system, and guides all units to set up management and evaluation systems, such as customer access and elimination, based on production and operation characteristics.

China Resources Logistics continually updates its customer management system and management tools to enhance customer experience with much better services.

The China Resources International Logistics Center (ILC) Octopus system is used to automatically record the entry and exit time of vehicles to collect the gate fee and shorten the time for customer to process the order;



China Resources International Logistics Center ILC Octopus System

Add "Food Hall", install POS payment system, analyze customer's dining preferences, adjust menus in time and improve customer service experience;

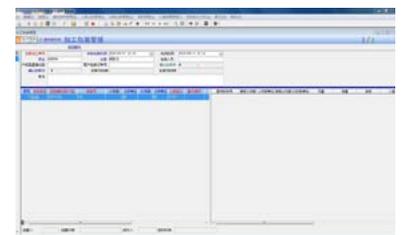


Food Hall POS Machine

The cold storage business replaces the CWMS warehouse management system to provide customers with a full range of services such as dock trailers, unloading, warehousing, processing, and distribution, and upgrade customer service specifications;

When the terminal business signs contracts with resident customers and non-resident customers, it will add the "Environmental, Occupational Health and Safety (EHS) Management Regulations" to protect the rights and interests of customers;

Integrated Logistics launched a customized DWMS2016 warehouse system, using barcode technology to help customers achieve refined cargo management. At the same time, the processing and packaging management functions are electrical to improve service efficiency.



Integrated Logistics DWMS2016 Warehouse Management System

Customer satisfaction

94%

◎ Popularize Product Knowledge

China Resources Ng Fung Nanning Ng Fung sets up promotional points in brand stores and supermarket counters during the Spring Festival, May Day, National Day and other important holidays and arranges sales promotion personnel to carry out brand fresh meat promotion activities at the store, wherein product quality is visualized through oral promotion, product tasting, etc. At the same time, such common knowledge as how to choose good meat and how to cook meat with better tastes is popularized to the customers. In 2017, a total of 69 times of product promotion and knowledge popularization activities were carried out.

◎ Customer Satisfaction Survey

China Resources Ng Fung Nanning Ng Fung launched the "Ng Fung Fresh Meat" customer satisfaction survey in 2017 with customer satisfaction reaching 94%.

China Resources C'estbon launched the 2017 Customer Satisfaction Survey. The survey results showed that the overall satisfaction of customers with C'estbon rose from 83 points in 2016 to 86 points, and they were more satisfied with product quality, product taste, service performance and brand performance.

◎ Improve Complaint Handling

Ng Fung Cold Food of **China Resources Ng Fung** has set up a special complaint hotline and customer service manager in the General Quality Management Department. Customer complaints are classified into general complaints, vicious complaints and malicious complaints and established a clear handling process is specified.

Pacific Coffee insists on customer responsibility, clarifies the food traceability management process, formulates product recall management system and emergency management plan for sudden food safety incidents, safeguards food traceability, ensures timely recall of problematic products, and reduces the harm to customers caused by defective products.

V Ng Fung Cold Food of China Resources Ng Fung Customer Complaint Handling Process

- After receiving the complaint, the customer service manager records the complaint first;
- After recording, the complaint information is reported to the sales branch business management personnel in the form of telephone, QQ, WeChat, etc. within 10 minutes;
- The business management personnel notifies the local operation department or business representative to deal with it in time;
- The company's customer service promptly follows up on the handling of the complaints within the day;
- After the complaint is processed, the sales branch manager or business management personnel verifies the processing result and reports it to the customer service of the General Quality Management Department for file;
- The General Quality Management Department analyzes the complaints on a monthly basis, urges relevant departments to improve and verify, and fills in the verification results on the "Customer Opinion Processing Form", and saves in file.

Case



China Resources Ng Fung Moldy Rice Customer Complaint Handling Mechanism

Found public post: On May 13, 2017, a user started a post on the internet, reflecting that the purchased the rice of China Resources Ng Fung Limited with the package marked "Fresh Rice" with bad smell. It was believed that the stale rice was posing as fresh rice and he filed complains against China Resources Ng Fung Limited. After receiving the relevant post information on the night of May 14, the rice division quickly launched the emergency response mechanism.

Public opinion tracking: On the morning of May 15, the quality control department contacted Mr. Zhang, the poster. After patient, meticulous and professional communication and explanation, Mr. Zhang agreed to exchange rice and voluntarily deleted the negative post. He republished a post to express his thanks and praise for the sincerity and efforts of personnel of China Resources Ng Fung Limited.

Investigation of the incident: After investigation, the rice of the incident was fresh rice of the current season, not stale. Because the rice division is not strict with the internal control standards, the moisture control standard is not properly controlled and the rice contains higher water content. Under the condition of long sales period and high temperature and humidity in East China in summer, the rice metamorphosed and went moldy.

Voice of Customers

"The raw rice producing area of Ng Fung Daohuaxiang, obtained its National Certification of Wuchang City, Heilongjiang province. It is specially cultivated, the taste is soft and waxy, and the taste is delicious and fragrant."

—— Qi Lu, Customer of CRE

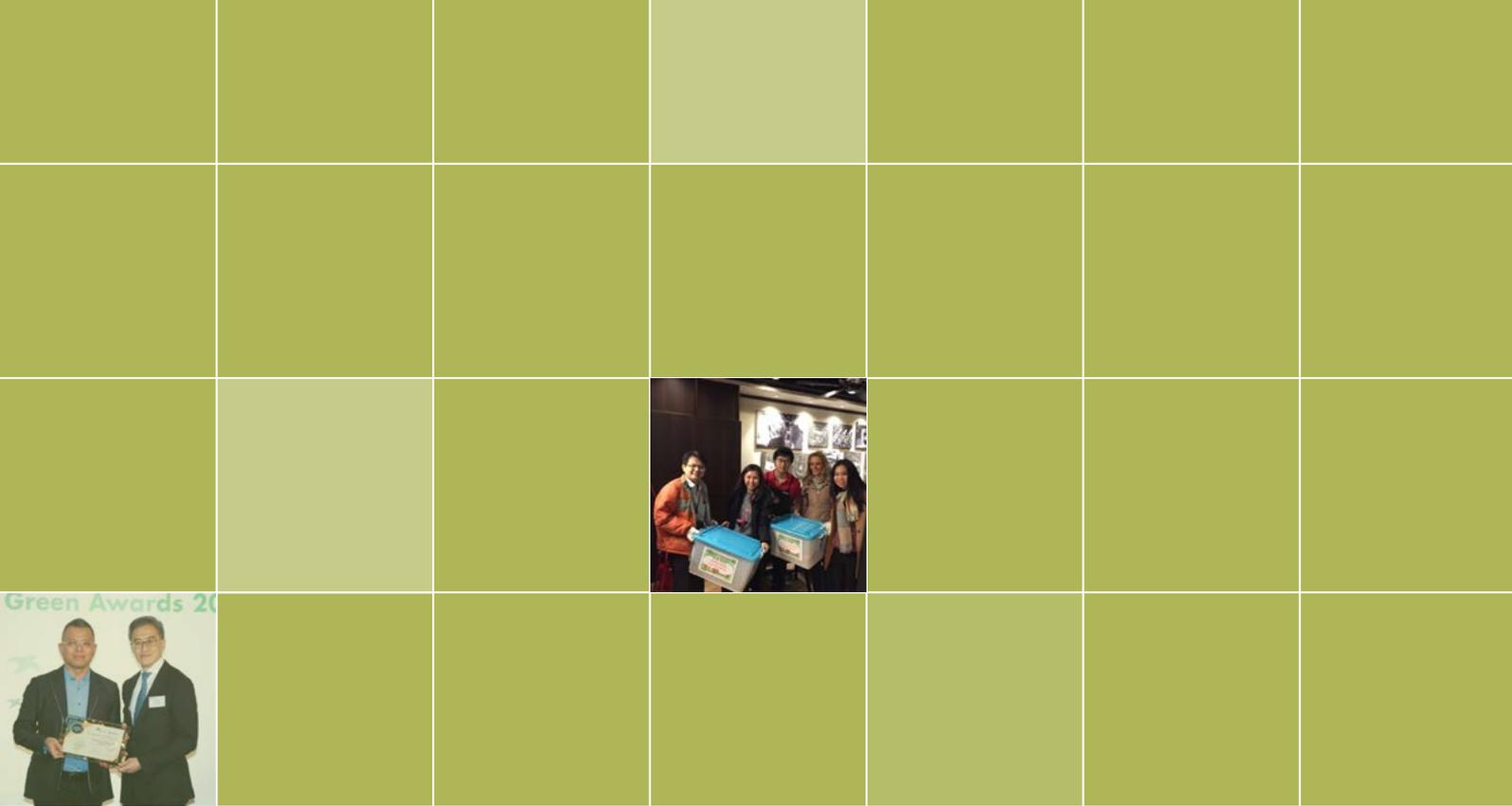
"Every week, when playing basketball games with my friends, I always prepare a few boxes of Cestbon on the side of the basket court, easy to buy, affordable, and its advertising is impressive, I think it should be of good quality."

