Website

WeChat

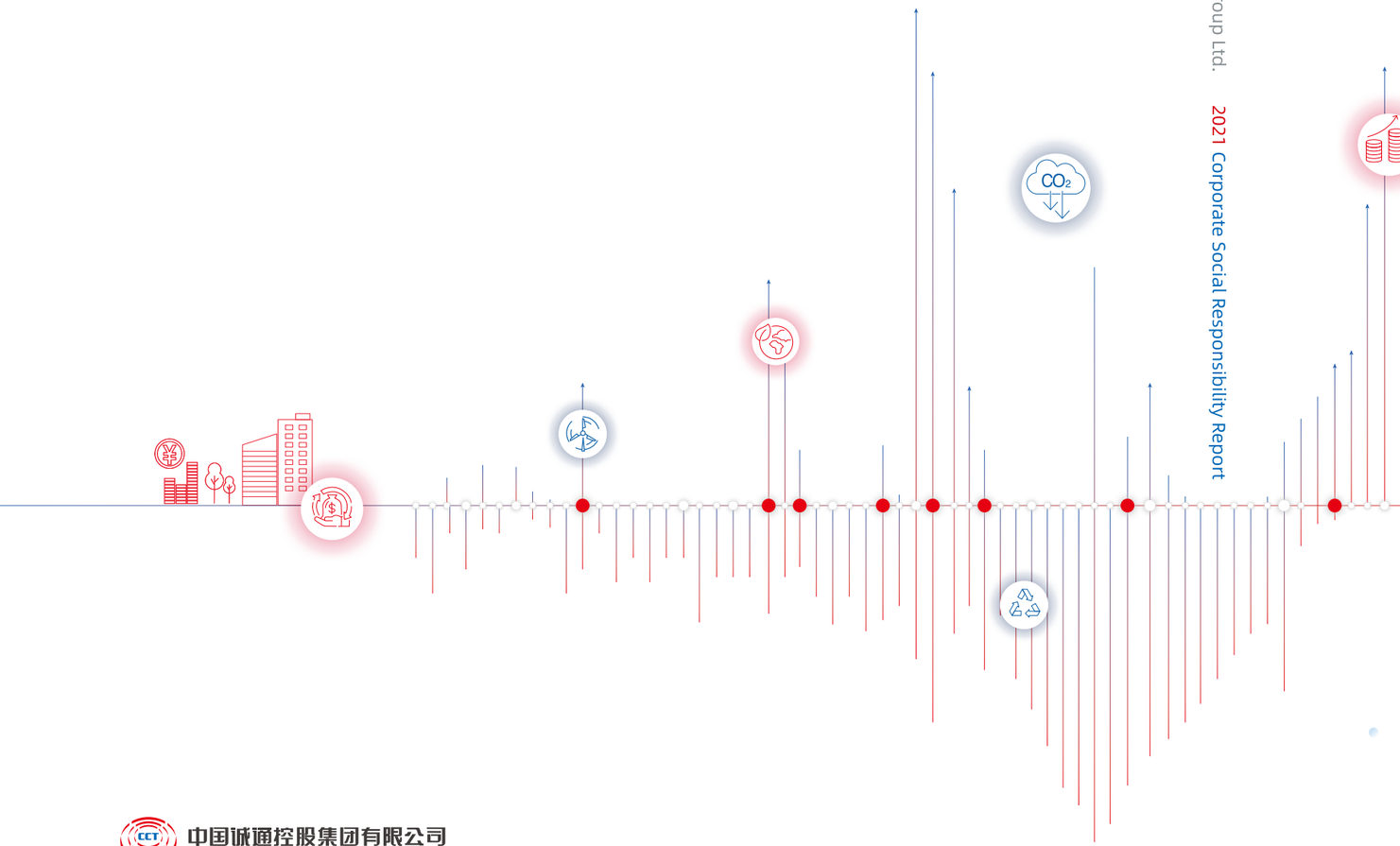
中国诚通
CHINA CHENGTONG

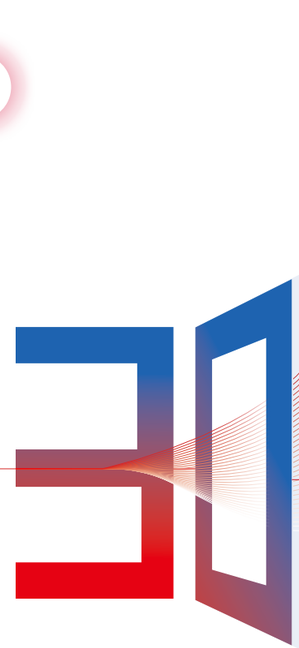
30TH

China Chengtong Holdings Group Ltd. 2021 Corporate Social Responsibility Report

2021

Corporate Social Responsibility Report





中国诚通控股集团有限公司
CHINA CHENGTONG HOLDINGS GROUP LTD.

Address: 12/F, Ocean Plaza, 158 Fuxingmen Inner Street, Xicheng District, Beijing, P. R. China (Postcode:100031)

Telephone: 86-10-83673030/3088

Fax: 86-10-83673066

E-mail: cct@cctgroup.com.cn

Website: www.cctgroup.com.cn

China Chengtong Holdings Group Ltd.

About this Report

Scope of Organization

This report covers the economic, social and environmental performance of China Chengtong Holdings Group Ltd. (hereinafter referred to as "China Chengtong" or "Group") and its subsidiaries.

Time Range

This report covers the period from January 1, 2021 to December 31, 2021, and some of it is beyond the scope.

Release Cycle

China Chengtong released its first CSR Report in 2012, and this Report is the seventh CSR Report released by the Group.

References

United Nations Sustainable Development Goals (SDGs)

GRI Sustainability Reporting Standards (GRI Standards)

Guiding Opinions on Better Fulfilling Social Responsibilities of State-owned Enterprises from State-owned Assets Supervision and Administration Commission of the State Council

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0) by Chinese Academy of Social Sciences

Information

China Chengtong strives to ensure integrity, substantiality, authenticity and balance of report contents. The information and data contained herein are taken from the official documents and statistical reports of the Group, and the financial data are denominated in RMB, unless otherwise specified.

Further Reading

You can learn more about social responsibility information from China Chengtong or download electronic version of this report in the following ways.

Website
www.cctgroup.com.cn

WeChat
China Chengtong

Report Rating

The *2021 Corporate Social Responsibility Report of China Chengtong Holdings Group Ltd.* was rated as a five-star report by the China Expert Committee on CSR Report Rating, ranking at the excellent level.

Contents

About this Report 01

Message from Chairman 03

About China Chengtong 05

Topic: 09

It's Time to Strive Forward with Thirty Years of Efforts

Social Responsibility Management 65

Future Prospects 69

Appendix 71

Key Performance 71
Indicator Index 73
Report Rating 74
Feedback 75

Doer

Serving the National Strategies 13
Focusing on Overall Development 15
Deepening Reforms Comprehensively 19
Supporting S&T Innovation 22
Moving Forward with Belt and Road Cooperation 25

Guardian

Boosting Safety and Environmental Protection 39
Ensuring Work Safety 41
Carrying Out Green Investment 43
Deepening Green Operation 44
Practicing the "Carbon Peaking and Carbon Neutrality" Strategy 46

Pursuer

Stimulating Operational Vitality 29
Optimizing Platform Layout 31
Improving the Governance System 32
Strengthening Risk Prevention 35
Promoting Industrial Development 37

Contributor

Creating a Better Life 49
Safeguarding Investment Rights and Interests 51
Creating Favorable Conditions for Talents 52
Implementing Epidemic Prevention and Control 56
Continuing to Promote Rural Revitalization 58
Making Earnest Efforts to Promote Social Welfare 61

Message from Chairman

"New journey marks a new starting point. As a state-owned capital operating company, China Chengtong should be the main force in the optimization of the ownership structure and governance system of central enterprises, the professional integration of state-owned enterprises (SOEs), the effective cultivation of strategic emerging industries and the building of a good business model for investment enterprises. The Company should strive to build itself into a "reform toolkit" that features complete systems and serves the high-quality development of state-owned and central enterprises, and play a unique role in serving the establishment of a new development pattern."

——Zhu Bixin

Chairman of China Chengtong

2021 marks the centenary of the Communist Party of China (CPC) and also the beginning of the 14th Five-Year Plan period. Over the last year, China Chengtong has thoroughly studied the spirit of General Secretary Xi Jinping's important speeches and instructions, resolutely implemented the decisions and arrangements of the CPC Central Committee and the State Council and the work requirements of the State-owned Assets Supervision and Administration Commission (SASAC), continued taking strength from the Party's century-long history, profoundly understood its orientation as a professional platform for the market-oriented operation of state-owned capital, worked hard to forge ahead towards the objectives, and achieved remarkable results on the 100th anniversary of the CPC and at the beginning of the 14th Five-Year Plan period.

Overcoming difficulties and achieving the best results. China Chengtong focuses on the main responsibilities and businesses of state-owned capital operation companies, and fulfills the annual targets in the face of difficulties. China Chengtong has been rated as "excellent" for five consecutive years in SASAC's assessment of the responsibility system for Party building work and was awarded the title of "Enterprise with Excellent Business Performance" by SASAC because of its Grade A ratings in the examination of business performance of persons-in-change at central SOEs for 2021 and 2019-2021. By implementing the three-year action for the reform of SOEs in a solid manner, China Chengtong has been striving to be a pioneer in SOE reform and won the title of Grade A Enterprise in the assessment of key tasks of the three-year action for 2021; it has enhanced risk control management, systematically mitigated existing risks and prevented incremental ones to maintain sustainable development. Bearing in mind the country's most fundamental interests, China Chengtong will promote the strategic restructuring of central SOEs, facilitate the structural adjustment and reform of central SOEs, continuously improve its financial capacity to serve central SOEs, and further increase the value of state-owned capital and assets, making it the "pillar" for promoting national strategies and implementing major reforms, the "driving force" for accelerating the layout and structural optimization of state-owned capital, the "manipulator" for concentrating on market-oriented and professional state-owned capital operation, and the "reform toolkit" for promoting the high-quality development of central SOEs.

Sharing achievements and taking actions. While promoting its high-quality development, China Chengtong takes social responsibility and works with its partners to create a better life. For this purpose, China Chengtong attaches importance to cooperation and exchanges with partners at a deeper level and in a wider scope, builds a responsible supply chain, and leads the industry progress; speeds up the implementation of the "going global" strategy and deeply implements the "Belt and Road Initiative" (BRI); actively serves the "carbon peaking and carbon neutrality" strategy, and deepens green investment and green operation to build a green future for Chengtong; carries out normalized COVID-19 prevention and control in a strict and practical manner, and fully supports local fights against COVID-19 to protect people's lives and property; consolidates and expands the effective connection between the achievements in poverty alleviation and the rural revitalization, and provides continuous support for Yiyang County, Henan Province to achieve common prosperity by focusing on industrial assistance, educational assistance and consumption assistance; resolutely implements policies on talent support to Xinjiang, Tibet and Jiangxi, and undertakes social welfare activities in a deep-going way, contributing to the society wholeheartedly.

On the top of the mountain, you can see the rushing river, and on the top of the peaks, you can feel the mighty wind. 2022 is an important year for building China into a modern socialist country in all respects and embarking on a new journey towards realizing the second centenary goal. It marks the 30th anniversary of the founding of China Chengtong, and also the "year of improving capital operation capability" of the Group. China Chengtong will hold high the banner of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, work hard and forge ahead with firmer faith, rock-solid conviction and confidence in victory, and strive to write a brand-new chapter for the high-quality development of state-owned capital operation during the 14th Five-Year Plan period, making greater contributions to serving the establishment of a new development pattern and realizing the second centenary goal. Forging ahead on the new journey and making still greater achievements in the new era, China Chengtong will take practical action to greet the successful opening of the 20th National Congress of the Chinese Communist Party.

About China Chengtong

Company Profile

China Chengtong Holdings Group Ltd. (hereinafter referred to as "China Chengtong" or "Group"), a central SOE supervised by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), is among the first batch of pilot enterprises for establishing standard Board of Directors, the first pilot of state-owned assets management company, and the central enterprise pilot for state-owned capital operation. Since it was identified as a pilot state-owned capital operation company in February 2016, the Group's net assets have increased by 5.9 times and its net profits by 9.1 times. In addition, China Chengtong was rated as A-level in both Party building assessment and business performance assessment of central SOEs by SASAC.

Founded in 1992, China Chengtong merged the material and circulation enterprises directly under the former Department of Materials, and undertook the responsibility of planned purchase, allocation, storage and delivery of significant means of production and played the role of a major channel and "reservoir" for national economy. In 2005, China Chengtong was identified by SASAC as a pilot of state-owned assets management company to explore the market-oriented, professional operation and disposal of non-primary businesses and non-performing assets of central enterprises. By 2016, the Group reorganized and integrated 6 first-level central SOEs, 14 second-level central SOEs and 182 affiliated enterprises, involving more than 800 legal entities, assets and debts of nearly 100 billion Yuan, and 88,000 resettled employees.

As a central state-owned capital operation company, China Chengtong focuses on the new mission of "promoting the reform of authorized operation mechanism for state-owned capital and improving the efficiency of state-owned capital allocation and operation", adheres to the main direction of "serving the national strategies and central SOEs" based on the new positioning of "professional platform of state capital market-oriented operation", and builds the "4+1" (fund investment, equity management, asset management, financial services + cultivation and incubation of strategic emerging industries) new business pattern for state-owned capital operation companies.

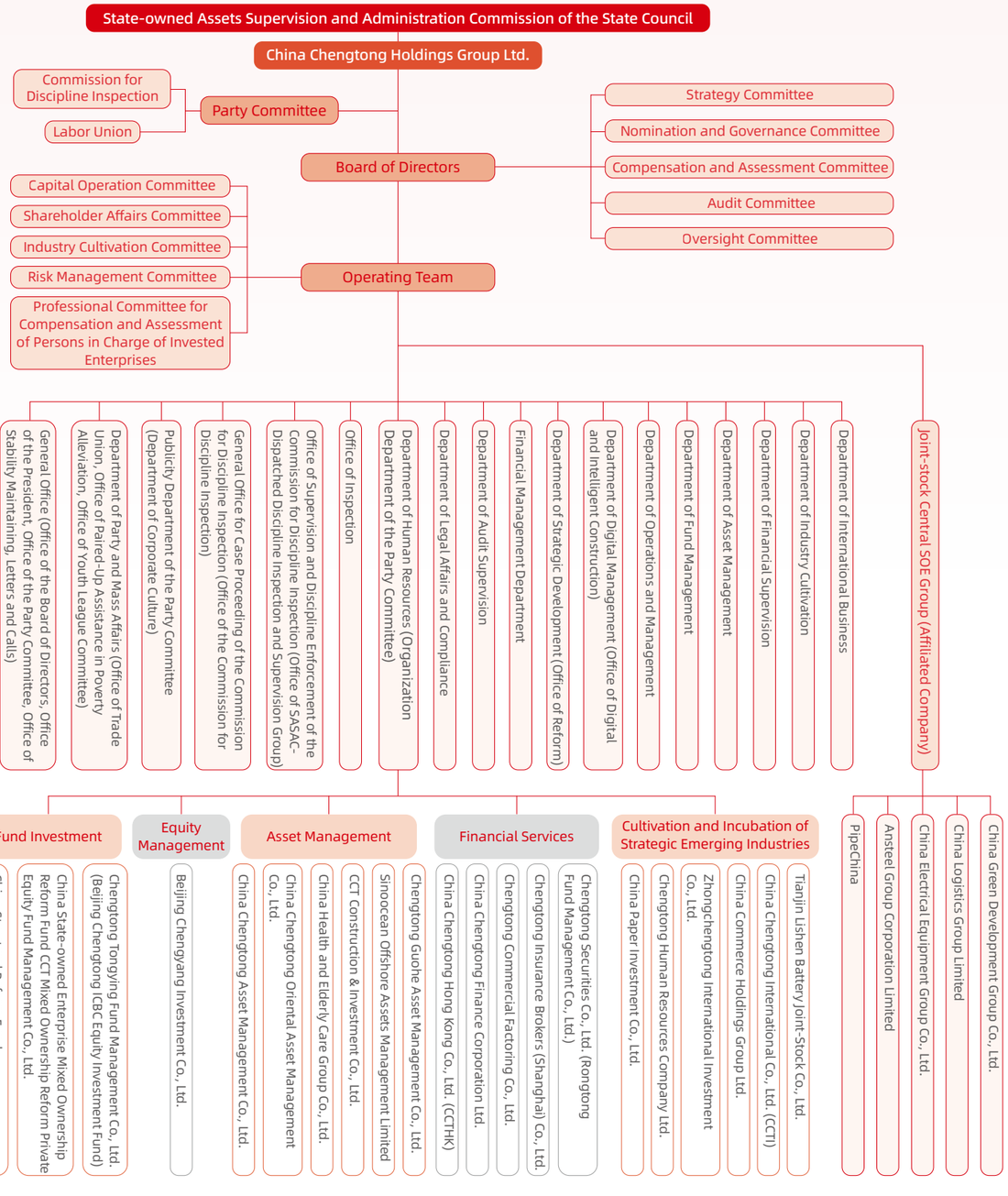
In the "4+1" business pattern, the fund investment of China Chengtong exceeds 660 billion Yuan, dominated by two national-level funds, namely, the China Structural Reform Fund and the China State-owned Enterprise Mixed-ownership Reform Fund, including specialist funds such as debt-to-equity swap, aiming to promote the layout and structural optimization of state-owned capital. China Chengtong operates over 70 billion Yuan equity of listed companies, and plays an active role as a major shareholder of five first-level central SOEs. China Chengtong built an "upgraded version of asset management", and participated in the restructuring and establishment of China Logistics Group by reorganizing China Railway Materials Group Corporation under China Chengtong's trusteeship and resoluting of its debt crisis. Meanwhile, China Chengtong led the disposal of central SOEs' offshore equipment assets and overseas oil & gas assets, dealt with non-principal or non-dominant assets of central SOEs, and received operational assets of training and convalescent institutions from the Party and government agencies to be transformed into health and elderly care services. By leveraging the functions of finance, leasing, factoring, securities and publicly offered funds, China Chengtong has improved financial service capabilities, and developed financial services with China Chengtong characteristics. Based on its resource endowment, China Chengtong will vigorously foster and incubate strategic emerging industries, and promote the high-quality development of China Paper, Tianjin Lishen Battery Joint-Stock Co., Ltd. and other invested enterprises to establish themselves as industry "chain chiefs" and "banners".