—— Wang Kaizheng, Customer of CRE

We Are Striving Forward

Commitment, excellence, high quality, and continuous creation and sharing of customer value are the direction of efforts of CRE to fulfill its customer responsibilities. To improve product quality control system, pay attention to product safety, provide high quality and reliable products; tap new customer needs, innovate research and development products to meet personalized and diversified consumer demand; protect customer privacy, popularize product knowledge, improve after-sales mechanism, and let customers enjoy more comfortable and caring service, "Building a better life together" will be our unremitting goal of our unremitting efforts.

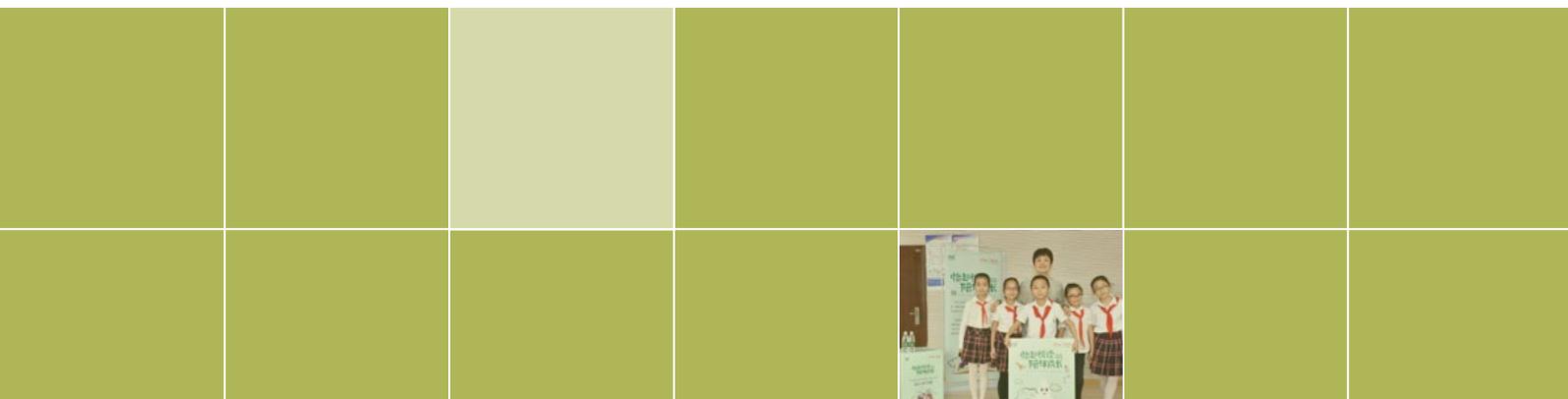




High Efficiency · Low Carbon · Green

Create Environmental Value

CRE adheres to the principle of sustainable development, implements the national green development strategy, and integrates the green concept into environmental management, production and operation, and daily office operation. Through jointly managing environmental protection and business development, CRE strengthens environmental protection supervision, promotes energy conservation and emission reduction, promotes environmental protection concepts in various ways, strengthens employees' environmental awareness, and enhances the company's operating efficiency and quality.





Our Achievements

^ Total investment in environmental protection:

RMB **119.3868** million

Energy conservation and emission reduction technology transformation investment:

RMB **61.4402** million



Green Management

CRE set up the EHS department to be responsible for environmental management related works, and urged the various profit centers to actively carry out environmental protection qualification certification, organize environmental protection training and strengthen green management.

China Resources Ng Fung pays attention to environmental management. Ng Funchun, Ng Fung Lihong and Ng Fung Slaughterhouse all have passed the ISO14001 environmental management system certification. Ng Fung Cold Food has passed the clean production audit certification; urged all units to formulate waste management methods, produce waste and hazardous waste are disposed of by a professionally qualified company, and regulate pollution management.

Case

China Resources Snow Beer (Sichuan) Co., Ltd. Won the "Green Management Award - Corporate - Merit Award"

In August 2017, in the "Hong Kong Green Awards 2017" selection campaign, China Resources Snow Brewery (Sichuan) Co., Ltd. Sichuan Plant won the "Green Management Award - Corporate – Merit Award" for its outstanding performance in environmental management.



2017 Hong Kong Green Award 2017 Sichuan Factory Awarding Site

Green Production

CRE is committed to applying environmental protection technologies, continuously improving the green industry chain, focusing on energy conservation and consumption reduction, promoting resource recycling and reuse and implementing green production.

Environmental Technology Application

China Resources C'estbon continues to promote the application of environmental protection new technologies, new processes and new products. In 2017, China Resources C'estbon applied new energy technologies to its production plants to replace fuel forklifts with electric or gas forklifts to reduce environmental pollution.

Green Industry Chain

The various profit centers of CRE adhere to green procurement, green production, green packaging, green transportation, green recycling, improve the construction of green industrial chain, and promote sustainable development.

Green Procurement: Pacific Coffee signed a green product agreement with supplier in the procurement process to encourage the use of renewable materials for disposable consumables. In 2017, Pacific Coffee won the "Smart Environmental Purchasing Award" bronze Prize of the 2017 Hong Kong Green Enterprise Award.

Green Production: China Resources Ng Fung Shanghai factory installed gas boiler automatic blowdown system in production, so that the steam system can efficiently deliver water, reduce the impact of accumulated water on the system piping and equipment, and improve the efficiency of the steam system.

Green Packaging: China Resources C'estbon replaced the ink coding of the bottled product packaging carton with the carbon tape coding, which is environmentally friendly and clean.

Green Recycling: Pak Sik Warehouse No. 2 of the Dry Warehouse Business of China Resources Logistics regularly recycles card boards discarded by customers after shipment to Pak Sik Warehouse No.1 for standby, realizes card board reuse and green recycling.

Case

Pacific Coffee Plastic Cup Cover Recycling Action

Pacific Coffee and Ocean Recovery Alliance (ORA), a Hong Kong conservation group, launched a plastic cup cover recycling operation to recycle used coffee cup lids to designated outlets for recycling and the recycled cup covers all sent to Ocean Recovery Alliance for reproduction. At the same time, resources are recycled by providing free upgrade promotion activities to customers who have placed the cleaned plastic cup lids at the recycling point after purchasing hand-picked beverages.



Event Poster and On-Site Recycling Bottle

Saving Energy Resources

The various profit centers of CRE actively carry out environmental protection and assessment work of energy management system, continuously upgrade and transform supporting facilities, improve energy resource utilization efficiency, and practice energy conservation and emission reduction. The cold food operation of the food business utilizes the pasteurization system to recover the residual heat of the cooling tower water and reduce the cooling tower fan power, thereby saving the steam required for slurry heating. The beverage business improvement equipment achieves timely recycling and utilization of concentrated water to reduce water consumption under the premise of ensuring water quality.

In 2017, the company invested a total of RMB 61.04 million in energy saving and emission reduction, and carried out more than 200 energy conservation and emission reduction optimization and upgrading projects. The comprehensive energy consumption of the industrial enterprises (China Resources Snow Breweries, China Resources C'estbon, China Resources Ng Fung) of CRE per annual output value of 10,000 Yuan decreased by 13.47% year-on-year, and the energy consumption per 10,000 Yuan of value added decreased by 9.43%.

Case

Pacific Coffee Energy Saving and Consumption Reduction Series Action

In its store operation, Pacific Coffee pays attention to the conservation and recycling of energy resources.

For the 9th consecutive year, participated in the "Earth Hour" activity organized by the World Wildlife Fund (WWF) and turned off non-primary light on March 25th;

Coffee insulation sleeve recycling bin was placed in the Pacific Coffee within the HSBC Building, and used paper cup sets were recovered for recycling;

Cooperated with Green Glass Green Project, an environmental protection group, and Wanchai East Town Building branch and the Lyndhurst Terrance, Central Hong Kong branch were set up as a glass collection point to promote the recycling of environmentally friendly materials;

Donated the leftover buns of the Auberge Discovery Bay Hong Kong branch to Food Grace on a monthly basis, and send the coffee slag collected on the day to the Green Life Committee as a fertilizer for the district to improve resource utilization efficiency;

Since November 2017, 10 university outlets have been selected as "no straw day" on Tuesdays, encouraging customers to reduce the use of disposable plastic drinking straws, promoting sustainable consumption, reducing marine debris and protecting marine ecosystems.

Energy conservation and emission reduction technology transformation investment

RMB **61.4402** million

Per annual output value of 10,000 Yuan decreased by

13.47% year-on-year

Energy consumption per 10,000 Yuan of value added decreased by

9.43%



Pacific Coffee 2017, 10 university



Pacific Coffee gives coffee grounds to Green Life Committee



Collection box for heat shield spacer of Pacific Coffee

Green Office

CRE integrates the concept of green development into daily work and advocates green office. The company follows the three principles, namely, reduced use, waste utilization, and recycling, establishes an environmental protection office, and develops green office management initiatives.

Uniform Procurement of Stationery: When applying for office and computer supplies, it is necessary to check whether any forgotten office supplies are not used; if there are surplus materials, please submit them to the General Management Department for mutual complementation between departments.

Cherish Energy and Save Electricity: Put energy-saving signs in public areas such as tea rooms and conference rooms, and turn off computers and air-conditioning when no one is using them. The company's lamp button are posted with a light reminder for the corresponding office area, prompt employees to turn off the power in their area when they leave the office for a long time.

Save Paper and Reduce Waste: Set up a photocopying paper collection box next to the photocopier, suggesting that the single-sided paper should be placed in the collection box for reuse; employees are required to send information electronically as much as possible.

Waste Utilization, Environmental Protection and Reuse: Set up waste paper recycling bags in special areas, collect waste paper; transfer the printing machine toner cartridge to the recycler for recycling.

Voice of the Environment

"Raising pigs and cleaning up faeces is a tired and dirty work. Use our tiredness to exchange the cleanliness of the environment, do not let a drop of excess-standard wastewater flow out of our farm, then our tiredness is worth it. For the reduction of pollutants on the farm, let's continue to struggle!"

—Zhong Qiongyang, China Resources Ng Fung

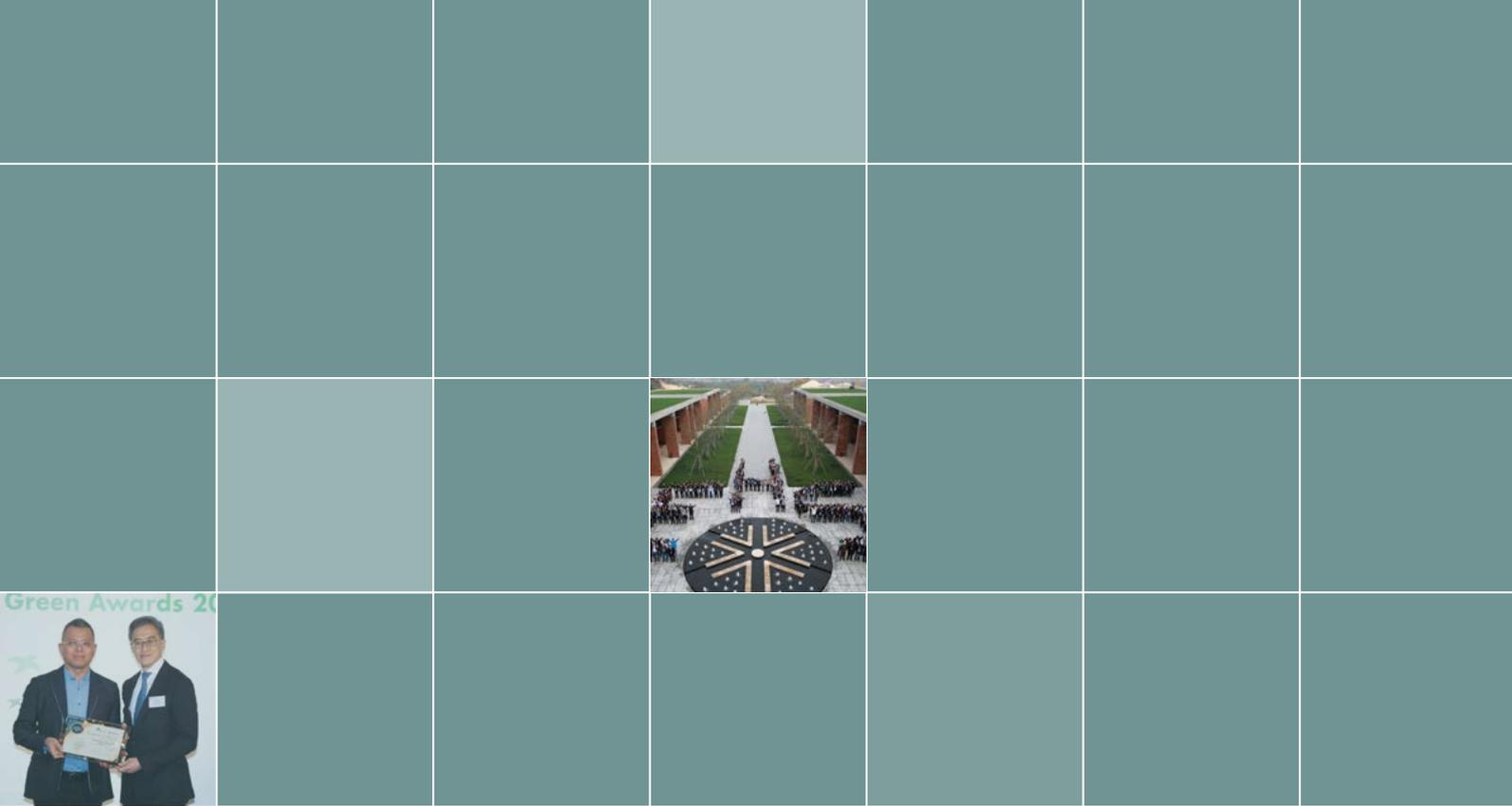
"Environmental protection measures must keep up with the popularization of environmental protection knowledge, they interlock and promote each other, only in this way can it ensure the vigorous development of the environmental protection undertaking, and this requires the efforts of each of us."