During the 14th Five-Year Plan period, China Chengtong will, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strive to write a new chapter of high-quality development of state-owned capital operation by sparing no effort in fulfilling its "351 strategic goals" (new achievements in pilot operation, new breakthroughs in reform and innovation and new elevation in the quality of development; strengthening Party's leadership, operation, capital strength, risk control ability and corporate culture; securing and maintaining the Grade A mark in central SOEs' annual business performance assessment) and "153 operational targets" (registering total consolidated assets of 1 trillion Yuan, net assets of 500 billion Yuan and net profit of 30 billion Yuan by the end of 2025), and by leveraging the "reform toolkit" for central SOEs to implement the new development philosophy, serve the establishment of a new development pattern and achieve high-quality development, to contribute to building China Chengtong into a top state-owned capital operation company with international competitiveness.

Company Leaders

Board of Directors	
Zhu Bixin	Chairman
Shan Zhongli	Director
Jiang Xin	Outside Director
Ma Liangjie	Outside Director
Feng Shidong	Outside Director
Cao Yuanzheng	Outside Director
Zhai Aicai	Outside Director
Tang Guoliang	Employee Director
The Management	
Huang Jing'an	Vice President
Li Yousheng	Vice President
Tong Laiming	Vice President
Zhu Yue	Vice President
Chen Yong	General Accountant

Organizational Structure



Strategic Planning

During the 14th Five-Year Plan period, for the purposes of continuously deepening the reforms on state-owned capital operation companies and earnestly fulfilling the layout optimization and structural adjustment of the state-owned economy in the new era, China Chengtong formulated its *Development Plan for the 14th Five-Year Plan Period* (hereinafter referred to as the Plan) to further unify the thoughts, define the directions and paths, and guide the reforms. The Plan includes five parts: strategy review, development environment, development goals, key strategic initiatives and safeguard measures, which cast new light on strategic positioning and mission, and reflect the latest theoretical and practical innovations in capital operation.

Overall Targets	High-quality building of China Chengtong into a top state-owned capital operation company with international competitiveness	
Strategic Targets	Fulfill "Three News, Five Strengthens and One Maintain" goal	
Operational Targets	Strive to meet the "153 operational targets"	Registering total consolidated assets of 1 trillion Yuan, net assets of 500 billion Yuan and net profit of 30 billion Yuan
Platform Layout	Clarify the "4+1" layout	Fund investment, equity management, asset management, financial services as well as cultivation and incubation of strategic emerging industries
Strategic Initiatives	Keep to "Five Strengthens" with focus on five strategic initiatives	Strengthen the Party's overall leadership in the high-quality development of capital operation
		Strengthen the capital strength of operation companies through continuous allocation and structure optimization
		Strengthen overall operation to fulfill the functions of operation companies
		Inherit and promote the spirit of Chengtong to deepen reforms on operation companies
		Adhere to the bottom-line thinking about risks to build a safety barrier for operation companies
Safeguard Measures	Formulate six safeguard measures scientifically	Strengthen Party building in an all-round way to generate a strong force for reform
		Enhance our capacity in strategic research to maintain the correct development direction
		Promote management system reforms to upgrade operation service patterns
		Implement the talent-driven development strategy to build a first-class operation team
		Improve financial management capability to optimize capital and liability structure
		Improve the supervision and restraint mechanism to deepen "general supervision"

Corporate Culture

Our Vision

To be a globally-competitive enterprise managing the national wealth and a reliable capital power for China

Our Orientation

Be a market-oriented professional platform for the flow, restructuring and layout adjustment of state-owned capital

Our Mission

Optimize the layout and structure of state-owned capital, promote the reform of authorized operation mechanism for state-owned capital, improve the efficiency of state-owned capital allocation and operation, preserve or increase the value of state-owned capital, better serve the national strategies, and play a unique role in supporting the high-quality development of central SOEs

Our Core values

Honesty and Global Connection

Our Aspiration

Ready to shoulder responsibilities and dare to crack hard nuts

Topic

It's Time to Strive Forward with Thirty Years of Efforts

Time is engraved with marks of our growth, and bears our original aspirations. China Chengtong is a central SOE that represents the history of SOE reform and also has witnessed, participated in and promoted China's economic transformation. In 1992, China Chengtong was a traditional materials circulation enterprise, but now it has become an industry giant leading the state-owned capital operation.

Over the past 30 years, China Chengtong has encountered many setbacks and challenges in the context of reform and opening-up, and founded their startups through hard work; over the past 30 years, China Chengtong has marched ahead toward national rejuvenation, and thus made great progress in development. After transformation from the "main channel" for materials circulation during the period of planned economy, the "vanguard" of asset management, the "fire extinguisher" and "booster" for SOE reform to the "reform toolkit" that serves the high-quality development of central SOEs, China Chengtong has left its own marks on the glorious history of reform and struggle of central SOEs.

At thirty, China Chengtong stands at a new starting point. Under the strong leadership of the CPC Central Committee and the State Council, China Chengtong will always uphold the core values of "Honesty and Global Connection", actively fulfill its political, economic, environmental, social and overseas responsibilities, make every effort to build itself into a top state-owned capital operation company with international competitiveness, strive to be a doer serving the national strategies and the high-quality development of the national economy, to be a guardian boosting safety and environmental protection and implementing the "carbon peaking and carbon neutrality" goals, and to be a dedicator improving the people's livelihood and creating a better life, so as to highlight its responsible enterprise and corporate citizenship image.

Great Sense of Responsibility · Pioneering the Pilot Reform

China Chengtong was born and lived attributing to the reform. Since its establishment in 1992, China Chengtong has vigorously carried forward the spirit of "being ready to shoulder responsibilities and dare to crack hard nuts", withstood several severe tests by adapting to changes in the internal and external environment, embarked on the road of "daring to develop, daring to adjust and daring to explore" and formed a sustainable development path with Chengtong characteristics, thus realizing the "triple jump" from a traditional material circulation enterprise to a state-owned assets management company and then to a state-owned capital operation company. Meanwhile, China Chengtong has undertaken three pilot SOE reforms.

2004	The First Pilot	Be among the first batch of pilot SOEs for establishing standard Board of Directors to explore ways to standardize SOE board of directors.
2005	The Second Pilot	Be the first pilot of state-owned assets management company to explore the methods for disposal of non-principal or non-performing assets of central SOEs.
2016	The Third Pilot	Be a pilot enterprise for state-owned capital operation, one of the two pilot capital operation enterprises supervised by SASAC.

Big Data · Testimonies of Our Achievements

Indicator	Unit	2009	2015	2021
Total Assets	100 million Yuan	283.06	714.12	4934.65
Operating Income	100 million Yuan	334.31	619.07	1712
Total Profit	100 million Yuan	5.47	15.21	140.92
Net Profit	100 million Yuan	4.36	10.84	110.06
Tax Revenue Realized	100 million Yuan	7.91	19.19	72.71

Indicator	Unit	2012	2021
Comprehensive Energy Consumption	10,000 tons of SCE	116.70	96.81
Comprehensive Energy Consumption per 10,000 Yuan of GDP	ton of SCE/10,000 Yuan	4.86	0.60
Carbon Dioxide Emissions	10,000 tons	282.89	259.73

1992-2021

- From 2005 to 2012, China Chengtong provided pairing-up support for Jianghua Yao Autonomous County in Hunan Province by directly investing more than 6 million Yuan in poverty alleviation activities such as the construction of model villages under the "Building a New Socialist Countryside" campaign. Since 2012, China Chengtong has undertaken the fixed-point poverty alleviation and rural revitalization in Yiyang County, Henan Province, and offered pairing-up assistance to 89 poverty-stricken villages, with a total of 70.2 million Yuan of direct investment and assistance funds.
- China Chengtong insists on supporting the construction of the border areas, and has sent 8 cadres to support Xinjiang and Tibet.

Chronicle of Events · Sharing Our History

1992

China Chengtong merged 19 material and circulation enterprises directly under the former Department of Materials.

1997

China Chengtong established a parent-subsidiary system.

1999

China Chengtong completed its transformation. With 62 enterprises being stripped off, China Chengtong succeeded in making profit in the same year.

2000

China Chengtong was directly governed under the Enterprises Working Commission of Central Committee of the Communist Party of China.

2003

China Chengtong was supervised by the State-owned Assets Supervision and Administration Commission of the State Council.

2004

China Chengtong was included in the first batch of seven pilot SOEs for establishing standard Board of Directors.

2005

China Chengtong was identified as the first state-owned assets management pilot by SASAC.

2009

Comrade Xi Jinping, then Member of the Standing Committee of the Political Bureau of the CPC Central Committee and Vice President, made important instructions on China Chengtong's work.

2010

China Chengtong's implementation of "Going Global" strategy made great breakthrough by completing the largest overseas commercial and trading investment of China to date.

2012

China Chengtong held the 20th Anniversary Commemoration Conference and press conference for its first Corporate Social Responsibility Report.

2016

- China Chengtong was identified as a pilot state-owned capital operation company.
- China Chengtong initiated the establishment of China Structural Reform Fund Co., Ltd.
- Entrusted by the State-owned Assets Supervision and Administration Commission of the State Council, China Chengtong got engaged in the trusteeship of China Railway Materials Company Limited to solve its debt crisis.

2017

China Chengtong established China Health and Elderly Care Group Co., Ltd. to develop all-inclusive elderly care services.

2018

China Chengtong customized CSI Central SOEs' Structural Reform Index.

2019

- China Chengtong customized CSI SOEs along Belt and Road Index.
- China Chengtong initiated the establishment of central SOEs' offshore equipment asset management platform.

2020

China Chengtong initiated the establishment of China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd.

2021

- China Chengtong was rated as A-level in both Party building assessment and business performance assessment of central SOEs by SASAC.
- China Structural Reform Fund Phase II Co., Ltd. was established.
- China Chengtong took the initiative in advancing the establishment of China Logistics Group, consisting of China Chengtong's four former logistics companies and China Railway Materials Group Corporation under China Chengtong's trusteeship.
- China Chengtong acquired New Times Securities' equity and changed its name to "Chengtong Securities".

01

Doer

Serving the National Strategies

National Call

To better serve national strategies, we will make plans on where to advance and where to withdraw, what to do and what not to do, accelerate layout improvement, structural adjustment, and strategic restructuring for the state-owned sector and enhance its competitiveness, innovation, control, influence, and risk resistance capacity. We will also work to strengthen, expand, and increase the returns on state capital and enhance the strength, quality, and size of SOEs. The strategic support of the state-owned sector will be brought into full play, so that it can focus more on helping to ensure strategic security, promote industry leadership, bolster the national economy, raise people's living standards, improve public services, and other functions.

——Outline of the 14th Five-Year Plan for Economic and Social Development of and the Long-range Objectives through the Year 2035 of the People's Republic of China

Our Actions

- Focusing on overall development
- Deepening reforms comprehensively
- Support S&T innovation
- Moving forward with Belt and Road cooperation

Focusing on Overall Development

Adhering to the mission of serving the major strategies of the Party and the State, and centered on the functional orientation of "a professional platform for the market-oriented operation of state-owned capital", China Chengtong has expanded and improved its "four functions", i.e. fund investment, equity management, asset management and financial services, and keeps improving its "five capabilities", i.e. capital aggregation, capital transformation, capital layout, capital appreciation and capital management, in order to serve as the "main force" of capital management in promoting the layout optimization and structural adjustment of the state-owned economy, and to contribute the power of state-owned capital to the establishment of a new development pattern.

Accelerating Strategic Restructuring of Central SOEs

China Chengtong has actively participated in the strategic restructuring and equity diversification reform of central SOEs. Giving full play to its role as an active shareholder, China Chengtong has invested more than 93 billion Yuan in promoting the restructuring of key industries such as oil & gas pipeline network, steel, electrical equipment, green energy, modern logistics, etc., boosting the implementation of major national strategies and the high-quality development of central SOEs.

China Chengtong's Achievements in Promoting the Strategic Restructuring of Central SOEs and Key Industries

September 2020

China Chengtong invested 64.35 billion Yuan in cash in the establishment of PipeChina to effectively support China's energy structure adjustment and new energy security strategy.

December 2020

China Chengtong participated in the establishment of China Green Development Group Co., Ltd. (CGDG), accepted the 100% equity of Luneng Group, and increased the capital by 5 billion Yuan to build a first-class central SOE focusing on green industry.

August 2021

China Chengtong invested 7.5 billion Yuan in cash in Ansteel Group's restructuring of Bensteel Group Corporation Limited to improve the industrial concentration, resource security and international competitiveness of China's iron and steel industry in an all-round way.

September 2021

China Chengtong invested about 4.62 billion Yuan in cash in the establishment of China Electrical Equipment Group to build a world-class electric power equipment enterprise with global competitiveness.

December 2021

To implement General Secretary Xi Jinping's important instructions on building a modern circulation system, China Chengtong advanced the establishment of China Logistics Group, consisting of China Chengtong's four former logistics companies and China Railway Materials Group Corporation under China Chengtong's trusteeship, to build a first-class integrated logistics enterprise.

Case China Chengtong Advanced the Establishment of China Logistics Group, a "National Team" in the Field of Logistics

General Secretary Xi Jinping pointed out that "the circulation system plays a fundamental role in the national economy. To build a new development pattern, we must take building a modern circulation system as an important strategic task." In recent years, China Chengtong has resolutely implemented the spirit of General Secretary Xi Jinping's important instructions. Under the correct leadership and unified deployment of SASAC, China Chengtong has taken the initiative in advancing the professional integration of China Chengtong's four former logistics enterprises with China Railway Materials Group Corporation and the establishment of China Logistics Group, which is an important practice to promote the high-quality development of China's logistics industry through SOE reform.

In December 2021, China Logistics Group was established. As the major shareholder of China Logistics Group, China Chengtong will make full use of its resource endowment and unique advantages in capital operation and cooperate closely with other shareholders to jointly contribute to promoting the high-quality development of China Logistics Group and continuously enhancing the strength, quality, and size of China's modern logistics industry.

Helping Central SOEs to Become Modern Industry "Chain Chiefs"

- **Building a fund system and improving the functions of state-owned capital.** China Chengtong has built a fund system dominated by two national-level funds, namely, the China Structural Reform Fund and the China State-owned Enterprise Mixed-ownership Reform Fund, including special funds such as debt-to-equity swap, with a total scale of more than 660 billion Yuan. The fund system focuses on research on key technologies and strategic emerging industries, etc. It has also helped a number of state-owned industrial groups and state-owned capital investment companies to become industry "chain chiefs" in the fields of network security, autonomic and secure computing, railway transportation equipment, machine tools and mobile information.
- **Improving capital operations and promoting the flow and appreciation of state-owned capital.** By combining entrusted management, ETF operation and self-managed investment, China Chengtong has professionally operated the equity of listed companies governed by SASAC. China Chengtong initiated the Central SOEs' Structural Reform Index, SOEs along Belt and Road Index and SOE Sustainable Prosperity Index (A+H), and issued relevant ETF products to effectively promote the rational flow and value return of state-owned capital.

- **Optimizing financial services and helping central SOEs to invigorate manufacturing with financial services.** To better serve the real economy, China Chengtong has actively developed financial services such as financing, factoring, financial lease, insurance brokerage, etc. by integration of financial equity of central SOEs, restructuring and M&A. By acquiring New Times Securities and obtaining two new financial licenses for securities and publicly offered funds, China Chengtong developed a service system featuring "industry-finance integration, finance-driven industry", thus providing high-quality financial services for the industrial chains of central SOEs.
- **Planning strategic emerging industries, and continuing to supplement and strengthen industrial chains.** Based on the forward-looking layout of strategic emerging areas, China Chengtong has accelerated the development of industries such as new energy battery, chip, 5G, intelligent manufacturing, high-end medical, pharmaceutical, health and elderly care by investing in Beijing Tiantan Biological Products Co., Ltd. under Sinopharm, China Resources Microelectronics Limited, and Tianjin Lishen Battery Joint-Stock Co., Ltd., etc. to boost the industrial chain transformation and upgrading of central SOEs. China Chengtong established China Health and Elderly Care Group Co., Ltd. to become a "chain chief" or "chain leader" of the health and elderly care industry, and to foster and incubate new industries relating thereto. China Chengtong will actively serve the "carbon peaking and carbon neutrality" goals by building a "big ecosystem" centered on pulp paper industry, and firmly follow the road of high-quality development.

Case China Chengtong Established CSRF Phase II to Support the Development of the Yangtze River Delta Region and Key Industries

In October 2021, the inauguration and opening ceremony of China Structural Reform Fund Phase II Co., Ltd. (hereinafter referred to as CSRF Phase II) was held in Wuxi, Jiangsu Province. This is China Chengtong's breakthrough innovation in setting up national-level funds in the form of parallel funds when China Chengtong and Wuxi Municipality as main initiators, together with eight central SOEs, raised funds efficiently (73.75 billion Yuan), the largest of its kind in China in 2021, for the purpose of implementing the national strategy on Yangtze River Delta integration.

CSRF Phase II focuses on important industries, key fields and major special tasks related to national security and the lifeline of the national economy, especially biomedicine, integrated circuits, high-end equipment manufacturing, next-generation information networks, artificial intelligence, new materials, new energy and new energy vehicles that the Yangtze River Delta enjoys industrial advantages to promote the structural reform, transformation and upgrading of SOEs and contribute to the integrated development of the Yangtze River Delta region.

Tackling Major National Special Tasks

Following the main line of deepening supply-side structural reform, China Chengtong has actively built an "upgraded version" of asset management by making full use of its experience accumulated over 10 years in asset management, based on the principle that "all tasks assigned by superiors shall be unconditionally accepted, not put off, not hindered, and resolutely implemented", to provide new driving forces for the reform and development of central SOEs.

Serve the reform of central SOEs by stripping their non-principal or non-dominant assets off

- By playing its unique advantages in asset management, China Chengtong established Chengtong Guohe Asset Management Co., Ltd., a platform for disposal of non-principal or non-dominant assets of central SOEs.
- China Chengtong provides door-to-door services to central SOEs in difficulty, and guarantees that relevant SOEs can complete 100% of the annual task of divesting non-principal or non-dominant assets.
- By the end of 2021, China Chengtong reached cooperation with 15 central SOEs on 26 non-principal or non-dominant assets projects, involving assets of 4.2 billion Yuan.
- China Chengtong actively promoted trusteeship cooperation with 8 central SOEs including CRSC to help them adjust and optimize the industrial structure and focus on their main responsibilities and businesses.

Sustain the reform of central training and convalescent institutions

- China Chengtong established China Health and Elderly Care Group Co., Ltd. as a unified receiving and operating platform for reform of the assets, striving to set up "three banners" i.e. decoupling and integration of training and convalescent institutions, development of all-inclusive elderly care services and mixed ownership reform, and to be a leader in the health and elderly care industry.
- By January 2022, 54 training and convalescent institutions were approved to be transferred, and the assets of 36 ones were accepted. It is expected that nearly 10,000 nursing beds will be provided.

Lead the establishment of central SOEs' offshore equipment assets receiving platform

- China Chengtong completed the centralized management of 66 offshore assets projects, involving assets of 60.4 billion Yuan.
- China Chengtong activated 49 offshore assets and provided 20 advanced models of equipment which serve as the main force to ensure national offshore oil and gas exploration and development in the medium to long term.

In July 2021, China Chengtong initiated the establishment of Zhongkang Health Industry Investment Co., Ltd. to promote the reuse and transformation of idle resources such as training and convalescent institutions into all-inclusive elderly care services, and to jointly build a "national team in the health and elderly care industry".

Deepening Reforms Comprehensively

Born and lived attributing to the reform, China Chengtong always takes serving central SOEs as its own duty to seek development by service and promote reform by development. Since the launch of the three-year action for SOE reform, China Chengtong, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, has taken the three-year action as a valuable opportunity to lead the high-quality development of state-owned capital operation companies, implement the deployments and requirements in an all-round manner, deepen the pilot reforms, and break through the key and difficult points, so as to improve China Chengtong's economies of scale and ability to serve SOE reform across all fronts.

Implementing the Three-year Action for SOE Reform

By thoroughly studying and carrying out General Secretary Xi Jinping's important speeches about SOE reform and Party building, China Chengtong determines the general reform ideas of "taking building a professional platform for the market-oriented operation of state-owned capital as the focus of our effort concerning the three-year action and striving to be a pioneer in SOE reform as the general requirement concerning the three-year action", and implements the three-year action as a major political task down to the last detail, thus forming a new situation of pushing the reform forward. By the end of June 2022, the main tasks of China Chengtong's three-year action have been fully completed, and China Chengtong won the title of Grade A Enterprise in the assessment of key tasks of the three-year action for 2021.

Fully understand the spirit of the central authorities

- By thoroughly studying and understanding the latest important instructions of General Secretary Xi Jinping, China Chengtong ensures that the decisions and deployment of the Central Government are implemented throughout the three-year action.
- China Chengtong carried out publicity, implementation and training through expert interpretation, seminar, special training and other means, covering nearly 3,000 person-times, and planned the reform ideas in a forward-looking and systematic way.

Strengthen overall organizational leadership

- The Chairman of China Chengtong serves as the leader of the Leading Group for Deepening Reform Comprehensively.
- The Party Committee of China Chengtong fully played its leading role in formulating the *Three-Year Action Plan for China Chengtong's Reform* and work records, and identified 92 reform measures in 8 categories, each of which stood out as a landmark achievement.
- Members of the Party Committee of China Chengtong guarantee 92 reform measures in their line of work, and the main responsible comrades of the invested enterprises serve as the "first responsible persons" for the reform to ensure that the three-year action covers all aspects.

Establish a comprehensive and effective mechanism

- China Chengtong established a work system in which "the Party Committee makes decisions, the Leading Group for Deepening Reform Comprehensively makes arrangements, the monthly meeting makes a schedule, and the Reform Office carries it out".
- The Leading Group for Deepening Reform Comprehensively will listen to the progress report on the reform on a monthly basis, and coordinate the reform work across departments.
- China Chengtong developed an online supervision system for the three-year action to strengthen the dynamic evaluation, tracking and supervision of the reform tasks of the Group and the invested enterprises.

Fully activate reform atmosphere

- China Chengtong interpreted the reform policies by means of experience exchange, publicity column and poster presentation, etc. to interpret reform policy requirements and strengthen benchmarking and demonstration guidance.
- The leaders of China Chengtong wrote and published signed articles and accepted a joint media interview to boost publicity on reform achievements and tell Chengtong's stories of reform.

Focus on key tasks

- China Chengtong will advance the key reform tasks such as the construction of the board of directors and the tenure system and contract-based management of the management in the invested enterprises, and make an action plan on a weekly basis, and implement it effectively by backward scheduling.
- 100% of the subsidiaries of the Group have completed the tenure system and contract-based management of the management, and 100% of the management have signed up.

In August 2021, China Chengtong held three-year reform action plan promotion meeting.

Deepening the Pilot Reform

- **Pushing forward the pilot mixed-ownership reform steadily.** China Chengtong continued the fourth batch of pilot mixed-ownership reform for SOEs, organized CMST Development Co., Ltd. and China Chengtong Ecology Ltd. (CCTE) to carry out the pilot work, and completed the approval, implementation and filing of employee stock ownership plan of the pilot enterprises. China Chengtong tracked the pilot enterprises' progress in reform and operations, guided CCTE to prepare action plans, and created "original technology sources". China Chengtong cooperated with SASAC's special inspection over mixed-ownership reform, and prepared and published *China Chengtong's Operational Guidelines for Actively and Steadily Deepening Mixed-ownership Reform.*
- **Implementing the "Double-Hundred Action" pilot reform.** In 2021, the "Double-Hundred Action" subsidiaries of China Chengtong were all awarded the title of "Benchmark". China Chengtong organized three subsidiaries to formulate the Comprehensive Reform Plan 2021-2022 and work accounts, and promoted the implementation of the "Double-Hundred Action" reform tasks. Yueyang Forest & Paper was awarded the title of "Benchmark Enterprise under Double-Hundred Action Reform Program". China Chengtong established a monthly report system to sort out and inspect the performance, organized "Double-Hundred Action" subsidiaries to participate in SASAC's thematic training activities, and supervised and urged associated enterprises to finish the reform tasks with high quality, building the "vanguard of reform" for China Chengtong.
- **Boosting the "Science & Technology Reform Demonstration Action" pilot reform.** In 2021, the "Science & Technology Reform Demonstration Action" subsidiaries of China Chengtong were all rated as "Excellent". China Chengtong organized and guided Guanhao High-Tech to participate in the Science & Technology Reform Demonstration Action and adjust the plan for deepening the reform and reform tasks, and organized Guanhao High-Tech to participate in SASAC's thematic evaluation activities, and as a result, Guanhao High-Tech was awarded an "Excellent" rating. This case was selected into the *Reform and Innovation: Collection of 'Science and Technology Reform Demonstration Enterprise' Cases* edited and published by SASAC. China Chengtong guided Tianjin Lishen Battery Joint-Stock Co., Ltd. to complete its reform plan based on the requirements of the Science & Technology Reform Demonstration Action, and as a result, Tianjin Lishen Battery Joint-Stock Co., Ltd. was successfully selected as a "Science and Technology Reform Demonstration Enterprise" by SASAC.

Case Guanhao High-Tech Took Several Measures to Promote the "Science & Technology Reform Demonstration Action" Pilot Reform

Guanhao High-Tech has improved its corporate governance structure, promoted the institutional mechanism reform, stimulated the driving forces for S&T innovation, achieved steady improvement in business performance, and formed a set of replicable and spreadable experience in reform, contributing to the layout optimization and structural adjustment of state-owned capital.

Promoting the Restructuring of Listed Companies

Guanhao High-Tech issued A shares by using an innovative capital operation method to absorb and merge Yuehua Bao B, becoming the first cross-sector, cross-exchange merger by absorption case in China and providing capital platform guarantee for industrial development.

Improving the Market-oriented Management Mechanism

Guanhao High-Tech scientifically defined the responsibilities and powers of "three meetings and one layer" (i.e. general meeting of shareholders, the board of directors, the board of supervisors, and senior management) and the list of "three important and one big" (i.e. important decisions, important personnel decisions, important projects and big spending plans), established a board of directors of which outside directors represent the majority, and strengthened directors' performance of duties, assessment and incentive management. Adhering to the "position-specific competencies evaluation" and the "same salary for one post", Guanhao High-Tech has fully implemented the tenure system and contract-based management of the management. In the past five years, Guanhao High-Tech has recruited 84 high-end talents in a market-oriented way, evaluated 101 technicians, and established "Guangdong Doctor Workstation".

Stimulating the Driving Forces for S&T Innovation

Guanhao High-Tech formulated and implemented the *Incentive Measures for Achievements in Making Innovations and Benefits*, and promoted the implementation of 9 new R&D projects and 8 patent applications in 2020. Guanhao High-Tech actively explores the field of innovative materials by building a new material R&D platform including three physical spaces of "internal innovation space + external incubation platform + collaborative innovation center".

Strengthening the Positive Incentive Mechanism

Guanhao High-Tech achieves cost reduction and efficiency improvement by implementing profit assessment and benefits-oriented incremental dividend mechanism, project reward mechanism, organizational structure reform, etc.; and motivates staff and officers by implementing excess profit sharing and equity incentives of listed companies.

Advancing Quality and Efficiency Improvement Solidly

Overcoming the adverse effects of COVID-19, China Chengtong focused on improving the quality and efficiency of the invested enterprises, and further optimized the assets business structure to achieve growth in value creation against the trend. In 2021, the Group's profit margin reached 8.11%; China Chengtong achieved remarkable results in cost control and "three-insurance" (i.e. medical insurance, unemployment insurance and pension insurance) spending reduction, with a great increase in EVA (economic added value) compared to the same period a year earlier.

China Chengtong Promoted the Invested Enterprises to Take Combined Measures for Improving Quality and Efficiency in 2021

Take corrective action for the problems of "affiliation"

- China Chengtong organized the invested enterprises to "look back" on the problems of affiliation, cooperated with SASAC's special inspection over illegal affiliation, guided the invested enterprises to formulate a rectification plan based on "one policy for one enterprise", and prepared *China Chengtong's Management Measures on Preventing Private Enterprises from Being Affiliated to SOEs*.
- All three rectification targets for 2021 have been fulfilled, and 17 problems of affiliation have been rectified.

Organize self-inspection and rectification of investment in non-controlling shares

- China Chengtong formulated an equity participation management system, defined the approval process for investment in non-controlling shares, and established and improved the long-term supervision mechanism.
- In 2021, 22 enterprises established appropriate systems.

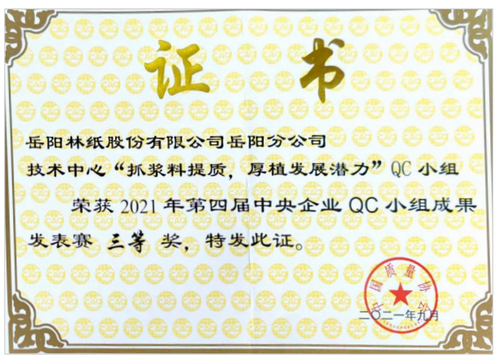
Further "reduce corporate households"

- China Chengtong formulated the *2021 Report on Work Plan for Reducing Corporate Households and the List of Enterprises to Be Reduced in 2021*, and supervised and urged the invested enterprises to implement the reduction work.
- By the end of 2021, a total of 25 corporate households were reduced, including 18 households on *China Chengtong's List of Enterprises to Be Reduced in 2021*, where there were 21 proposed households; and 7 households not on the List, exceeding China Chengtong's annual target.

Supporting S&T Innovation

China Chengtong actively implements the national innovation-driven development strategy by strengthening S&T innovation management, coordinating S&T innovation and promoting the transformation of S&T achievements to accelerate sci-tech self-reliance and self-strengthening at higher levels. In 2021, China Chengtong invested 779.556 million Yuan in R&D.

China Paper's "Research and Application of New Materials to Replace Plastics with Paper" won the "Award of Excellence in the 3rd Central SOEs Glittering Star Innovation and Creativity Competition".



Yueyang Forest & Paper's QC Project of "Improving Pulp Quality to Increase Development Potential" won the third prize in the 4th Central SOEs QC Group Achievement Presentation Competition.