—Huang Guoqiang, China Resources C'estbon

We Are Striving Forward

Efficient, low-carbon, green, and continuous creation and sharing of environmental value is the direction of CRE to fulfill its environmental responsibility. To improve environmental management system, carry out environmental protection training, popularize environmental protection knowledge, enhance environmental awareness; apply environmental protection technology, build a green industrial chain, practice energy conservation and emission reduction, recycle resources, adhere to green production; carry out green office, enhance employees' awareness of saving water, saving electricity and saving paper, establish a green office environment, and build a resource-saving and environment-friendly enterprise will be the goal of our unremitting efforts.

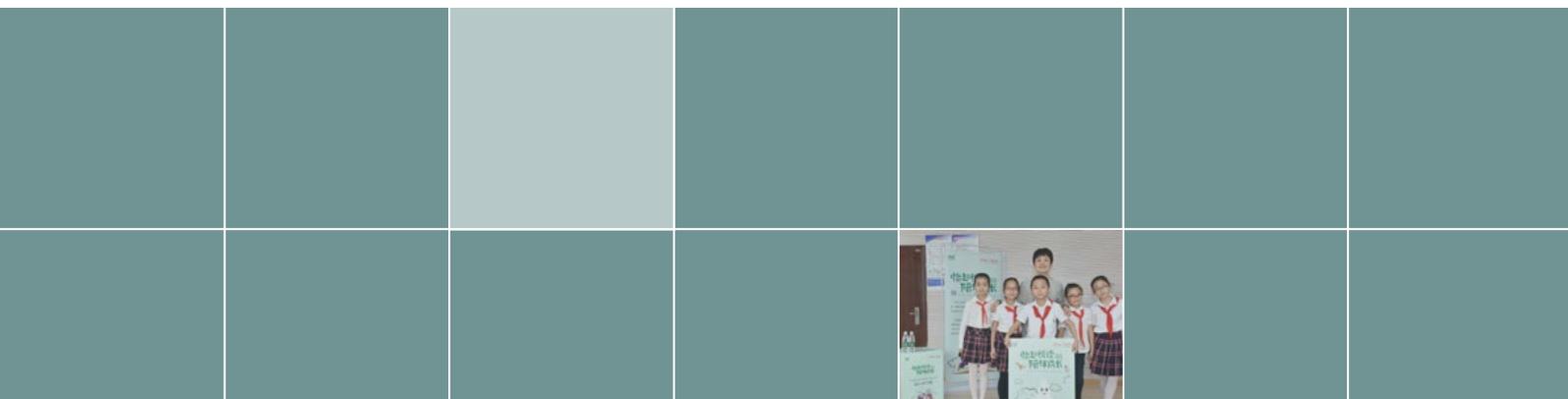


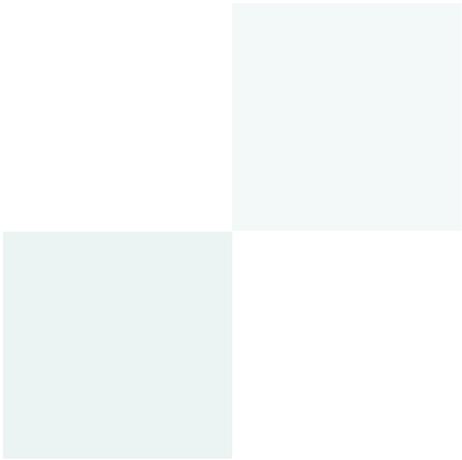


Collaboration · Promotion · and Win-Win

Create Partnership Value

The orderly and healthy development of the industry can provide a good environment for sustainable development of the company. CRE strictly abides by relevant laws and regulations and adheres to fair trade; actively carries out strategic cooperation to promote communication and exchange of information and technology in the industry; improves supplier and dealer management systems, carries out capacity improvement activities, builds a responsible supply chain, promotes common growth and achieve win-win value with partners.





Our Achievements



Responsible purchase ratio:

100%

Supplier's adoption of quality,
environmental and occupational health
and safety system certification ratio:

100%



Promote Fair Competition

CRE and its profit centers consciously abide by the laws and regulations of fair competition, and it is strictly forbidden to participate in or engage in anti-competitive behavior with others. Internally, strengthen the construction of mechanisms and awareness-raising; externally, through strict supply chain management, promote the formation of a fair competitive social environment.

China Resources Ng Fung strictly implements China Resources Group's "Tendering and Purchasing Management System", which stipulates that the bidding documents and procurement contracts must be accompanied by the "Sunshine Declaration", requiring all participating bidders to sign "Integrity Practice Guidelines" in a form of letter of commitment to ensure fair competition.

Carry out Strategic Cooperation

CRE explores industry in-depth cooperation in marketing, big data and supply chain. On January 22, 2017, CRE and JD.COM (JD) signed a strategic cooperation agreement to achieve full-brand integration and omni-channel through digital marketing, and achieve win-win cooperation with JD.COM (JD).



CRE and JD.COM (JD) Carry Out Strategic Cooperation

In 2017, **China Resources Ng Fung** launched a number of strategic cooperation projects, carried out investment cooperation with Comvita, New Zealand's leading honey producer, cooperated and established a joint venture with Sovena, a Portugal olive oil company, building a good overseas product and a domestic good channel connection platform.



China Resources Ng Fung establishes a Joint Venture with Sovena, an Olive Oil Company in Portugal

Construction Responsibility Supply Chain

CRE focuses on integrating responsibility concept and responsibility awareness into supply chain construction, formulating supplier access and supplier assessment and other management systems, standardizing supplier behavior, strengthening dealer training and exchange, enhancing dealer capacity and ensuring supply chain sustainable development.

Supplier Management

The various profit centers of CRE clarify supplier procurement standards, develop supplier access standards, supplier cooperation process management requirements and supplier evaluation systems and other management practices to strengthen supplier management.

Evaluated key suppliers

180

Excellent suppliers

28

A pass rate of

97.2%

China Resources Beer regularly cooperates with suppliers on technical consultation, information communication, business communication, and supply chain lean extension management, and has cultivated a total of 18 strategic suppliers.

China Resources Ng Fung formulated the "Qualified Suppliers List" and updated it regularly; established a supplier evaluation system, and divided the suppliers into four levels, i.e., A, B, C, and D, according to the "Supplier Performance Assessment Form", and commended the excellent suppliers. To unqualified suppliers, their purchase is terminated, and a rectification notice will be issued. In 2017, a total of 180 key suppliers were evaluated, and 28 excellent suppliers and 5 unqualified suppliers were selected with a pass rate of 97.2%.

China Resources Logistics pays attention to the responsible management of related parties. In the project procurement bidding, foreign contractors are required to sign the relevant liability statement, safety regulations and other matters of attention, and purchase labor insurance and third party liability insurance for the employees.