Strengthening S&T Innovation Management

China Chengtong guided China Paper and Tianjin Lishen Battery Joint-Stock Co., Ltd. to implement the *Guidelines to the SOEs Directly under the Central Government on Accelerating the Creation of Original Technology Sources and Modern Industry Chain Chiefs*, and determine the technical and capacity objectives for original technology sources in the fields of forest-pulp-paper and new energy. China Chengtong guided the invested enterprises to study and utilize SASAC's support policies to promote the construction of incentive and guarantee mechanisms for S&T innovation of central SOEs, and to stimulate their innovation vitality. China Chengtong has strengthened science and technology survey and statistics, and made comprehensive statistics on high-tech enterprises and S&T awards of the Group since the 13th Five-Year Plan period. China Chengtong has established a monthly report system that offers quick reports on S&T to strengthen the statistics and reporting on S&T achievements in 2021.

By playing the role of capital operation, China Chengtong actively participates in S&T innovation through fund investment, facilitates research on key core technologies and solves "bottleneck" problems. China Chengtong will continue to give priority to S&T innovation projects, with focus on important industries and key fields related to national security and the lifeline of the national economy, e.g. integrated circuits, industrial internet, new energy, high-end equipment manufacturing, new materials, artificial intelligence, big data and biomedicine, and deepen the cooperation between SOEs and enterprises of all types of ownership in S&T innovation and other fields, so as to accumulate kinetic energy for the high-quality development of key industries and industry & supply chains in China.

Showing S&T Achievements

To implement the spirit of General Secretary Xi Jinping's important speeches on accelerating the transformation of S&T achievements, China Chengtong will continue to foster an industrial innovation platform based on China Paper and Tianjin Lishen Battery Joint-Stock Co., Ltd., undertake the technical research of the State and the Group on special subjects, strengthen the development of S&T talents, improve IPR protection, and advance the effective transformation and application of S&T achievements.

By the end of 2021, China Chengtong holds 1,639 valid patents, including 261 invention patents and 3 PCT patent applications. In 2021, 272 patents were filed, including 116 invention patents; 236 patents were granted, including 40 invention patents. China Chengtong led or participated in the formulation of 53 standards, including 29 national standards and 24 industrial standards. China Chengtong won 3 ministerial and provincial-level S&T awards. It has 17 high-tech enterprises, 16 R&D institutions, 1 national enterprise technology center and 1 national (engineering) technology research center.

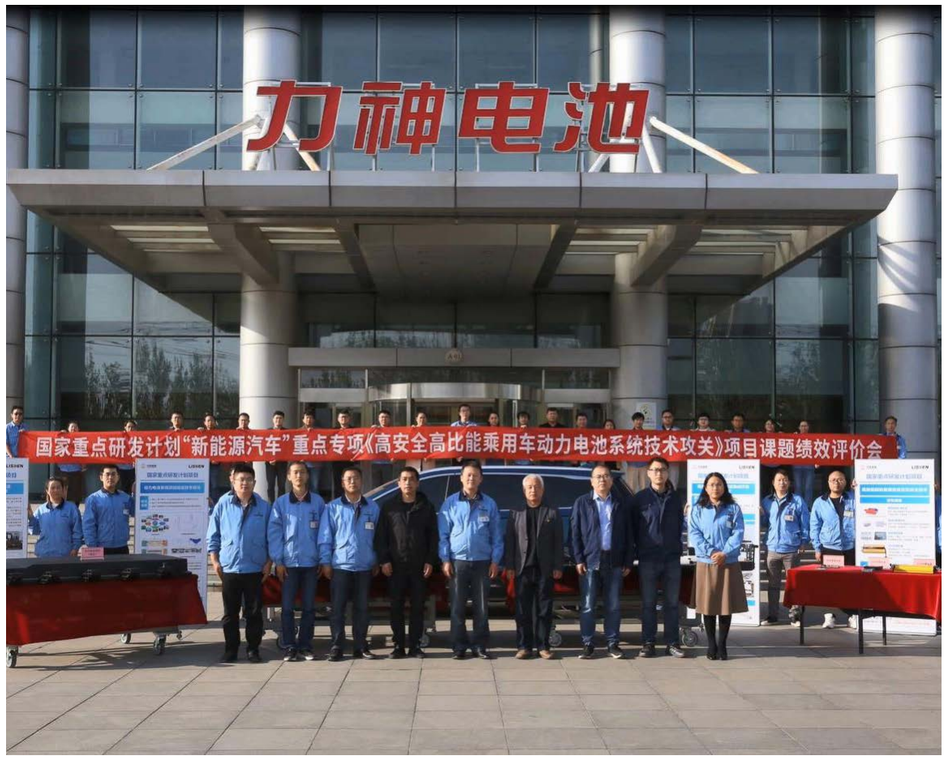
Application of China Chengtong's S&T Achievements in 2021 (Part)

China Paper

- Yueyang Forest & Paper's project of "Research and Application of New Materials to Replace Plastics with Paper" focuses on technology research and development in energy conservation, environmental protection and new product development, and has made breakthroughs in plastic-free product, water resistance, oil resistance, heat resistance, acid and alkali resistance and other dimensions. A total of 20,372 tons of paper-based products using paper instead of plastic as material were produced.
- The plastic-free eco-friendly paperboard for food packaging, developed by Zhuhai Hongta Renheng Packaging Co., Ltd., is certified compostable according to the EU standard and qualified upon biodegradability testing in China, and the product safety meets the European and American standards. In terms of liquid packaging board, the company has become the main supplier of Tetra Pak, a leading liquid packaging company, breaking the foreign monopoly over food packaging paper at home. Now, Hongta Renheng Packaging is the only supplier of McDonald's in China because the quality of oil-proof paperboard has reached the international advanced level in terms of main technical indicators.

Tianjin Lishen Battery Joint-Stock Co., Ltd.

- Tianjin Lishen Battery Joint-Stock Co., Ltd. undertook the "Technology Research on Development and Industrialization of High-energy-density Lithium-ion Batteries", a major subject of the national key R&D program of "new energy vehicles", and completed the project performance evaluation. The specific energy of a battery reaches 301.7Wh/kg, and the capacity retention rate reaches 86% after 1,500 cycles at room temperature, which meets national standards upon testing.
- Tianjin Lishen Battery Joint-Stock Co., Ltd. undertook the "Technology Research on High-safety and High-energy-density Battery System for Passenger Cars", a major subject of the national key R&D program of "new energy vehicles", and completed the comprehensive performance evaluation thereon. The specific energy of the battery system reaches 213.5Wh/kg, and the capacity retention rate reaches 89.42% after 612 cycles, which meets national standards upon test. Also, the internal tests show that the capacity retention rate is 81.4% after 1,208 cycles.
- Tianjin Lishen Battery Joint-Stock Co., Ltd. developed a 4.5V lithium-ion battery chemistry system, which is technically industry-leading.



Tianjin Lishen Battery Joint-Stock Co., Ltd. successfully passed the comprehensive performance evaluation on a major subject of the national key R&D program of "new energy vehicles".

Promoting Digital Transformation

China Chengtong attaches great importance to the IT-based transformation and speeds up the cultivation of digital genes with "Chengtong characteristics". The digital management department was established to scientifically make digital planning and systematic action plan, build a strong digital transformation team, and carry out the construction of digitization demonstration projects of the Group, so as to further improve the Group's ability to digitally support capital operations. Basically, all kinds of management and control platforms of the Group have been built, covering all management and control systems and core business support platforms of enterprises at all levels, such as personnel, finance, capital, assets, risks, supervision and integrated monitoring, which forms synergistic linkage, comprehensive integration, integrated application and closed-loop management. China Chengtong has accelerated the integration of digitalization with the core functions of capital operation such as fund, equity, assets and finance, strengthened the team building of digitalization institutions of the Group, and established a network security and digital evaluation system. China Chengtong put forward the "1153" construction goals to lay a solid foundation for intelligent decision-making and empowerment, and stays focused on advancing the effective implementation of digital transformation.

◎ "1153" Construction Goals

- 1 Cloud Foundation
- 1 Data Center
- 5 Major Application Systems
- 3 Guarantee Systems

Moving Forward with Belt and Road Cooperation

In 2021, based on serving the needs of central SOEs to promote high-quality Belt and Road cooperation and "go global", China Chengtong showed great foresight and established an overseas operation platform to steadily push forward the internationalization. Taking China Chengtong Hong Kong Co., Ltd. (hereinafter referred to as CCTHK) and China Chengtong International Co., Ltd. (hereinafter referred to CCTI) as carriers, China Chengtong actively and steadily connected itself to the international capital market to expand overseas financing channels, and carry out overseas capital operation, actively implemented localized employment and localized procurement policies to provide more employment opportunities, strived to be a responsible global corporate citizen, and gradually formed an overseas layout with Chengtong characteristics, making positive contributions to serving the establishment of a new development pattern, promoting high-quality Belt and Road cooperation and building a community with a shared future for mankind.

China Chengtong's Overseas Business Outcomes in 2021

Total Overseas Investment
150 100 million Yuan

Overseas Projects
22 Projects

Overseas Establishments
72 Households

Number of Countries (Regions) Involved in Overseas Business
10 Countries/Regions

Adhering closely to the orientation of the Group's overseas capital operation platform, and firmly keeping the orientation of state-owned capital, CCTHK has supported the overseas development of central SOEs, and established business systems for overseas direct investment, fund management, asset management and financial leasing, so as to promote state-owned capital to better serve the establishment of a new development pattern. In 2021, 13 state-owned capital investment projects were added, with an increase in investment of about 210 million US dollars, to support SOEs' industry chain integration, participate in the issuance of overseas bonds by Minmetals and SPIC, and expand state-owned capital synergies abroad. CCTHK carried out its first independent international credit rating, and obtained a high investment-grade (IG) credit rating from both of the two well-known international agencies, Fitch and Moody's, and is actively preparing for the issuance of new US dollar bonds in Hong Kong.

CCTI coordinated COVID-19 prevention and control with production and management, and the majority of employees clung to the overseas battlefront. To build a public service platform for Sino-Russian economic and trade cooperation, CCTI plays a bigger role in the main channel for Chinese enterprises to invest in Russia, and continuously improves the operational quality and efficiency of Greenwood International Trade Center. CCTI takes full advantage of the president company of China General Chamber of Commerce-Russia and the economic and trade platform in Russia to provide a solid guarantee for the success of major tasks. In 2021, CCTI successfully finished the important tasks for the Chinese national ice hockey team to Russia preparing for the 2022 Beijing Winter Olympic Games, including providing ice hockey service support and closed-loop management of graduated students before returning home. Also, CCTI actively organized the "100 Years of Studying in the Soviet Union" Themed Photo Exhibition, promoted the China General Chamber of Commerce-Russia and Harbin Pilot Free Trade Zone to hold an international investment promotion conference with Russia, and held the "China-Russia Relations Unlimited Future" Youth Forum, which fully demonstrated the image of a responsible central SOE.

Case Building Greenwood International Trade Center Project with High Standards to Boost Sustainability of China-Russian Cooperation

The Greenwood International Trade Center in Russia is an important project of China Chengtong as part of Belt and Road cooperation, and also an important focus for CCTI to dig deep into the Russian market. The Greenwood International Trade Center that integrates four functions i.e. international trade, conference & exhibition, investment promotion and cultural exchange has become the largest public service platform for economic and trade cooperation between China and Russia and the overseas marketing center for high-quality well-known goods of China. At present, it has attracted more than 300 enterprises from 14 countries, including more than 170 China-invested enterprises, and accommodates more than 12,000 workers. In 2021, CCTI steadily promoted the construction of Greenwood Convention Exhibition Center Phase II Project, and continued making greater contributions to promoting high-quality Belt and Road cooperation and accelerating the establishment of a new development pattern.

In August 2021, the "100 Years of Studying in the Soviet Union" Themed Photo Exhibition organized by China Chengtong opened at Greenwood International Trade Center.

Case

China General Chamber of Commerce-Russia Was Elected as the Chairman of the Joint Conference of Chinese Overseas Chambers of Commerce

On December 7, 2021, the Joint Conference of Chinese Overseas Chambers of Commerce (JCCOCC) held the 2021 Annual Board Meeting, and the China General Chamber of Commerce-Russia was elected as new chairman of the JCCOCC.

In September 2019, the JCCOCC was founded by 15 overseas chambers of commerce, including China General Chamber of Commerce-Russia, China Enterprises Association (Brazil), Chinese Chamber of Commerce in Germany, China General Chamber of Commerce-USA, South Africa-China Economic and Trade Association, China Enterprises Association (Japan), Chinese Chamber of Commerce in Spain and China Enterprises Association (Singapore), as council members. Representatives of 111 members attended the inauguration ceremony. Up to now, the number of members of the JCCOCC has reached 116, covering and influencing major overseas economies, and they fulfill the functions of communication, coordination and service. JCCOCC has played a positive role in maintaining the legitimate rights and interests of overseas Chinese enterprises, promoting mutual exchanges and cooperation, developing public diplomacy, serving the new development pattern, and advancing the high-quality development of overseas chambers of commerce.

In September 2021, under the framework of the 6th Eastern Economic Forum in Russia, the Russia-China Business Dialogue co-sponsored by CCTI, China General Chamber of Commerce-Russia and Russian Development Foundation was held in Vladivostok. Zhu Bixin, Chairman of China Chengtong, was invited to deliver a speech by video.

In June 2021, under the framework of the 25th St. Petersburg International Economic Forum, the Russia-China Business Dialogue co-sponsored by CCTI, China General Chamber of Commerce-Russia and Russian Development Foundation was held at EXPOFORUM Convention and Exhibition Center in St. Petersburg.

Official Release of the *Report on the Development of Chinese Enterprises in Russia* (in Chinese and Russian) Compiled and Issued by CCTI.

China Chengtong has actively participated in national exhibitions such as China International Import Expo (CIIE) and China International Fair for Trade in Services (CIFTIS). In 2021, at the 4th CIIE, China Chengtong Sub-group signed procurement agreements with 23 merchants from 12 countries and regions around the world, with the contract value reaching 1.57 billion US dollars, up 46% compared with the previous session, hitting a new high and ranking among the top SOEs directly under the Central Government. China Chengtong and 11 subordinate enterprises participated in the 2021 CIFTIS, and set up 15 online and offline booths, 11 more than in 2020, which smashed the record for the most exhibitors and booths in history, contributing to the high-quality development of China's trade in services. In 2021, China Chengtong achieved a total import and export volume of 2.793 billion US dollars, up 9.54% year on year, making positive contributions to stabilizing foreign trade, stabilizing industry and supply chains and ensuring supply, and promoting dual circulation.

In November 2021, China Chengtong signed procurement agreements with 23 merchants from 12 countries and regions at the signing ceremony of the 4th China International Import Expo.

02

Pursuer

Stimulating Operational Vitality

National Call

Promote the revitalization of stock assets in a safe and orderly manner in accordance with laws and regulations. Adhere to the principle of marketization and rule of law, strictly implement the regulations on the supervision and administration of state-owned assets, and perform financial audit, asset evaluation, decision-making and approval. Except for the circumstances specified in relevant policies, the transaction price should be reasonably determined mainly through open and transparent channels such as public resource trading platform, stock exchange and property right exchange, so as to strictly prevent the loss of state-owned assets.

——Opinions of the General Office of the State Council on Further Revitalizing Stock Assets and Increasing Effective Investment

Our Actions

- Optimizing platform layout
- Improving the governance system
- Strengthening risk prevention
- Promoting industrial development

Optimizing Platform Layout

In accordance with General Secretary Xi Jinping's important speeches on "forming an effective platform for the flow, restructuring and layout adjustment of state-owned capital", China Chengtong has defined the platform layout that features "4+1", i.e. "fund investment, equity management, asset management, financial services and cultivation and incubation of strategic emerging industries" in combination with the functional orientation and mission of state-owned capital operation companies, to create a clearer path and more effective mechanism for high-quality development of central SOEs, and to better bring the strategic support of central SOEs into full play.