Case

China Resources Snow Breweries Conducts Spot Check on Base Paper Quality of Carton Suppliers

The factories under China Resources Snow Breweries in Hubei area pay attention to the inspection of suppliers' supply quality, strictly abide by the company's "Corrugated Cardboard (Board) Base Paper Quality Standards" (CRB 01.69-2014), and set up inspection teams in Wuhan and Tianmen. The team, from time to time, goes to the production site of 6 carton suppliers, such as Wuhan Meiyi and Wuhan Yadu etc., to understand the production process and check the quality of the original paper. The annual inspection frequency is not less than twice.

Dealer Management

China Resources Beer has formulated dealer management requirements to improve dealers' profitability and business level through specific measures such as business guidance, training, and commendation incentives. Some dealers' businesses have already evolved from a single beer business to a multi-category first-level agent commerce company operating best-selling market brand. At the same time, China Resources Beer actively guides dealers to fulfill their social responsibilities, and many distributors have made important contributions to local economic, environmental and social development in poverty alleviation, public welfare, taxation, local employment and other aspects.

^ China Resources Beer Dealer Capacity Improvement Initiative:

- Guide, plan and design the dealer's business content, and improve the terminal maintenance level;
- Guide dealers to upgrade their business models, and enhance their comprehensive competitiveness;
- Organize excellent suppliers to learn the experience of operation management of advanced FMCG channels;
- Assist dealers to develop annual budgets, business plans and development plans;
- Hold regular year-end dealer recognition meeting.

Case

China Resources Snow Brewery Jiangsu Marketing Center Provides Business Training for Dealers

In 2017, in order to standardize the work level of the terminal salesman in the dealer office, Jiangsu Marketing Center carried out training activities for dealers on norms, standards and traces of business conduct to promote dealer capacity building.



China Resources Snow Brewery Jiangsu Regional Dealer Training Event

Voice of Partners

"The company's training on matters of attention and compliance and testing activities will greatly help the harmonious development of both parties. Through this activity, we have acquired clearer and more specific requirements of the company for integrity and self-discipline. At the same time, we become more familiar with the supplier management system and the corresponding process procedures of the company, making the cooperation process between the two parties faster and smoother."

——A national supplier of cans for China Resources Beer

"As the leader of the brewery industry, the company plays an exemplary role, and the atmosphere of the entire brewery market will surely get better and better..."

——A national supplier of malt for China Resources Beer

"We very much see our relationship with you as a partnership and we are always ready to be of service. We also very much enjoy using your products."

——Langham Hotel CEO Jeffery Van Vosselen



We Are Striving Forward

Collaboration, promotion, and win-win, and continuous creation and sharing of partner value are the direction of CRE to fulfill its partnership responsibility. To comply with fair competition laws and regulations, guarantee the right to equal development of enterprises, maintain industry order; focus on solidarity and cooperation, actively carry out strategic cooperation with peers or non-peers, achieve mutual benefit and win-win; improve supplier management system, promote supplier responsibility; focus on dealer capacity building, construct a responsible supply chain, and constantly build a competition-friendly and strategic cooperation partnership will be the goal of our unremitting efforts.



Care · Help · Harmony

Create Social Value

CRE adheres to the development philosophy of “Building a better life together” and continues to create social value. The company actively responds to national policies and brings coordinated local development; carries out charitable donations, helps disadvantaged groups, improves quality of life, and is enthusiastic about charity; supports cultural and sports undertakings, improves community construction, helps social harmony, and strives to become a trustworthy and favorite company in the community, and share value with the public.





Our Achievements



Total tax payment:

HK\$ **1,643** million

Charity donation expenses:

HK\$ **4** million



Promote coordinated development

CRE actively responds to national development strategies such as regional coordination and targeted poverty alleviation, giving full play to industrial advantages and promoting the coordinated development of local industries and regional economies through business operations.

Ng Fung Lihong, a subsidiary of **China Resources Ng Fung**, actively carried out targeted poverty alleviation work, conducted in-depth visits of poor households in Min'an Village, and provided one-on-one material assistance; vigorously supported and encouraged poor villages to grow and develop the Chinese prickly ash industry, established a Chinese prickly ash base, and invested funds to support the construction of supporting facilities such as Chinese prickly ash seedlings, pesticides, planting techniques and hardware facilities etc.

Case

CRE Actively Responds to the Guangdong-Hong Kong-Macau Greater Bay Area National Strategy

CRE actively responds to the Guangdong-Hong Kong-Macau Greater Bay Area development strategy, and takes the lead in carrying out the Group's reshaping of Hong Kong's business strategy project. Based on its own business experience, with China Resources Ng Fung as the main business executive, and Guangdong-Hong Kong-Macau Greater Bay Area as the entry point, CRE sets up a joint venture with partners, builds a supply chain management platform with light asset model, achieves the comprehensive function of "good product" centralized customs clearance, centralized warehousing, centralized processing, centralized distribution and centralized management, connects "good channels", seeks development for enterprises, pursues welfare and benefits for the local people, and contributes to the construction and development of the Guangdong-Hong Kong-Macao Greater Bay Area.

Case

The Hope Town of China Resources Ng Fung Helps the Development of Ecological Agriculture in the Region

China Resources Ng Fung participated in the industry assistance work of China Resources Hope Town, and guided farmers to set up professional general cooperatives to build an industrial assistance platform. Combined the Hope Town construction with the business development of China Resources Ng Fung, deepened industrial assistance into industrial development with planting and breeding professional cooperatives as platform, and achieved long-term sustainable development. By the end of 2017, China Resources Ng Fung had invested a total of RMB 513 million Yuan for the Hope Town's industrial development.



Hope Town Industrial Poverty Alleviation Crops

Invested

RMB **513** million

for the Hope Town's industrial development

Case

China Resources Ng Fung Promotes Targeted Poverty Alleviation

On October 12, 2017, Hangzhou Ng Fung Party Committee went to the Lotus Town of Jiande, and established "pair support relationship" with Maofan village to seek development through targeted assistance, thereby starting a new round of five-year pairing help work.



China Resources Ng Fung "Township and Village Partnership" Targeted Poverty Alleviation Work Conference

Enthusiasm in Charity

CRE is committed to public welfare undertakings, actively carrying out public welfare activities, providing material assistance to groups in need, and working together to tide over difficulties. In 2017, CRE sponsored the "Heart-to-Heart Charity Walk 2017" event. CRE Chairman Chen Lang and more than 80 employees and their relatives participated in a charity walk at the Tseung Kwan O Waterfront Promenade in Hong Kong to support children with congenital heart disease.



CRE Sponsors the "Together Let's Walk" Charity Walkthon



Case

CRE Participated in the 2017 “Walk for Millions” Campaign

In July 2017, CRE organized employees to participate in the “Walk for Millions” activity in Hong Kong and walked along the coastline with 17,000 public to raise funds for charity projects.



CRE “Public Welfare Fund One Million” Employees Taking a Group Photo

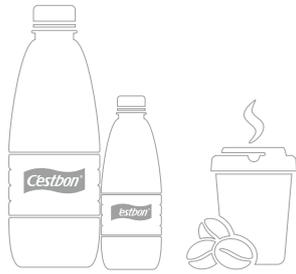
Case

China Resources Ng Fung Responded to Donation Activities in the Disaster Area

On August 8, 2017, an earthquake occurred in Jiuzhaigou, Sichuan Province. Ng Fung Lihong donated RMB 10,400 worth of materials to the disaster area for disaster relief.



China Resources Ng Fung Donated Materials to Jiuzhaigou Disaster Area



China Resources C'estbon launched the "Hundred Library" project to donate a public-purpose library to primary and secondary schools in areas with limited educational resources. Through the method of "changing a spare book with a bottle of C'estbon water", citizens are encouraged to donate their unused books and give them to primary and secondary schools in poverty-stricken areas to improve the development of primary and secondary education in poverty-stricken areas.

Pacific Coffee established the Thought of the Farm charity fund, for every one cup of designated drink sold, HK\$1 will be donated to the charity fund for development in poor areas. The company donated HK\$ 120,000 raised in 2016 for construction of a small playground equipment in Santa Elena Village of Costa Rica. In February 2017, the equipment was put into use.



2017 China Resources Cestbon "Cestbon Reading, Accompanying Growth" Hundred Libraries



Pacific Coffee Donates Playground Equipment to Santa Elena Village, Costa Rica

Enabling Community Harmony

CRE focuses on community harmony, giving full play to the advantages of enterprise resources, working together to carry out community activities, supporting the development of regional culture and sports undertakings, cultivating public cultural literacy, enriching cultural life and helping the harmonious development of the community.

Case

China Resources Snow Brewery Helps 2017 Harbin International Marathon

On August 26th, 2017, Snow Brewery helped the 2017 Harbin International Marathon, set up service desks at the starting point, the mini-end point, the half-end, and full-end of the whole Marathon, and added supply points at 17 km, 39 km, and 41 km distance, cheering the participants, let the spirit of courage accompanies tens of thousands of runners along the way.



Harbin International Marathon Competition Group Photo

Case

CRE Properties Hosts New Town Mall Design Competition

CRE Properties attaches great importance to the creative development of youth groups, and cooperates with the Hong Kong Design Institute to organize New Town Mall decoration and character design competition to create a platform for the youth group to give play to their creative space.



Group Photo of Winners of CRE Properties Design Competition

Case

Pacific Coffee "Read-Cycling" Cultural Promotion Activity

To enrich the community cultural activities, in July 2017, the Pacific Coffee and Hong Kong Trade Development Council (TDC) teamed up for the fifth time in a row to support the Read-cycling event, setting up a special venue at the Hengshan Center branch in Wanchai to hold a book sharing session on "King, Haan, Gai (idle talk)" to promote reading culture.



Site of Pacific Coffee Reading Sharing Event

Voice of the Society

"My dream is to be a successful businessman and use the money earned to help more people."

—Feng Tianze, Beneficiary of China Resources C'estbon Library,
Sanjiadian Railway Center, Mentougou, Beijing

"The Hundred Libraries Program not only can create a relaxed and pleasant reading environment for children but also cultivate children's self-management ability and interest in reading."

—Sun Ningning, Manager of China Resources C'estbon Library,
Sanjiadian Railway Center, Mentougou, Beijing

We Are Striving Forward

Caring, helping, and harmony, and continuously creating and sharing public value is the goal of CRE to fulfill its community responsibilities. To implement national development policies, respond to national development strategies, and promote regional coordinated development; focus on vulnerable groups, carry out charitable donation activities, improve the quality of life of disabled children and the poor; support cultural activities, sponsor sports events, enrich the community's spiritual and cultural life, enhance cultural literacy and help the harmonious development of the community will be the direction of our unremitting efforts.



Improve Responsibility Management

Responsibility Vision

Social Responsibility Concept

CRE social responsibility culture and China Resources culture are in the same line, following the "Measures on Management of Works of Social Responsibility of China Resources Group", integrating CRE social responsibility work with corporate strategic development and corporate culture construction.

During the "13th Five-Year Plan" period, CRE will follow closely preparation requirements of the "13th Five-Year" period social responsibility planning of China Resources Group and combine its own business characteristics with the actual implementation of social responsibility to fully deploy works of social responsibility of the "13th Five-Year Plan" period of CRE based on strategic height, clarify the overall thinking and promotion path of the work, continuously enhance the sense of responsibility, advance responsibility practice, promote responsibility integration, and strive to achieve the responsibility vision of "becoming the most respected consumer goods and retail enterprise".



Responsible Organization

Following the "Measures on Management of Works of Social Responsibility of China Resources Group", CRE actively promoted the construction of social responsibility organizations, established the Social Responsibility and Corporate Culture Committee as the leading decision-making body of the social responsibility organization system, carried out in-depth review of the functional responsibilities of the various functional departments, business units, and profit centers, and constructed CRE Social Responsibility Matrix Management Organization System.

With the corporate social responsibility report as the starting point, promote management through preparation, during the meeting at the beginning of the year, CRE organizes the social responsibility staff of the company's various departments and profit centers to conduct the annual social responsibility report concept training in the form of the report preparation meeting, and analyze the social responsibility report layout table.

CRE Social Responsibility Organization System

Leading Organization - CRE Social Responsibility Steering Committee

Director: Chen Lang

Deputy Director: Wang Weiyong

Executive Deputy Director: Liu Xiujun

Members: Li Han, Lai Po Sing Tomakin, Tung Tung, Cheng Dayong, Guo Hua, Tse Tan Hon, Liu Changping, Tang Hongtao

Executive Agency and Responsibilities:

The Corporate Affairs Department is the responsible department for the daily management of corporate culture and social responsibility. It takes the lead to organize and establish relevant rules and regulations and management mechanisms to ensure the smooth progress of corporate social responsibility work; organizes the preparation of annual social responsibility reports.

Functional Departments and Responsibilities:

Strategic Development Department: practice corporate culture in investment development, strategic planning, strategic cooperation, structural optimization, innovation and development, and ensure that its own and partners comply with social responsibilities.

Human Resources Center: assist the Corporate Affairs Department in the promotion and implementation of corporate culture and social responsibility, and make commitments and efforts in employee rights protection, growth and training, employee care, democratic management, occupational health and safety, and other aspects.

Financial Management Center: ensure compliance with laws and regulations in terms of capital/asset management, protection of shareholders' rights and interests, and payment of taxes according to law.

Internal Audit Department: make efforts in compliance audit and risk management to safeguard the company's interests.

Legal and Secretarial Department: play an effective role in supervision and promotion in the areas of governing enterprises according to law, compliance management, and protection of rights and interests.

Information Department: ensure information security and provide necessary information technology support for related work.

Investor Relations Department: comply with the company's corporate culture and social responsibility commitments in the protection of shareholders' rights and interests and disclosure of public opinion information, and publicize, advance and promote relevant work.

Environmental Health and Safety Department: promote efficiency monitoring and risk management in areas such as energy conservation and emission reduction, green development, food safety and production safety, and promote the sound and orderly development of all work.

Discipline Inspection and Supervision Department: supervise the establishment of a clean and self-disciplined corporate culture and working atmosphere to protect and escort the healthy development of the company.

Corporate Development Department: in the company's investment project management, achieve strategic conformity, risk control, financial standardization, compliance with corporate social responsibility commitments, maximize shareholder's return on investment, and protect shareholders' rights and interests.

Responsible Communication

CRE attaches great importance to the opinions of stakeholders, through the China Resources Group issue analysis, management interviews, solicitation of external expert opinions, stakeholder questionnaires, etc., carries out responsible communication and exchange, tap the needs of stakeholders, and smoothes communication channels.