Business Platform	Entities Involved	Development in 2021
Fund Investment	CSRF Phase I, CSRF Phase II, Mixed-ownership Reform Fund, debt-to-equity swap, and fund management companies, etc.	Strengthen the leading role of fund investment, and build a fund system dominated by two national-level funds, namely, the China Structural Reform Fund and the China State-owned Enterprise Mixed-ownership Reform Fund, and supplemented by specialist funds such as debt-to-equity swaps, with a total scale of 660 billion Yuan, to promote the layout optimization and structural adjustment of state-owned capital and mixed ownership reform. By the end of 2021, the funds managed by the Group invested in more than 170 projects.
Equity Management	Beijing Chengyang Investment Co., Ltd., etc.	Actively fulfill the responsibilities of shareholders, continuously optimize the equity operation system, and preserve or increase the value of entrusted assets. Innovate new methods and models, and actively serve the high-quality development of central SOEs by expanding private equity fund business, participating in IPO and private placement projects of central SOEs, optimizing the index and ETF system of central SOEs, and providing investment and research support for central SOEs, etc.
Asset Management	China Chengtong Asset Management Co., Ltd., China Chengtong Oriental Asset Management Co., Ltd., China Health and Elderly Care Group Co., Ltd., CCT Construction & Investment Co., Ltd., Chengtong Guohe Asset Management Co., Ltd., etc.	Continue to accumulate experience in acceptance and integration of multiple types of reformed assets, revitalization, allocation optimization, industrial incubation and capital operation, establish policies and institutional systems suitable for all kinds of asset management, standardize operation processes, and innovate an operation model for connecting with multi-level capital markets and effectively utilizing social resources to revitalize and allocate assets.
Financial Services	China Chengtong Hong Kong Co., Ltd., China Chengtong Finance Corporation Ltd., Chengtong Commercial Factoring Co., Ltd., Chengtong Securities Co., Ltd., etc.	Actively promote the integration of financial equity of central SOEs, scale up the financial services such as factoring and financial leasing, expand the scope of services and functions of financial companies, and provide high-quality financial services for the industrial chains of central SOEs. In the past three years, China Chengtong has provided liquidity support of nearly 30 billion Yuan to central SOEs. After China Chengtong acquired New Times Securities and obtained two new financial licenses for securities and publicly offered funds, the financial weakness of the operation companies was shored up.
Cultivation and Incubation of Strategic Emerging Industries	China Paper Investment Co., Ltd., Chengtong Human Resources Company Ltd., China Commerce Holdings Group Ltd., China Chengtong International Co., Ltd., Tianjin Lishen Battery Joint-Stock Co., Ltd., etc.	Enhance the strength and quality of strategic industries of the Group, strengthen the collaboration between upstream and downstream enterprises in industry and supply chains, and foster and incubate a number of highly competitive industry-leading enterprises. Speed up the layout of strategic emerging industries such as lithium-ion batteries, new materials and new energy, improve the diversified modern industrial system, set up a better service network for trade in metals and other means of production that covers major markets in China, and build forest-pulp-paper integrated enterprises and "chain chiefs" in the lithium-ion battery industry to promote the high-quality development of the real economy.

Improving the Governance System

China Chengtong focuses on the construction of a modern corporate system with Chinese characteristics, gradually improves the governance structure, comprehensively promotes the corporate governance according to laws, constantly deepens the compliance management, reinforces the branding of a professional platform for the market-oriented operation of state-owned capital, and uses benevolent laws and good governance to ensure high-quality development.

Improving the Governance Structure

China Chengtong puts effort into regulating the exercise of powers and duties by all governing subjects, and accelerates the establishment of a corporate governance mechanism featuring statutorily-defined and transparent rights and responsibilities, coordinated operations, and effective checks and balances. China Chengtong will improve the state-owned capital authorization and decentralization mechanism, dynamically improve the list of powers and responsibilities, the list of powers granted and delegated, the list of "three important and one big", and the list of matters for preliminary research and discussion, consolidate the construction of "strong headquarters", and strengthen the pattern of "integrated operation". In 2021, China Chengtong held 10 board meetings, 29 meetings of the Party Committee, 36 management review meetings and general manager meetings, and 25 special sessions, involving 532 topics discussed.

China Chengtong continues to improve the board of directors, adjusts outside directors and enriches the board with experienced outside directors in a timely manner, and forms a board structure of which outside directors represent the majority, to improve China Chengtong's ability to make scientific decisions and control risks. China Chengtong established the supervisory board composed of outside directors that works in an integrated way with the audit committee, to enhance China Chengtong's ability to prevent major risks. China Chengtong strengthened the board of directors of the invested enterprises, and finished the key tasks such as setting up the board of directors of the invested enterprises as necessary, outside directors representing the majority, and carrying out functions and powers of the board of directors of important subsidiaries, so as to ensure full-coverage governance.

Ensuring Robust and Sound Operation

Governing Enterprises According to Laws

China Chengtong stepped up efforts to promote corporate governance according to laws, by establishing a leading group for the construction of "Rule-of-law-based Chengtong", examining and evaluating the building of central SOEs ruled by law, and fulfilling responsibilities level by level. China Chengtong formulated the *Implementation Plan for the Building of Central State-owned Enterprises Ruled by Law during the 13th Five-Year Plan Period*, including 17 detailed tasks and 66 specific measures, and strives to build a central SOE ruled by law that features sound governance, compliance operation, standardized management, law-abiding and integrity.

Improving the rule of law. China Chengtong made sweeping amendments to the Rules and Regulations and Management Measures, standardized the post-implementation evaluation of the regulations, and continuously promoted the rule of law and the extension of the general counsel system to the grassroots level. China Chengtong explored innovative management methods, and established a "risk appetite limit system" to form 58 indicators in 7 categories and scoring standards for legal construction and risk evaluation. China Chengtong improved the assessment mechanisms for the rule of law, established an integrated sound rule-of-law information system, and gradually put legal dispute cases, risk management, contract review, intellectual property management and other sections into operation to accelerate the informatization of legal management tools.

Strengthening the construction of rule-of-law work teams. China Chengtong carried out publicity and education activities on the rule of law in an all-round way, and formulated the Eighth Five-Year Plan on improving legal awareness to promote the institutionalization and normalization of publicity and education on the rule of law. China Chengtong absorbed outstanding legal talents, optimized the team of legal professionals, organized lectures and special trainings on rule of law and compliance, and increased their knowledge about finance in order to effectively improve team professionalism and competency and continuously enhance legal safeguards.

In November 2021, China Chengtong Party Committee held the Theoretical Learning Center Group and 2021 Rule-of-law Work Conference.

Compliance Management

Adhering to the principle of "compliance before capital operation", China Chengtong set up a compliance management committee and formulated and issued *the Five-year Plan on Compliance Management, Compliance Management Measures, Compliance Code of Conduct* and other institutional documents to improve the compliance management mechanism. China Chengtong strengthened compliance control over financial services and asset management, conducted exchanges on compliance business such as anti-monopoly, anti-money laundering, shareholding reduction provisions and insider trading, and provided law-abiding and compliance training for over 1,500 person-times throughout the year. China Chengtong established a sound supervision mechanism for major cases, and put effort into "controlling incidence and solving backlog", involving six categories, such as financial claim, pledge supervision, equity disputes, sales contracts, construction projects, investment cooperation, etc., which can avoid and recover significant losses of the company. The amount of settled cases is over 1 billion Yuan.

Meanwhile, China Chengtong strengthens the identification of overseas compliance risks and screens out overseas risks regularly. It sent risk warning letters on foreign trade, overseas investment, materials procurement, project contracting, intermediary cooperation, etc., and conducted internal investigations over legal risks in the fields of anti-dumping and countervailing investigation, environmental protection, labor and intellectual property, and organized the formulation of prevention plans. China Chengtong strengthens legal review and standardizes key areas and management processes to strictly control legal risks; strengthens intellectual property management and intellectual property protection, and deals with infringement cases in a timely manner.

Legal Review Rate (review of enterprise's rules and regulations, economic contracts and major decisions) (%)

Case

Sticking to the Bottom Line of Compliance and Fulfilling Environmental Responsibilities – An On-the-Spot Report of VOCs Rectification in the Test Room of Tianjin Lishen Battery Joint-Stock Co., Ltd. Phase V Plant Area

The test room of Tianjin Lishen Battery Joint-Stock Co., Ltd. Phase V plant area was built earlier. At that time, the government had not issued VOCs management standards, so no treatment facilities were installed, resulting in unorganized VOCs emissions. As national environmental laws and regulations continue to improve, the government regulation enlarges unprecedentedly, and the people's environmental awareness is rising, VOCs emissions compliance has increasingly become a focus of attention for Government authorities. In order to thoroughly and effectively solve the historical problem of VOCs emissions in the test room, Tianjin Lishen Battery Joint-Stock Co., Ltd. attached great importance to it and increased the project budget, and the competent leaders participated personally in discussions about VOCs treatment process and technology roadmap, and went to the nearby organizations to investigate successful examples of VOCs treatment. Based on repeated technical discussions and practical situation, catalytic combustion was finally determined as the main process route.

At present, Tianjin Lishen Battery Joint-Stock Co., Ltd. has completed the installation of VOCs treatment facilities, which can thoroughly solve the problem of unorganized VOCs emissions and realize organized up-to-standard VOCs emissions. As an enterprise funded by central SOEs, Tianjin Lishen Battery Joint-Stock Co., Ltd. will bear in mind that compliance operation is the red line and bottom line of existence and development of enterprises, and continue to fulfill its environmental responsibilities to ensure safe and green development.

Reinforcing Branding

China Chengtong has thoroughly implemented the deployments of the CPC Central Committee and the State Council on brand reinforcement, by benchmarking the branding of central SOEs and actively applying for the 2021 Annual Typical Branding Cases and Brand Stories, to continuously enhance brand awareness and improve brand management specialization. China Chengtong is stepping up its marketing campaigns on COVID-19 prevention and control, emergency rescue and disaster relief, reform and innovation, which keeps shining the brand of professional platform for the market-oriented operation of state-owned capital, and recognizable product and service brands have taken shape, thus further enhancing brand influence.

China Chengtong has integrated product quality and customer service into the whole process of brand building, and empowered the group's brand building with high-quality products and quality services. China Chengtong has established a quality management system with high standards, and effectively carried out quality control throughout the product life cycle, to ensure the implementation of quality and safety. It has also adhered to honest management and fair competition, carried out product compliance publicity, and resolutely resisted false publicity and unfair competition; actively promoted products and services upgrading, protected customer information and privacy in accordance with the law, taken the initiative to improve the after-sales service system, and properly responded to customer complaints, to meet customer expectations. In 2021, the Group's complaint resolution rate and customer satisfaction continued to improve, and the brand image was further highlighted.

Case China Chengtong Creates a New Model of Cross-exchange Merger of A-Shares and B-Shares, Forming a New M&A and Restructuring Brand

In September 2020, Guanhao High-Tech, a listed company under China Chengtong, announced trading suspension and officially launched the stock-for-stock merger of Yuehua Bao. In August 2021, the newly added shares involved in this restructuring officially circulated in the market, marking that the restructuring work was fully completed. The merger of A-shares and B-shares needs to be carried out across exchanges. China Chengtong actively communicated with shareholders of both parties, conducted in-depth research and demonstration, coordinated with securities institutions, and submitted several versions of proposals for share exchange registration. Finally, it is effectively resolved that the shares of B-share investors in Shenzhen Stock Exchange are held in different custody accounts, while the designated trading in Shanghai Stock Exchange can be handled by the only securities company.

This M&A has set up a brand for innovation in "Science & Technology Reform Demonstration Action", and created an implementation mode and pushing approach for stock-for-stock merger in the domestic capital market, which is conducive to promoting the capital market to form an effective B-share problem-solving mechanism based on "one policy for one enterprise". Also, this effectively exerts the role of the capital market in serving the real economy, and provides an important reference for the capital market to address B-share problems.

Strengthening Risk Prevention

China Chengtong strengthens the awareness of risk prevention and control, improves the risk management system and internal control management system, and increases the momentum of audit to effectively guard against all kinds of risks, thus providing strong support for stable and sound operations of the company.

Consolidating Risk Management Effectively

China Chengtong actively assessed major risks, and formed the *China Chengtong Major Risk Assessment Report 2021,* which defined five types of risks and accurately and effectively identified risks. China Chengtong carried out comprehensive risk investigation and special programs to address risks and, based on the requirements of "five checks and five stricts" (i.e. check ideological awareness and strictly enforce political rules; check institutional systems and strictly implement them; check safety management and strictly implement responsibilities; check for potential accidents and strictly implement safety monitoring and control; check the rule of law and strictly govern enterprises according to laws), carried out special risk investigation on 22 invested enterprises to form a *Comprehensive Risk Investigation and Remediation Work Report*. Then China Chengtong continues to strengthen its risk management and control capabilities, and promotes monthly risk report and consultation & supervision systems. Throughout the year, China Chengtong held three monthly group-level meetings and three thematic meetings to consult on risks, and studied 16 risk events, involving over 3.3 billion Yuan, and warned about nine categories of risks, involving 14 invested enterprises. China Chengtong issued four risk warning letters to enterprises that encountered major risks, and achieved notable results in risk control.

Focusing on Internal Control and Internal Audit

Starting with "abolishment, modification and establishment of systems", China Chengtong optimized its internal control management system. Throughout the year, 625 systems were abolished, 801 were modified, and 781 were established. China Chengtong carried out special rectification on "playing their own game and making private profit from the company", aiming at improving the governance capacity and development efficiency. By sorting out key internal control processes and control requirements, China Chengtong revised and improved the *China Chengtong Internal Control Manual*, and formulated the *China Chengtong Internal Key Process Manual* to clarify internal control measures and form an internal control matrix. China Chengtong investigated security risks in finance and capital, and formulated the *China Chengtong Measures for the Supervision and Administration of Internal Control of Funds* to further prevent capital risks.

China Chengtong continued to improve its internal audit system, and formulated and issued 18 systems related to audit project management, audit rectification, internal control audit and evaluation, and accountability for violations, to provide institutional support for improving audit quality. An accountability leading group was set up to carry out economic responsibility performance audit, internal control evaluation, special audit, accountability for business operations in violation of regulations and supervision over employees' violations of disciplines, aiming at serving the Group's reform and development, and to extend the internal audit towards "revealing risks" and "promoting rectification".

In June 2021, China Chengtong's SASAC-Dispatched Discipline Inspection and Supervision Group went to Beijing Chengyang Investment Co., Ltd. to carry out educational activities aiming at "preventing financial risks and building clean Chengyang".

Preventing Financial Risks

China Chengtong enables high-quality implementation of financial management by implementing the fund operations observer mechanism, optimizing the financial service management and control model, and continuously enhancing control effect. Throughout the year, China Chengtong performed special inspections in batches, vigorously carried out investigations on financial and quasi-financial risks and special inspections on financial derivatives business, developed suggestions and measures for treatment of the risks, and took targeted measures to strongly dissolve and handle the financial risks. In 2021, the fund operations observers reviewed 92 resolutions of shareholders' meeting and board of directors of financial institutions of the Group. With regard to the problems found in the special audits and inspections on financial derivatives business, China Chengtong issued a *Notice on Rectification of Financial Derivatives Business in the Invested Enterprises*, carried out routine inspections on a quarterly basis, and supervised and urged the invested enterprises to implement rectification measures.

Promoting Industrial Development

Adhering to win-win cooperation, China Chengtong continuously optimizes supplier management, carries out supplier social responsibility training, and guides suppliers to do a good job in compliance management and actively fulfill their social responsibilities; strengthens strategic partnership, drives coordinated development of upstream and downstream enterprises in the industrial chain, and promotes sound and sustainable industrial development.

Building a Responsible Supply Chain

China Chengtong practices responsible sourcing in strict accordance with relevant national laws and regulations and SASAC's requirements concerning procurement management and adhering to the principles of fair competition and fair trade, and spares no effort in maintaining a stable and orderly market competition environment; improves centralized procurement and supplier management systems, continuously strengthens supplier management, reviews suppliers according to laws and regulations, determines supplier qualification through open tendering and carries out materials supplier evaluation to reduce supply chain risks, and timely reminds, interviews, punishes and terminates contracts with unqualified suppliers, thus building a good and stable supply chain ecosystem.

Strengthening Strategic Cooperation

China Chengtong actively deepens communication and strategic cooperation with the government, enterprises, universities, research institutes and other organizations, promotes strategic cooperation agreements with the Ministry of Industry and Information Technology, Yunnan, Tianjin, Qingdao and Qinhuangdao, as well as China Communications Construction, Energy China, China Resources, CITIC Group, Haitong Securities, JL MAG Rare-Earth, etc., continuously expands areas of cooperation to realize complementary advantages and resource sharing, and makes all efforts to promote high-quality enterprise and industrial development.

Strategic Cooperation of China Chengtong and Its Invested Enterprises in 2021 (Part)

April	China Health and Elderly Care Group Co., Ltd. signed a strategic cooperation agreement with Beijing College of Social Administration (Ministry of Civil Affairs Training Center). The two parties will jointly build China's first-class healthcare demonstration enterprise and first-class talent training base.
May	China Chengtong signed a strategic cooperation agreement with Tianjin Municipality. China Chengtong will continue to increase investment in Tianjin and deploy more projects in the fields of power batteries, offshore engineering equipment, financial innovation, modern logistics, green energy, healthcare and happiness industries.
June	China Chengtong signed the *Strategic Cooperation Agreement on Strengthening Industry-Finance Cooperation and Promoting High-quality Development of Manufacturing Industry* with the Ministry of Industry and Information Technology, so as to boost high-end, intelligent and green manufacturing.
June	China Chengtong signed a strategic cooperation agreement with China Communications Construction. The two parties will increase cooperation on fund investment, equity operation, asset management and financial services, etc., in order to jointly promote industrial transformation and development and to contribute to the preservation and appreciation of state-owned assets and the layout and structural adjustment of the state-owned economy.
July	China Chengtong signed a strategic cooperation agreement with China Resources. The two parties will cooperate on fund establishment and management, mixed ownership reform, project investment and financing, etc., in order to jointly promote industrial transformation and development and to contribute to the preservation and appreciation of state-owned assets and the layout and structural adjustment of the state-owned economy.
July	China Chengtong initiated the establishment of Zhong Health and Elderly Care Industry Investment Co., Ltd., a professional organization focusing on investment in health and elderly care services, together with China Railway Construction Corporation, Sinopharm and DaJia Insurance, and promoted the three-sphere integrated construction of investment & financing platform, industrial cultivation platform and public service platform so as to build a "national team in the health and elderly care industry".
October	Tianjin Lishen Battery Joint-Stock Co., Ltd. signed a strategic cooperation agreement with Sinochem International Corporation and Sinochem Lantian Co., Ltd. The three parties will launch in-depth cooperation on new energy batteries to build a new energy industry chain, and build a complex that combines industry closely with capital.
December	China Health and Elderly Care Group Co., Ltd. signed a strategic cooperation agreement with the Price Monitoring Center of the National Development and Reform Commission and the China Building Decoration Association. They will work together to build China's first elderly care service industry supply chain platform to serve and drive the development of the domestic all-inclusive elderly care services market.

03

Guardian

Boosting Safety and Environmental Protection

National Call

We will see that the goal to peak carbon dioxide emissions permeates the whole process and every aspect of economic and social development. Particular focus will be placed on implementation of ten major peaking carbon dioxide emissions actions, which are the action for green and low-carbon energy transition, the action for energy saving, carbon emission mitigation and efficiency improvement, the action for peaking carbon dioxide emissions in industry sector, the action for peaking carbon dioxide emissions in urban-rural development area, the action for promoting green and low-carbon transportation, the action for promoting circular economy in carbon mitigation purpose, the action for advancing green and low-carbon technology innovation, the action for consolidating and enhancing carbon sink, the action for green and low-carbon society, the action for promoting all regions peaking carbon dioxide emissions hierarchically and orderly.

——Notice by the State Council of the Action Plan for Carbon Dioxide Peaking before 2030

Our Actions

- Ensuring work safety
- Carrying out green investment
- Deepening green operation
- Practicing the "carbon peaking and carbon neutrality" strategy

Ensuring Work Safety

China Chengtong thoroughly implements the spirit of General Secretary Xi Jinping's important speeches and instructions on work safety, and ensures both development and security by implementing work safety responsibilities, advancing the three-year action plan for special rectification of work safety and strengthening the construction of safety culture, to continuously improve the level of work safety. In 2021, China Chengtong invested 13 million Yuan in work safety, and no work safety accidents occurred during the year.

Work Safety Management

China Chengtong has actively conveyed and implemented the spirit of the four work safety meetings held by the Work Safety Committee of the State Council and the State-owned Assets Supervision and Administration Commission, and more than 30 arrangements of higher authorities for work safety, and fulfilled work safety responsibilities level by level; enhanced safety team building work, and optimized the proportion of professionals through internal training and external introduction to improve the level of specialization of work safety management; established a hazardous chemicals management system to strictly control the production, storage, use, operation and transportation of hazardous chemicals; carried out all kinds of safety activities, such as the three-year action for special rectification of work safety and "Work Safety Month", to lay a solid foundation for work safety and ensure smooth operation of the company's work safety.

Emergency Safeguard

China Chengtong has formulated a plan for the investigation and remediation of safety hazards, and made great efforts to investigate and clean up risks and hidden dangers thoroughly, so as to continuously improve the intrinsic safety level. In 2021, China Chengtong undertook a full investigation into outdated facilities and equipment, and promoted the upgrading, elimination or renewal depending on the degree of severity, so as to reduce the safety risks; took concrete steps to manage hidden safety hazards, organized five pass-through inspections on work safety for more than 10 key grass-roots enterprises in Beijing, Zhongwei, Zhuhai, Zhanjiang and other provinces and regions, issued 12 hazard rectification notices, and raised more than 50 clear correction opinions.

In November 2021, Guanhao High-Tech conducted "119" fire emergency evacuation drills.

In December 2021, Tianjin Lishen Battery Joint-Stock Co., Ltd., together with Tianjin Fire Rescue Corps and Tianjin Fire Evidence Identification Center, established Tianjin Lithium-ion Battery Fire Safety Technology Research Laboratory.

Safety Education and Training

After the release of the TV feature film entitled *Life is More Important than Mount Tai – Learning from General Secretary Xi Jinping's Important Speech on Work Safety*, China Chengtong's subsidiaries at all levels actively organized watching and learning this film for 407 times throughout the year, involving 14,171 people. To further promote enterprise safety culture, China Chengtong and its invested enterprises actively organized safety education and training activities, participated in the *Online Training Program on Emergency Management Capacity and Work Safety Level of SOEs*, and carried out the "Work Safety Month" campaign in a deep-going way, so as to enhance all staff's safety knowledge and build a strong sense of responsibility for work safety.

In December 2021, the first phase acceptance of team safety culture construction of Tiger Forest & Paper under China Paper was carried out, and six teams were awarded the title of "Five-Star Benchmark Team".

Case Tianyue Environmental Technology Carried Out "Work Safety Month" to Enhance All Staff's Safety Awareness

In June 2021, Hunan Chengtong Tianyue Environmental Technology Co., Ltd. (hereinafter referred to as "Tianyue Environmental Technology"), a subsidiary of China Chengtong, actively carried out "Work Safety Month" activities with the theme of "Implementing Safety Responsibility and Promoting Safety Development", and organized various safety education and training activities such as studying General Secretary Xi Jinping's important speech on work safety and conducting special studies based on the TV feature film entitled *Life is More Important than Mount Tai – Learning from General Secretary Xi Jinping's Important Speech on Work Safety*, training on safety management of hazardous chemicals and laboratory safety, and accident warning education, and conducted safety examinations to constantly enhance safety awareness and quality; organized emergency drills to raise employees' awareness of accident prevention and ability of rescue and disposal; checked bases and worksites for safety, guided and supervised on-site hazard rectification in a timely manner, performed "accident hazard cleanups", and self-checked and self-corrected equipment protection, so as to further promote enterprise safety culture and maintain stable and safe production.

Carrying Out Green Investment

By leveraging its investment advantages, China Chengtong incorporated new energy and environmental protection industries into investment priorities in the development plan for the 14th Five-Year Plan period, screened and evaluated green investment projects in a scientific way, explored green investment concepts and methods, and guided more invested enterprises to embark on a green development path through green investment. In 2021, China Chengtong invested 5 billion Yuan in China Green Development Group Co., Ltd. (CGDG) to build a first-class central SOE focusing on green industry.

Case Mixed-ownership Reform Fund Serves the Construction of "Hydrogen Energy" Industry Chain

Hydrogen energy is regarded as the most promising clean energy in the 21st century and an important way to achieve the "carbon peaking and carbon neutrality" goals. CCT Mixed Ownership Reform Private Equity Fund Management Co., Ltd. pays close attention to the development of hydrogen energy and fuel cell industry, and actively promotes the layout of fuel cell stacks and systems by Shanghai Hydrogen Propulsion Technology Co., Ltd. (SHPT) to boost the localization of key components and core materials of hydrogen energy industry; promotes the localization of proton exchange membrane, a key upstream bottleneck material of Zhejiang Hyproof Technology Co., Ltd.; supports the connection of Shenzhen Hynovation Technologies Co., Ltd. with regional marketing, upstream technology suppliers and downstream customers so as to activate the hydrogen energy industry. Meanwhile, CCT Mixed Ownership Reform Private Equity Fund Management Co., Ltd. and Yunnan Provincial Investment Holdings Group Co., Ltd. set up a sub-fund of 3 billion Yuan for layout of "carbon peaking and carbon neutrality" industrial clusters with hydrogen energy industry chain as one of the cores, led the relevant invested enterprises and partners to create a wholly ecological hydrogen energy demonstration scenario featuring "green electricity, green hydrogen and green application" based on new strategic measures of "new energy + hydrogen technology" as well as Yunnan's solar-hydro-wind resource endowment, so as to realize "generation-grid-load-storage" deep coordination and drive the development of the whole industry chain of hydrogen energy and fuel cell in Yunnan.

Case Tongying Fund Invested in SPIC Binhai Wind Power Project

In December 2020, Chengtong Tongying Fund Management Co., Ltd. (hereinafter referred to as "Tongying Fund"), together with ICBC Financial Asset Investment Co., Ltd., invested 2 billion Yuan in SPIC Binhai Wind Power Project. This project is the first offshore wind power project invested by Tongying Fund, and also an important initiative for Tongying Fund to implement the requirements of the *Outline of the Yangtze River Delta Regional Integrated Development Plan* and *the 2021 Work Arrangements for Promoting Yangtze River Delta Integration* with practical actions to facilitate coordinated construction of new energy facilities in the Yangtze River Delta region. It will ensure that the construction of offshore wind farms in the Yangtze River Delta region is implemented in accordance with local conditions and in an orderly manner, and encourage leading new energy enterprises to invest in renewable energy such as wind energy, solar energy and biomass energy across provinces. Therefore, it is important to further implement the "carbon peaking and carbon neutrality" goal and respond to the strategy of building a modern energy system in the 14th Five-Year Plan.

In 2021, China Chengtong Finance Corporation Ltd. implemented several new energy power generation related businesses for Luneng New Energy (Group) Co., Ltd. to support the development of environmental protection industries.

In November 2021, China Chengtong took advantage of fund investment to boost CGN Wind Power Project and actively serve the "carbon peaking and carbon neutrality" strategy.

Deepening Green Operation

Adhering to the road of resource-conserving, green and friendly sustainable development, China Chengtong has improved its environmental management system, established an environmental early warning and emergency response mechanism, and effectively prevented environmental risks; fully implements green production, continuously explores and practices new ways and methods of ecological protection and industrial development, actively propagandizes green and low-carbon culture, and integrates eco-environmental protection into enterprises' daily operations and then into employees' internal self-awareness.

Promoting Cleaner Production

Persisting in prioritizing ecological conservation and boosting green development, and practicing the concept of "lucid waters and lush mountains are invaluable assets", China Chengtong continues to improve the level of green manufacturing, and encourages the invested enterprises to stress both development and saving. By taking management actions such as system optimization and technological progress, and in accordance with the principles of cleanliness, safety and high efficiency, China Chengtong continues to promote green packaging and green transportation, promote energy and water conservation, reduce waste water, exhaust gas and solid waste emissions, resolutely win the battle against pollution, and help the Group achieve sustainable and green development.

China Chengtong's Investment in Cleaner Production in 2019-2021

Indicator	Unit	2019	2020	2021
Investment in Energy Conservation and Emission Reduction	Ten thousand Yuan	14093.88	37029.36	45590.71
Investment in technological transformation projects for energy conservation	Ten thousand Yuan	1827.50	6857.14	9780.73
Investment in Technological Transformation Projects for Pollution Control	Ten thousand Yuan	12266.38	30172.22	35809.97

Cleaner Production Initiatives and Results of China Chengtong and Its Invested Enterprises in 2021

Build a green supply chain	• During the year, Guangdong Guanhao High-Tech Co., Ltd., Zhuhai Huafeng Paper Co., Ltd. and MCC Yinhe Paper Co., Ltd. were newly awarded the "National Green Supply Chain Management Demonstration Enterprise".
Save water resources	• Guanhao High-Tech continues to promote water-saving projects, resulting in obviously reduced water consumption per ton of paper, and won the title of "Water Conservation Benchmark Enterprise" in Guangdong Province in 2021.
Strengthen pollution prevention and control	• Hunan Chengtong Tianyue Environmental Technology Co., Ltd. implemented environmental protection and pollution control measures to ensure that "three wastes" reached 100% of the emission standard.
Develop the circular economy	• In response to the national plastic ban, Hunan Juntai New Material Technology Co., Ltd. chose PBAT and lignin as the main raw materials to produce fully biodegradable plastic bags that can be degraded in soil and sea and be composted. • The anaerobic biogas of Yueyang Branch of Yueyang Forest & Paper is purified to generate natural gas that is transported into the national natural gas pipeline network, so as to realize clean utilization. • Zhongcheng Grass Industry Co., Ltd. actively develops green agriculture and forms a green circular economy model of planting silage varieties and returning manure fertilizers to fields, to reduce pollution to surrounding water sources, air and soil.
Go green	• Tianyue book paper, Tianyue art drawing paper, 100% pure wood pulp paper and 100% wood pulp offset paper manufactured by Yueyang Forest & Paper have been certified as "Products Made of Green Raw and Auxiliary Materials" by the Printing Technology Association of China. • The heat-sensitive paper and carbonless copy paper manufactured by Guangdong Guanhao Hi-Tech Co., Ltd. garnered the China Environmental Labelling Product Certification.

Case Yueyang Forest & Paper Adheres to Cleaner Production and Protects Clear Rivers

Adhering to "environmentally-friendly and cleaner production", Yueyang Forest & Paper unswervingly takes the road of prioritizing ecological conservation and boosting green development. More than 1.3 billion Yuan was invested in introducing the world's advanced pollution control technologies and facilities for pollution reduction, and pollution control equipment and environmental personnel were deployed according to the modern environmental protection model. Yueyang Forest & Paper has built and improved facilities such as papermaking plant white water recovery system, anaerobic pretreatment system of high-concentration wastewater, aerobic treatment system of middle-stage wastewater and tertiary advanced wastewater treatment system, so as to realize efficient, low-consumption and cleaner production. In the national paper industry, Yueyang Forest & Paper took the lead in building two clean pulp production lines, among which the water consumption per ton of production of the APMP poplar pulp production line accounts for only 20% of that of traditional chemical pulping, and the PRC-APMP pulp production line consumes less water per ton of production and it is a world-leading, environmentally-friendly and clean pulping line at present, further improving the utilization rate of water resources. No.9 and No.10 paper mills of Yueyang Forest & Paper are equipped with internationally advanced papermaking process and first-class technologies that save water, electricity and energy, and their cleaner production capacity has reached the international advanced level. In 2021, Yueyang Forest & Paper was awarded the "Environmental Integrity Enterprise" and "Water Saving Enterprise in Hunan Province" in Hunan Province.

Fostering Green Culture

Green Office

China Chengtong vigorously promotes green office, publicizes green culture, and calls on employees to start from their own, create a green workplace and protect their green homes. In 2021, China Chengtong gradually replaced all ordinary fluorescent tubes with energy-efficient LED tubes, saving more than 75% of energy year on year. Also, energy saving and emission reduction posters were put up in office buildings to publicize water and electricity saving and increase in AC temperature, and advocate double-sided printing to conserve office paper, thus creating a low-carbon, energy-saving and environmentally-friendly public atmosphere.

Case Chengtong Oriental Strengthens the Construction of Resource-Efficient Enterprise

China Chengtong Oriental Asset Management Co., Ltd. (hereinafter referred to as "Chengtong Oriental") advocates that employees should develop a good habit of turning off lights and air conditioners when leaving offices, toilets and other places, and strictly implement the management system of keeping AC temperature above 26℃ in summer and below 20℃ in winter. The company internally promotes paperless office and paperless communication, and advocates double-sided printing to conserve paper as much as possible. We should do everything we can to build a resource-efficient enterprise.

Environmental protection public welfare

Having thrown itself into environmental public welfare activities, China Chengtong guides employees and the public to start from their own and build a green, low-carbon, environmentally-friendly and healthy life concept and awareness of ecological civilization, advocates people to enhance environmental awareness, and strives to protect the regional ecological environment and conserve biodiversity, so as to better protect "green mountains and rivers".

In June 2021, Chengtong Oriental's volunteers participated in the environmental protection knowledge activity with the theme of "Harmonious Coexistence between Human and Nature".

In January 2022, Guanhao High-Tech launched the beach cleanup activity that "Practices Ecological Civilization and Protects Beautiful Zhanjiang".