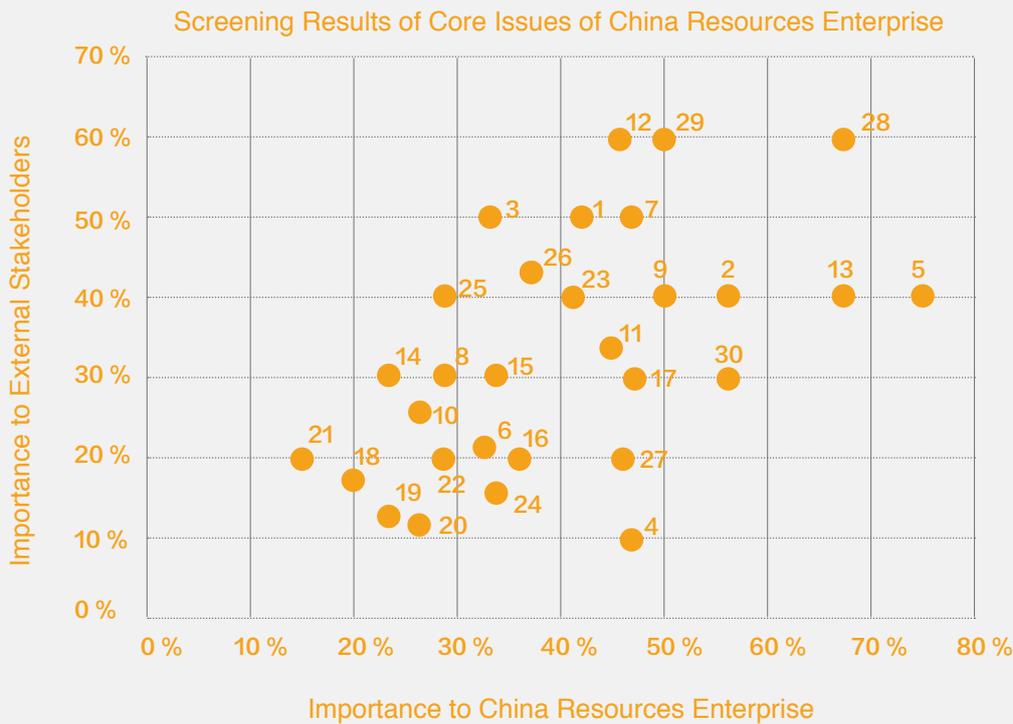
Analysis of Substantive Issues

Core issue screening is the basis for improving the information quality and transparency of social responsibility report. CRE, through core issues screening, understands the social responsibility issues that are most concerned by internal and external stakeholders, so as to effectively respond to the demands of all parties in social responsibility reporting and future communication.

Establish a Core Issue Pool: select 30 important social responsibility issues from five dimensions: self-characteristics and local development strategies, important industry responsibility issues, stakeholder concerns, future economic and social and environmental challenges, and social responsibility standards at home and abroad;

Conduct Questionnaire Survey: on-line questionnaire survey was used to invite internal employees and external stakeholders of the company to fill out questionnaires to score the importance of the issues;

Establish a Matrix of Substantive Issues: based on the survey results, from the two dimensions of the importance of external stakeholders and the importance of CRE, the core issues are sorted to form a matrix of substantive issues.



1	Responsibility management
2	Corporate Governance
3	Compliance with business ethics
4	Compliance with laws and regulations
5	Creating economic value
6	Antitrust and fair competition
7	Promote industry development
8	Safe production
9	Training and career development
10	Occupational health and safety

Stakeholder communication

CRE and its profit centers insist on communicating with stakeholders. On the one hand, in the company's official website and official micro-set social responsibility column, regularly push social responsibility information. On the other hand, the company and some profit centers regularly publish social responsibility reports or environmental, social and governance reports, and disclose responsibility fulfillment management and practice to stakeholders, employees, society and other stakeholders.



CRE 2013-2016 Social Responsibility Report

11	Salary and welfare	21	Reduce pollutant emissions
12	Employee communication and participation	22	Green office
13	Employee care	23	Environmental protection public welfare
14	Community development and integration	24	Responsible procurement
15	Charity events	25	Promote supply chain fulfillment of social responsibility
16	Volunteer service activities	26	Sales and after sales service
17	Environmental protection	27	Product quality and safety
18	Pollution Prevention	28	Product Innovation
19	Production of energy saving products	29	Customer satisfaction
20	Resource recycling and reuse	30	Customer information protection

China Resources Beer Released its first “Environmental, Social and Governance Report”

In June 2017, China Resources Beer released its first “Environmental, Social and Governance Report (ESG Report)”, disclosing to shareholders, government and other related parties the responsibility fulfillment practices of China Resources Beer and China Resources Snow Breweries in environmental, social and organizational governance from January 1, 2016 to December 31, 2016.

Responsible Participation

CRE actively develops and participates in social responsibility activities, focusing on shaping responsible culture through responsible participation. In 2017, CRE participated in the 2017 China Social Responsibility Conference of the China Resources Group. Through listening to the Group's social responsibility work focus and responsible brand projects, CRE communicated with companies with rich experience and outstanding practice performance to learn and explore advanced concepts and practices.

Outlook 2018

Responsible management: publicize and implement the "Measures on Management of Social Responsibility of China Resources Group", improve the concept of social responsibility of CRE, strengthen the company's social responsibility awareness, enhance responsibility management capabilities; consolidate social responsibility assessment, refine and summarize social responsibility practices, improve weak links; actively carry out and participate in social responsibility exchange, case writing, special research and other activities, and learn advanced experience.

Economic Responsibility: track closely changes in macroeconomic situation and industry trends, carry out industry benchmarking, strengthen analysis and research, enhance rapid response and flexibility, with synergy as a starting point, promote business innovation and create economic value.

Happy Employees: protect the basic rights and interests of employees, listen to employees' demands, implement democratic management; continually improve the talent management system, build multi-level and multi-dimensional incentive mechanisms, help employees grow, improve employee skills; continuously improve occupational health management and practice system, guarantee employee health and safety; organize and carry out diversified activities, and create a healthy and harmonious atmosphere.

Customer Responsibility: increase research and development investment, promote brand innovation, product innovation and technological process innovation, provide consumers with more diversified choices; improve product quality and safety mechanisms, provide quality and reliable products; strengthen customer management system construction, actively respond to complaints, continue to conduct customer satisfaction surveys, and strengthen customer rights protection.

Partner Responsibility: adhere to the values of "Honesty and Trustworthiness", abide by commercial credit, oppose unfair competition; abide by "China Resources Ten Commandments", eliminate corruption in commercial activities; strengthen supply chain management, achieve win-win with suppliers; pay attention to dealer's capability construction, and achieve common growth.

Environmental Protection Responsibility: continue to promote environmental protection work, strengthen environmental assessment and ecological work in project construction; promote enterprise safety production standardization; apply environmental protection technologies and products, advance energy conservation and emission reduction, and maximize resource utilization.

Public Responsibility: cooperate with China Resources Hope Town project team, actively participate in works of Hope Town construction; continue to carry out distinctive and featured social responsibility projects; continue to pay attention to public welfare, charity, and carry out effective resources allocation.



Appendix

Preparation Instructions

This report is the fifth corporate social responsibility report issued by China Resources Enterprise, Limited, which fully discloses the social responsibility management and practice of CRE in 2017. Here, we solemnly promise that the information and data disclosed in this report are true and reliable, and there is no any false statement or misleading.

◎ Time Range

Some content is outside this range from January 1, 2017 to December 31, 2017.