On Arbor Day 2021, China Chengtong promoted the popularity of "Green Demonstration Contributes to Double Carbon and Its Role in Value Creation" among subsidiaries.

Practicing the "Carbon Peaking and Carbon Neutrality" Strategy

China Chengtong has further delivered on its commitment to the "carbon peaking and carbon neutrality" strategy, by pushing industrial projects towards green economy, speeding up the establishment of a green low-carbon recycling industry system and a clean, low-carbon, safe, efficient energy system, strengthening the S&T research and innovative application of green low-carbon technologies, and realizing green and low-carbon transition, to contribute positively to the goal of carbon neutrality.

Implementing "Carbon Peaking and Carbon Neutrality" Actions

Following the *Notice by the State Council of the Action Plan for Carbon Dioxide Peaking before 2030* and SASAC's *Guiding Opinions on Promoting the Work of SOEs for High-quality Development, Carbon Peaking and Carbon Neutrality*, China Chengtong speeds up the establishment of a "carbon peaking and carbon neutrality" policy system, implements the requirements of the "carbon peaking and carbon neutrality" work down to the last detail, and guides the invested enterprises to take positive actions, contributing to the realization of the "carbon peaking and carbon neutrality" goals.

Case Guanhao High-Tech Established "Carbon Peaking and Carbon Neutrality" Work Management Committee

Guanhao High-Tech has set up a hierarchical "carbon peaking and carbon neutrality" work management committee, which is responsible for coordinating various tasks involved. The committee is led by the general manager of the company, and covers all base general managers, subsidiary general managers and department heads, etc. Meanwhile, the company has established a series of institutional documents related to energy conservation and emission reduction to define departmental energy utilization indicators based on quota management, and incorporated the results into departmental monthly performance appraisal program.

In May 2021, Tianjin Lishen Battery Joint-Stock Co., Ltd. was elected as the executive director of Tianjin Industry Alliance for "Carbon Peaking and Carbon Neutrality", to support energy transition and green development, promote resource integration and sharing with other members, and advance the implementation of the "carbon peaking and carbon neutrality" strategy in Tianjin.

Exploring the "Carbon Peaking and Carbon Neutrality" Implementation Path

China Chengtong actively plans its energy work, spares no effort to promote the upgrading and application of green and low-carbon technologies, deploys clean and green energy such as distributed solar photovoltaics and wind power as well as environmental protection projects such as forest carbon sinks in advance, builds a green and low-carbon industry and energy system, practices the "carbon peaking and carbon neutrality" goals with practical actions, and continues to look for effective ways to go green, save energy and reduce carbon emissions.

Case Yueyang Forest & Paper Promotes "Carbon Neutrality" Demonstration and Presents "Beauty of Green Industry"

Following the national ecological civilization strategy, Yueyang Forest & Paper plays a leading role in promoting four major industries: ecological landscape, ecological agriculture and forestry, ecological pulp and paper, and ecological chemicals, and keeps "greening campaigns". While investigating its own "ecological resources", creating an "ecological account book" and extending the "whole eco-industrial chain", Yueyang Forest & Paper has attached a "value label" to green hills and clear waters, so as to "turn green into gold".

Layout of Forest Carbon Sinks

In order to address climate change, Yueyang Forest & Paper has strategically planned the whole carbon sink industry chain. In 2021, Hunan Maoyuan Forestry Co., Ltd., a subsidiary of Yueyang Forest & Paper, signed the *Cooperation Agreement on Development of Forest Carbon Sinks* with Hunan Shansen Forestry Development Co., Ltd. to jointly develop 1 million mu of forests as carbon sinks based on the mode of "cooperative development and sharing of costs and benefits". Yueyang Forest & Paper signed a strategic cooperation agreement with Chinese Forestry Industry Association to prepare for the establishment of Chinese Forestry Industry Association Forest Carbon Sink Branch as the main initiator. In addition, Yueyang Forest & Paper participated in the formulation of China's first national standard for forest carbon sinks – *Guidelines for Validation and Verification of Forest Carbon Sink Projects*; and reached a strategic agreement with the People's Government of Fenghua District, Ningbo, and officially launched cooperation on development of forest carbon sink assets in Fenghua. At present, the project has expanded to 18 provinces, covering 58 cities, districts and counties.

Development of Ecological Forestry

In 2021, Yueyang Forest & Paper implemented 13 ecological construction projects, and made substantial progress in Junshan Greening Expansion and Quality Improvement Project. At the same time, Yueyang Forest & Paper signed a cooperation agreement with Sanmenjiang State-owned Forest Farm of Guangxi on "Eucalyptus Cultivation and Management" sub-project to further promote the cooperative construction of national reserve forests and contribute to the sustainable development of ecological forestry.

Yueyang Reserve Forest Demonstration Base of Yueyang Forest & Paper

Case Sinoocean Moves into Offshore Wind Power, Contributing to "Carbon Peaking and Carbon Neutrality" Goals

In March 2021, to actively respond to the national low-carbon strategy, Sinoocean Offshore Assets Management Limited (hereinafter referred to as "Sinoocean") has marched towards offshore wind power, and constantly explored new ways to dispose of offshore engineering equipment. The two jack-up drilling platforms "Guoxin" and "Guoxuan" managed by Sinoocean for offshore oil and gas drilling and production were "sent for retrofit" in Weihai Shipyard and Nantong Shipyard, respectively. After three months, they were successfully towed to Yangjiang, Guangdong for the installation of the 500MW Qingzhou III offshore wind farm. The 500MW Qingzhou III offshore wind farm project is the farthest from land and located in deepest waters on China's current offshore wind power market. This retrofit is of great significance for Sinoocean to boost the development of new energy and achieve the goals of "carbon peaking" and "carbon neutrality". It is also the first time that the domestic traditional oil and gas industry integrates with the new energy industry deeply, and regarded as a significant milestone and model.

In August 2021, Tianjin Lishen Battery Joint-Stock Co., Ltd.'s "Phase IV Rooftop Distributed Solar Power Generation" project was successfully connected to the grid. The project adopted the mode of "self-use first and the rest of the generation to the grid", to further promote energy conservation, emission reduction and renewable energy construction.

04

Contributor

Creating a Better Life

National Call

We must uphold the people's principal position, and respect their creativity. We must act in line with the people-centered philosophy of development, safeguard social fairness and justice, and work hard to resolve the imbalances and inadequacies in development and the most pressing difficulties and problems that are of great concern to the people. We will better realize, safeguard, and advance the fundamental interests of the overwhelming majority of the people, and unite and lead all Chinese people in working ceaselessly for a better life.

——Excerpt from *Resolution of the Central Committee of the Communist Party of China On the Major Achievements and Historical Experience of the Party Over the Past Century*

Our Actions

- Safeguarding investment rights and interests
- Creating favorable conditions for talents
- Implementing epidemic prevention and control
- Continuing to promote rural revitalization
- Making earnest efforts to promote social welfare

Safeguarding Investment Rights and Interests

China Chengtong and its affiliated listed companies attach great importance to investor relationship management, strictly comply with the requirements of regulatory authorities, conduct information disclosure in accordance with laws and regulations, provide diversified communication platforms for shareholders, offer rich value returns, and fully protect the legitimate rights and interests of shareholders and investors.

Standardizing Information Disclosure

China Chengtong has continuously strengthened the management of information disclosure of listed companies, completed various information disclosure work in accordance with laws and regulations, issued periodic reports and interim announcements in a timely manner, and disclosed the company's major business decisions, financial performance and other business activities to shareholders and investors, so as to ensure fair, true, accurate, timely and complete information disclosure, improve corporate transparency, and protect investors' right to information and supervision.

Promoting Diverse Participation

China Chengtong has attached great importance to the interaction and communication with investors, conducted active communication with investors through shareholders' meetings, on-site visits, field research, investor exchanges and other forms, collected shareholders' opinions and suggestions, earnestly answered investors' questions, enhanced investors' understanding of the company, and strengthened their confidence in the company's future development.

Providing Sustained Returns

During the report period, listed companies affiliated to China Chengtong actively implemented the 2020 cash dividend, insisted on giving back to shareholders in the most practical and tangible way, actively shared the operating results with shareholders, ensured the preservation and appreciation of state-owned assets, protected the rights and interests of small and medium investors in accordance with the law, and further enhanced the image of the company in the capital market.

In August 2021, China Structural Reform Fund Phase II Co., Ltd. held its founding meeting and the first shareholders' meeting.

Creating Favorable Conditions for Talents

China Chengtong regards its employees as the most valuable resource and wealth, safeguards their legitimate rights and interests, guarantees their occupational health, promotes their career development, implements the detailed humanistic care, and achieves the high unity of talent growth and enterprise development.

China Chengtong Employee Composition in 2019-2021

Indicator	Unit	2019	2020	2021
Total number of employees	Person	27801	32352	20555
Number of male employees	Person	18880	21848	13653
Number of female employees	Person	8921	10504	6902
Proportion of female managers	%	6.69	7.00	8.00

Protecting the Rights and Interests of Employees

Equal Employment

China Chengtong has conscientiously implemented internationally recognized human rights policies and treated employees equally. We have firmly eliminated discrimination against nationality, gender, age, race, religious belief, pregnancy and disability, prohibited the employment of child labor, and combated forced labor. We have strictly abided by laws and regulations such as the *Labor Law* and *the Labor Contract Law*, formulate the *Measures for the Administration of Labor Employment* and *the Measures for the Evaluation of Deepening the Reform of the Labor, Personnel and Distribution Systems,* accelerated the development of a market-based recruitment system, signed, renewed, changed, rescinded and terminated labor contracts with employees in a timely manner according to laws and regulations, and ensured the strict implementation of labor contracts. In 2021, the company employed 263 disabled employees; the number of enterprises with market-based recruitment system accounted for 100%, and the rate of signing labor contracts was 100%.

Remuneration and Benefits

China Chengtong has continued to improve the remuneration management system, strengthened the market-based benchmarking of performance and remuneration, increased positive incentives, explored diversified incentive methods, and standardized the performance appraisal and remuneration authorization of managers of funded enterprises, so that employees can share the achievements of enterprise development. We have firmly protected the employees' right to rest and leisure, ensured their statutory holidays, and provided benefits such as paid annual leave and home leave. We have paid "five social insurances and one housing fund" for employees, established an enterprise annuity system, and remitted it to the enterprise annuity fund escrow account in full on a monthly basis. In 2021, 18 enterprises of the Group established the enterprise annuity system, with a coverage rate of 75% and an accumulated enterprise annuity fund of 326,580,700 Yuan; employee remuneration increased by 14.54% year on year.

Democratic Management

China Chengtong has continued to improve the democratic management system in the form of workers' congress to fully guarantee the employees' right to information, participation and supervision. We have organized employee representatives to review the annual work report of the Group, enterprise annuity and other major issues concerning the vital interests of employees; promoted the funded enterprises to improve the work system of workers' congress and achieved full coverage of workers' congress at the second and third levels of enterprises; deepened the openness of factory affairs and business, organized employee representatives to conduct investigations at the grass-roots level in different areas, strengthened inspection and supervision of the production and operation of enterprises, and listened to the opinions and suggestions of grass-roots employees on organizational construction, democratic management and employee assistance. In 2021, the "Cloud Workers' Congress" produced by Yueyang Forest & Paper of China Paper, a subsidiary of the Group, won the "Special Creative Award of National Enterprise Democratic Management Micro-video Contest".

In February 2021, China Chengtong held the 2nd session of 3rd Workers' Congress.

Maintaining Occupational Health

China Chengtong has actively spread the concept of occupational health, improved the occupational health management system, and protected the rights and interests of employees in occupational health. We have intensified the publicity on occupational health, and launched activities such as the publicity week for the Law on Prevention and Control of Occupational Diseases, to raise the awareness of occupational disease protection among employees. We have participated in seminars and training for central SOEs on occupational health, and implemented the work related to the declaration system of occupational-disease-inductive projects. In addition, we have launched the detection of occupational-disease-inductive factors in the workplace to identify occupational-disease-inductive posts; organized personnel on such posts to undergo physical examination and establish health files; implemented employee health protection measures, distribute labor protection supplies, and provided mental health consulting services to help employees relieve work and life pressure.

In May 2021, Tianjin Lishen Battery Joint-Stock Co., Ltd. launched a publicity week for the Law on Occupational Disease Prevention and Control to popularize knowledge of occupational disease prevention and control and protect workers' rights and interests in occupational health.

Focusing on Employee Development

Implementing Talent Introduction

China Chengtong has thoroughly implemented the spirit of the central conference on talent-related work and the talent-related work deployment of the SASAC, and established a flexible, open and attractive mechanism talent pooling mechanism and a market-based talent selection and employment mechanism. We have issued the *Interim Measures for the Implementation of the Professional Manager System* to clarify the duties, conditions and procedures for the selection and appointment of professional managers. We have formulated the *Procedures for the Selection and Appointment of External Directors or Independent Directors of the Second-level Funded Enterprises of the Group* to regulate the selection and appointment of external directors and independent directors of the funded enterprises. China Chengtong adheres to the "employment priority" strategy, increases its efforts in campus recruitment and social recruitment, and makes every effort to promote the employment of college graduates and social talents. In 2021, we organized the selection and appointment of eight external directors or independent directors of three funded enterprises, and appointed five full-time directors and supervisors from the Group.

Smoothing Career Path

China Chengtong follows the law of talent development, continuously deepens the construction of talent growth path, and smooths the dual paths for the promotion of administrative posts and post levels. We have formulated the *Medium- and Long-Term Talent Work Plan* and the Headquarters Talent Team Construction Plan to provide institutional guarantee for talent construction. We study and establish a mechanism for the exchange and rotation of talents between the Group and the funded enterprises, and strengthen their exchanges by means of exchange of posts and temporary posts. Training files are established for exchange personnel at different levels, and multi-post exchanges, targeted training and phased evaluation are carried out to deeply promote the development of employees.

Conducting Vocational Training

China Chengtong continues to improve its talent training system and conduct various types of talent training in an orderly manner. We formulate the annual training plan of the Group. Through centralized training in rotation, thesis seminars and headquarters network training platform, we organize and implement the training for dispatched directors and supervisors, young leaders, middle and senior management personnel, as well as various types of professional training such as Party affairs and discipline inspection, finance and audit, and fund and finance, so as to continuously improve the working ability and level of cadres and employees and create a strong atmosphere for learning organization.

Chengyang Investment holds annual compliance training to strengthen the company's compliance construction and enhance employees' compliance awareness.

Chengtong Asset organizes job-specific training to strengthen the construction of the company's talent team, and build a compound team with proficient business and excellent quality.

Improving Assessment and Incentives

China Chengtong has innovated the assessment and evaluation system, improved the talent training and incentive mechanism, and stimulated the vitality of talent team. We have revised the *Measures for the Administration of the Selection and Commendation of Advanced Collectives and Individuals* to standardize the selection and commendation system, set up four categories of awards, namely "Advanced Collective", "Advanced Worker", "Chengtong Star" and "Model Worker", and expand the scope of selection and commendation for grass-roots units and individuals. We have improved the "one policy for one category" remuneration assessment system and established a quality and benefit-oriented assessment and incentive system centering on economic value added and shareholder returns. In addition, we have established "double benchmarking" and special task assessment and incentive guidelines to give full play to the guiding role of performance assessment and the role of remuneration incentives and constraints.

Implementing Care for Employees

Visits and Assistance

China Chengtong has improved its employee assistance system and visited them regularly. We have carried out the "Sending Warmth" campaign, focusing on Party members and front line employees in need. We have formulated and implemented the *Interim Measures for the Administration of Special Hardship Subsidies for Members of the Trade Union Directly under China Chengtong in Beijing* to promote access to local assistance centers for employees in difficulty in grass-roots enterprises. In 2021, the Trade Union directly under China Chengtong in Beijing allocated 459,000 Yuan to purchase annual tickets for Beijing parks as well as festival products for more than 3,000 employees in Beijing, achieving full coverage of employee condolences, and helped more than 200 employees in 13 enterprises to overcome difficulties.

Caring for Retirees

China Chengtong cares for retirees, and conscientiously completes the social management and service guarantee of retirees. Through regular visits, we care about the health and life of retirees. Chengtong Asset has issued documents such as the *Notice on Organizing Veteran Comrades to Actively Participate in Party History Learning and Education*, and launched the campaign of "Learning Party History and Staying True to Original Aspiration" in the form of discussions and exchanges, sending learning materials to their homes, etc., so as to enrich the spare-time cultural life of retirees. In 2021, the whole system visited 65 retirees who were sick and hospitalized, and offered consolation money amounting to 780,000 Yuan; Chengtong Human Resources visited 518 veteran comrades during the Spring Festival and offered consolation money of more than 167,800 Yuan.