◎ Organizational Scope

This report discloses the ideas, measures and performance of China Resources Enterprise, Limited and all its profit centers in fulfilling corporate social responsibility, and some contents involve China Resources (Holdings) Company Limited. For the convenience of expression, "China Resources (Holdings) Company Limited" is represented by "China Resources (Holdings)", "China Resources"; "China Resources Enterprise, Limited" is represented by "China Resources Enterprise" and "CRE".

◎ Reference Criteria

This report refers to the "Sustainability Reporting Guidelines (G4)", "China Corporate Social Responsibility Report Guidelines (CASS-CSR4.0)", and "ISO26000: Social Responsibility Guidelines (2010)".

◎ Information Source and Data Description

The financial data involved in the content of this report come from the information statistics system data of China Resources Enterprise, Limited. The financial data in the report is in Hong Kong dollars, unless otherwise stated.

◎ Quality Assurance



◎ Report System

Annual Information Disclosure - Annual Social Responsibility Report (2013-2016)
Daily information disclosure: http://www.cre.com.hk/sh_zr_15118/zrll/

◎ Report Acquisition Method

The Social Responsibility Report is available in both English and Chinese, and is available online. You can visit the China Resources Enterprise official website www.cre.com.hk to obtain or pay attention to the official WeChat ID of China Resources Enterprise, and send the 2017 Social Responsibility Report access.

◎ Report Feedback and Contact

Address: 3402, Diwang Building, Shenzhen
Fax: 0755-25988453
Post Code: 518000

Key Performance Table

Economic Responsibility

Index	Unit	2015	2016	2017
Total Assets	HK\$ 100 Million	1,618	899	953.1
Net Assets	HK\$ 100 Million	361	236	291.95
Return on Equity (ROE)	%	-11.17	-19.82	14.68
Operating Income	HK\$ 100 Million	1736	1393	636.98
Total Profit (before tax)	HK\$ 100 Million	-41	-45	55.74
Rate of Return on Total Assets	%	-1.97	-3.24	6.91
State-owned Assets Preservation and Appreciation Rate	%	62	79	145
Net Profit	HK\$ 100 Million			38.75
Owner's Equity	HK\$ 100 Million			291.95
Total Investment In Fixed Assets	HK\$ 100 Million	82	41	26
Assets and Liabilities	%			69
Net Profit Attributable to the Owner of Parent Company	HK\$ 100 Million			25.94
Full Labor Productivity	HK\$ 10,000/Year			83.24

Social Contributions

Index	Unit	2015	2016	2017
Total Number of Employees	People	269715	100754	94353
Newly Increased Number of Employees	People	13715	16530	13052
Total Tax Payment	HK\$ 100 Million	23	19	16.43
Charity and Public Welfare Donation Expenditure	HK\$ 100 Million	0.07	0.05	0.04
Responsible Procurement Ratio	%			100(China Resources Snow Breweries Limited), 100(China Resources Ng Fung Limited), 100(China Resources Logistics (Group) Ltd.), 100(CRE Properties (Hong Kong) Limited)
Supplier Passage of Quality, Environmental and Occupational Health and Safety System Certification Rates	%			100(China Resources Ng Fung Limited), 100(China Resources Logistics (Group) Ltd.), 100(CRE Properties (Hong Kong) Limited)
Strategic Cooperation Agreement Signing Document	Copy			1(China Resources Ng Fung Limited)
Industry-University-Research Cooperation Expenditure	HK\$ 100 Million			30.01(China Resources Ng Fung Limited)
Number of Punishment for Violations	Number of Times			9(China Resources Ng Fung Limited)

Customer Responsibility

Index	Unit	2015	2016	2017
Percentage of number of customer complaints and feedback processing over number of total complaints	%	100	99	99.6(China Resources Snow Breweries Limited), 100(China Resources C'estbon Kirin Beverage (Holdings) Company Limited), 100(China Resources Ng Fung Limited), 100(China Resources Logistics (Group) Ltd.), 100(Pacific Coffee (Holdings) Limited)
Technology development investment	HK\$ 100 Million			4.7(China Resources Snow Breweries Limited), 0.15(China Resources C'estbon Kirin Beverage (Holdings) Company Limited), 0.032(China Resources Ng Fung Limited)
Rate of qualified products	%			100(China Resources C'estbon Kirin Beverage (Holdings) Company Limited), 100(China Resources Logistics (Group) Ltd.) 100(CRE Properties (Hong Kong) Limited)
Number of new patents	Piece			6 (China Resources Ng Fung Limited), 6(China Resources C'estbon Kirin Beverage (Holdings) Company Limited)

Employee Responsibility

Index	Unit	2015	2016	2017
Labor contract signing rate	%	100	100	100
Employee training coverage	%	100	100	100
Total employee training investment	HK\$ 10,000/Year	399	270	788.18
Female manager ratio	%	26.5	22	20
Training investment per capita	HK\$ 10,000/Year			2.89
Training time per capita	Hour			23
Paid vacation days per capita	Day			16
Difficult staff assistance	HK\$ 100 Million	409	232	51.36(China Resources C'estbon Kirin Beverage (Holdings) Company Limited), 103.29 (China Resources Ng Fung Limited), 11(Pacific Coffee (Holdings) Limited)
Occupational health training	Man-times			16970(China Resources Snow Breweries Limited)
Occupational health checkup	Number of Times			320(China Resources Snow Breweries Limited)
Number of disabled employee	People			208(China Resources Snow Breweries Limited), 29 (China Resources Ng Fung Limited)

Safety Production and Environmental Responsibility

Index	Unit	2015	2016	2017
Number of work accidents	Number of Times	155	52	21(China Resources Snow Breweries Limited)
Number of Death of Employees	People	6	1	8(China Resources Logistics (Group)Ltd.), 1(CRE Properties (Hong Kong) Limited), 12(Pacific Coffee (Holdings) Limited)
Safety Training	Man-times	2801246	(Among them, Ng Fung is 828 million class hours, not man-times)	173166(China Resources Snow Breweries Limited employee), 32568(China Resources Snow Breweries Limited stakeholder), 13.9(China Resources Ng Fung Limited million class hours, not man-times)
Safety production investment	HK\$ 10,000	14805	7826	4339.65(China Resources Snow Breweries Limited), 431.62(China Resources C'estbon Kirin Beverage (Holdings) Company Limited), 2088.87(China Resources Ng Fung Limited), 1222(China Resources Logistics (Group) Ltd.), 74(Pacific Coffee (Holdings) Limited)
Safety training coverage	%	100	100	100 (China Resources Snow Breweries Limited), 100(China Resources C'estbon Kirin Beverage (Holdings) Company Limited), 100(China Resources Ng Fung Limited), 100(China Resources Logistics (Group)Ltd.), 100(CRE Properties (Hong Kong), 100(Pacific Coffee (Holdings) Limited)
Energy conservation and emission reduction technology transformation investment	HK\$ 10,000			7090.63
times of emergency drills				2272
Energy-saving	HK\$ 10,000			13778.07

*The average exchange rate between HKD and RMB is 1.15407 in 2017

Indicator Index

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Feedback

Dear Stakeholders:

Thank you very much for your support of China Resources Enterprise. This report is the fifth social responsibility report that we released to the public. In order to continuously improve the preparation of the report, we sincerely hope to hear your opinions and suggestions. Please help complete the questions in the feedback form, and fax it to 0755-25988453.

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China Resources Enterprise, Limited

39/F, China Resources Building, 26 Bay Road, Wan Chai, HongKong

Number : 852-2827-1028

Fax : 852-2598-8453

URL : www.cre.com.hk

E-mail : info@cre.com.hk