Caring for Female Employees

China Chengtong protects the rights and interests of female employees and takes care of their physical and mental health. All enterprises have actively implemented the protection of female employees and purchased group health insurance for them; carried out regular health diagnosis and treatment activities, and regularly organized female employees to participate in "two cancers" screening. On the Women's Day in 2021, we held lectures on safeguarding women's rights and interests, flower arrangement competitions and other activities to raise the right awareness of female employees and enhance their cohesion and solidarity.

Balancing Work and Life

China Chengtong continues to carry out table tennis competitions, badminton competitions, photography competitions and other cultural and sports activities popular with employees to enrich their spare-time cultural life. In 2021, the Table Tennis Association of the Trade Union directly under China Chengtong in Beijing won the runner-up in the "Chinese Dream · Beauty of Labor" Central SOE Employee Table Tennis Competition held by the Trade Union of Financial and Commercial Workers, Light Industry and Textile Workers, Tobacco Industry Workers.

The Table Tennis Association participates in the "Chinese Dream · Beauty of Labor" Central SOE Employee Table Tennis Competition and wins the runner-up.

Chengtong Asset holds flower arrangement activities with the themes of "I Present Flowers for My Mother" and "Women's Day".

Yueyang Forest & Paper Trade Union presented employees with "gift packs" for summer heatstroke prevention and "learning packs" for striver culture.

Implementing Epidemic Prevention and Control

China Chengtong adheres to the principle of putting people first and life first, fulfills the main responsibility of epidemic prevention and control, implements detailed epidemic prevention and control measures, actively supports local epidemic prevention and control, cares for domestic and foreign employees, and achieves the overall stability of the Group's epidemic prevention and stable and orderly production and operation.

Making Careful Deployment to Fulfill Responsibility

China Chengtong has made great efforts to fulfill its main responsibility of epidemic prevention and control and implement the responsibilities of the secretary of the CPC as the first responsible person, and overcome paralysis, war-weariness, fluke and slack mentality. We have never relaxed our efforts to prevent imported COVID-19 cases and local epidemic rebound, and ensured that all departments at the Group headquarters and all funded enterprises strictly implement the epidemic prevention regulations. In 2021, there was no large-scale spread of the pandemic within the Group, and we ensured that all employees eligible for vaccination had access to it. The Group was affirmed and commended by the local government of Xicheng District of Beijing for its epidemic prevention work, and was awarded the honorary titles of "Advanced Group" and "Advanced Individual" in epidemic prevention. Chengtong International was awarded the honorary title of "Advanced Collective in Combating COVID-19 Among Central State-owned Enterprises".

Strictly Implementing Regular Prevention and Control

China Chengtong has formulated detailed epidemic prevention and control measures and implemented regular epidemic prevention and control measures. We have strengthened joint prevention and control with local departments, established an interaction mechanism with local medical and health institutions, and improved the emergency response mechanism to effectively prevent emergencies. We have attached importance to daily epidemic prevention management, given priority to mobile office, video conference, teleconference and other office forms, strictly examined and approved business trips, strengthened employee health monitoring, strictly managed people entering and leaving the office, and disinfected the office space. In addition, we have focused on prevention and control in key areas and fields, ensured that all units had sufficient reserves of medical consumables such as protective equipment and disinfection materials, arranged shift work reasonably to reduce fatigued operations, implemented the 24-hour emergency duty system in which leaders took turns on duty with employees, and firmly held the bottom line of preventing a large-scale rebound of the pandemic.

Making Quick Response to Support Local Areas

China Chengtong has taken an active part in local epidemic prevention and control while completing its epidemic prevention and control work. We have set up professional medical teams to go to the front line to fight the pandemic and carry out nucleic acid testing and patient treatment. In April 2022, when the COVID-19 outbreak began in Shanghai, China Chengtong dispatched 15 experts from 7 medical institutions including China Health in the shortest time to establish the first medical team to support Shanghai, and set up a backup medical team, fully demonstrating the responsibility of central SOEs.

In April 2022, China Chengtong's medical team was assembled to help Shanghai fight against COVID-19.

In the spring of 2022, when the situation in Shanghai was most difficult, the Party members and cadres of Chengtong Oriental actively responded to become volunteers, helping coordinate materials, nucleic acid testing, antigen test paper distribution, and strive to play a promotional and exemplary role.

Working Hand in Hand with Overseas Units to Fight the Pandemic

Facing the grim and complex overseas epidemic situation, China Chengtong has strengthened its organizational and coordination ability, enhanced communication with overseas units, and actively cooperated with epidemic prevention management in Hong Kong, Russia and other places. We have strictly implemented the reporting system and submitted daily information and emergency situations. We have actively donated money and epidemic prevention supplies such as COVID-19 rapid detection kits, masks and disinfectant to improve overseas medical security and emergency response capacity. In addition, we have provided psychological counseling, and offered care and encouragement through visits, videos and telephone calls, so that overseas employees and their families, as well as overseas people could feel the warmth of the Chengtong family.

CCTHK donates 3,000 sets of COVID-19 rapid detection kits.

China Chengtong donates epidemic prevention supplies worth 52,484,200 rubles to the Chinese Embassy in Russia to help Russia and Chinese compatriots in Russia.

Continuing to Promote Rural Revitalization

China Chengtong thoroughly implements General Secretary Xi Jinping's important speech at a Gathering to Mark China's Poverty Alleviation Accomplishments and Honor Model Poverty Fighters and the spirit of his important instructions on promoting rural revitalization, focuses on the requirements for "continuing poverty alleviation duties, policies, assistance and oversight", strengthens the implementation of responsibilities, and helps Yiyang County of Henan Province, a designated support unit, consolidate its achievements in poverty alleviation and push forward all-round rural vitalization. In 2021, China Chengtong was named an advanced unit for paired assistance in Henan Province, and Mr. Song Dapeng, deputy head of Yiyang County, was awarded the title of "National Advanced Individual in Poverty Alleviation".

China Chengtong's Contribution to Rural Revitalization in Yiyang County in 2021

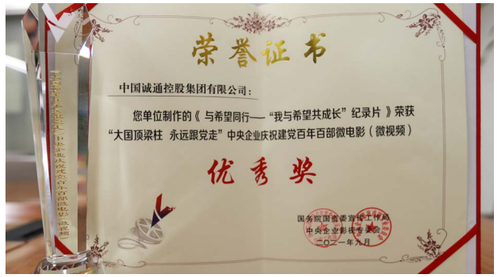
Connect with villages for paired assistance
16 Villages

Invest assistance funds
1050 Ten thousand Yuan

Introduce free external donation funds
15 Ten thousand Yuan

Invest consumption assistance funds
120.31 Ten thousand Yuan

Help sell characteristic agricultural products
more than **1000** Ten thousand Yuan



The micro-video "Walking with Hope - I Grow Together with Hope", which records China Chengtong's contribution to rural revitalization, wins the Excellent Award of 100 micro-films (micro-videos) produced by central SOEs to celebrate the centenary of the founding of the Party themed "Pillars of a Great Nation Always Follow the Party".

Scan the QR code to watch the micro-video "Walking with Hope - I Grow Together with Hope".

China Chengtong's Measures to Promote Rural Revitalization in Yiyang County in 2021

Organizational Leadership

- A special Party committee was convened to set up a "leading group of paired assistance work" and adjust the responsibilities of the paired assistance office.
- China Chengtong formulated the *Work Plan of China Chengtong for Paired Assistance in Yiyang County in 2021-2022* and *the Implementation of Poverty Alleviation Fund Budget in 2020 and the Paired Assistance Fund Plan and Budget Arrangement in 2021*.
- Field visits were increased. Group director Shan Zhongli led a team for on-site investigation and supervision. The main leaders and related personnel of the funded enterprises visited Yiyang County for investigation and supervision more than 80 times throughout the year.
- In November 2021, Mr. Yang Yong was appointed Deputy head of Yiyang County and Mr. Wang Haifeng was appointed first secretary of Shapo Village, Fancun Town, Yiyang County, to continue the assistance work.

Training Empowerment

- Sixteen rural cadres were organized to study the successful experience and advanced practices of building beautiful villages and increasing village collective economic income in Zhejiang and other places.
- China Chengtong invested 500,000 Yuan to support the implementation of the capacity improvement plan for grass-roots cadres. In 2021, we organized two training classes for the newly adjusted "two committees" cadres in villages and cadres stationed in villages, and four mobile classes for grass-roots cadres.
- Activities such as "Theme Party Day", "Party History Learning" and "Doing Practical Work" were carried out regularly to strengthen learning and training of grass-roots cadres in organizational construction, clean government construction and system construction.

Industrial Assistance

- Focusing on the rural characteristic industry, we extended the deep processing chain of Chinese prickly ash and built the wormwood experience hall to increase the extension and cultivation of the industrial chain.
- China Chengtong invested 100,000 Yuan to support the construction of "Everyone with certificates and skills in Henan" in Yiyang County, and organized three industrial development planning guidance meetings, two training meetings, and five investment promotion meetings.
- Relying on the advantages of the e-commerce industrial park, a cross-border e-commerce demonstration area is planned to be built in the e-commerce training center of Lingshan Town.
- The central SOE assistance industry fund was introduced for paired assistance, so as to boost the transfer of Luoyang's strategy of industrial enterprises "entering the industrial park" to the county level.
- We supported the county tourism industry upgrading plan and invested in the construction of guesthouses in Huaguoshan Township and Taoyuan Zone of Shangguan Township, so as to build a high-end guesthouse industry cluster integrating food, accommodation and shopping.

Educational Assistance

- Chengtong Special Education Fund, Chengtong Scholarship Fund and Risk Guarantee Fund were set up to build a linkage work system for school dropout control at the county, township and village levels.
- The conditions for running schools in rural areas were improved, computer multimedia classrooms were built, teaching equipment was upgraded, and rural dry toilets were transformed.
- Students were enrolled for the sixth "Hongzhi Class", and their growth and development were tracked to provide targeted assistance. In addition, more than 3.1 million Yuan were invested to support the training of students in "Hongzhi Class".
- 25 youth league members were organized to go to Chengguan No.1 Middle School for volunteer teaching.

Cultural Assistance

- The grass-roots Party building squares and Chengtong Party building huts were built in Shapo Village, Qiaozhuang Village and Lishugou Village to help improve the cultural service centers of village-level Party building and enrich the cultural activities of the masses.
- Focusing on the construction of new rural information system and remote diagnosis and treatment in rural areas, the grass-roots government information platform, employment information platform and policy publicity platform were built.

Ecological Assistance

- The construction of beautiful village in Shapo Village was prospectively planned, and rain and sewage diversion, road expansion, sewage treatment and street greening projects were completed.
- China Chengtong invested in the expansion of the farmer's market in Hancheng Town, strengthened the carrying capacity and environmental improvement, and promoted the market-based operation of rural household waste treatment and normal cleaning.
- It helped Yiyang County win the title of Advanced County in Henan Province in the Three-Year Action for Rural Human Settlements Improvement.

Health Assistance

- A fever clinic was donated to Lianzhuang Town Health Center, which effectively radiated nearly 200,000 people in neighboring villages and towns for medical treatment, so as to improve the ability to prevent and control infectious diseases.
- Ambulances and first-aid equipment were donated to 16 village or town health centers to facilitate people in mountainous areas to seek medical treatment.
- Insurance against poverty was purchased for the county's agricultural population, and the regular monitoring of "three types of households" was strengthened, so as to effectively respond to and prevent returning to poverty and falling into poverty.

Consumption Assistance

- China Chengtong actively expanded sales channels, helped sell more than 10 million Yuan of characteristic agricultural products, and invested 1,203,100 Yuan in consumption assistance funds.

Zhu Bixin, Chairman of China Chengtong, attends the launching ceremony of the project “I Grow Together with Hope”.

Shan Zhongli (first from left), director of China Chengtong, investigates industrial projects.

Meili Cloud purchases characteristic agricultural products from Yiyang County to promote the implementation of consumption assistance.

China Chengtong awards grants to outstanding students from the school it assists.

Making Earnest Efforts to Promote Social Welfare

China Chengtong devotes itself to social welfare undertakings, continuously supports the construction of border areas, actively launches voluntary public welfare activities with wide coverage and diverse contents, assists in rescue and disaster relief in various forms, gives back to society with practical actions, improves people’s livelihood and well-being, and works together to build a beautiful homeland.

Implementing Talent Assistance to Xinjiang, Tibet and Jiangxi

The support of cadres and talents is an important part of the paired assistance to Xinjiang and Tibet. China Chengtong has thoroughly implemented the spirit of relevant instructions of General Secretary Xi Jinping on striving to build Xinjiang featuring socialism with Chinese characteristics in the new era, and has dispatched four comrades with firm political conviction and good comprehensive quality to work in Xinjiang Production and Construction Corps; the Youth League Committee has dispatched two comrades to work in Yecheng County and Altay Prefecture of Xinjiang as temporary league cadres. Based on the actual development of the border areas, China’s Chengtong cadres in Xinjiang and Tibet have contributed their wisdom and enthusiasm, and combined the policies, resources and advantages of regions receiving assistance with the fund, technology and market advantages of the units assisting Xinjiang and Tibet, so as to promote the transformation of pairing assistance from “blood transfusion” to “blood forming”, and make positive contributions to the high-quality development of Xinjiang and Tibet.

At the same time, China Chengtong is also concerned about the revitalization and development of the former Central Soviet Area such as southern Jiangxi, fully implements the important instructions of General Secretary Xi Jinping and the State Council, and actively implements the strategic deployment of SASAC in providing paired assistance to southern Jiangxi. In April 2021, China Chengtong specially dispatched outstanding young cadres from its funded enterprise Chengtong Fund to take important posts in Ganzhou City and Yudu County of Jiangxi Province and devote themselves to the development and reform of the old revolutionary base areas for two years, so as to help the development and revitalization of the old revolutionary base areas in southern Jiangxi. It coordinated the Group’s investigation and research in Ganzhou City and Yudu County, gave full play to the leading role of capital, helped the development of Ganzhou’s “1+5+N” leading industry, promoted China State-owned Enterprises Mixed Ownership Reform Fund to invest about 1.16 billion Hong Kong dollars to participate in the listing of JL MAG, a leading rare earth enterprise in Ganzhou, in Hong Kong, and help it become the first “A+H” share in the global high-performance rare earth permanent magnetic material industry.

Yang Xiaozhong (front row, first from left), a cadre of China Chengtong sent to support Xinjiang, attends the “China Tourism Day” Campaign and Signing Conference of Cultural and Tourism Projects, and signs a strategic cooperation agreement with Zhejiang New Century Group.

Liu Jianjun (right), a cadre of China Chengtong sent to support Tibet, participates in the campaign of “Planting National Unity Forest Together” at the tree planting site of the North and South Mountain Greening Project in Lhasa.

Meng Jiacong (first from right), a cadre of China Chengtong sent to support Jiangxi, investigates the collective economy in Ping’an Village, Yinkeng Town, Yudu County.

Social Responsibility Management

Fulfilling social responsibilities is an important foundation for high-quality development of enterprises. China Chengtong continuously strengthens social responsibility management, takes responsibility management as the beacon to guide high-quality development of enterprises, organically integrates social responsibility work with enterprise management, systematically advances it with goals, priorities and plans, effectively improves the performance in fulfilling social responsibility, and achieves a win-win situation for both enterprises and society.

Social Responsibility System

As a central SOE, China Chengtong constantly improves the construction of its social responsibility system, strengthens the organizational guarantee, establishes a sound social responsibility working mechanism led by Chairman and composed of heads of all departments of the headquarters and heads of the funded enterprises, and clarifies the responsible persons, working departments and specific employees for social responsibility management at all levels of the Group, continuously integrates the concept of social responsibility into the company's mission, vision, values, corporate spirit, development concept and daily management, and continues to enhance the sustainable development capability.

Communication with Stakeholders

Issuing Responsibility Reports

In order to respond to the expectations and concerns of stakeholders in a timely and effective manner, China Chengtong has improved its information disclosure management system and increased information openness and transparency. Since 2002, the company has made public its annual report every year, and since 2012, it has regularly released its social responsibility report as an important part of building "Sunshine Chengtong".

Building Communication Bridges

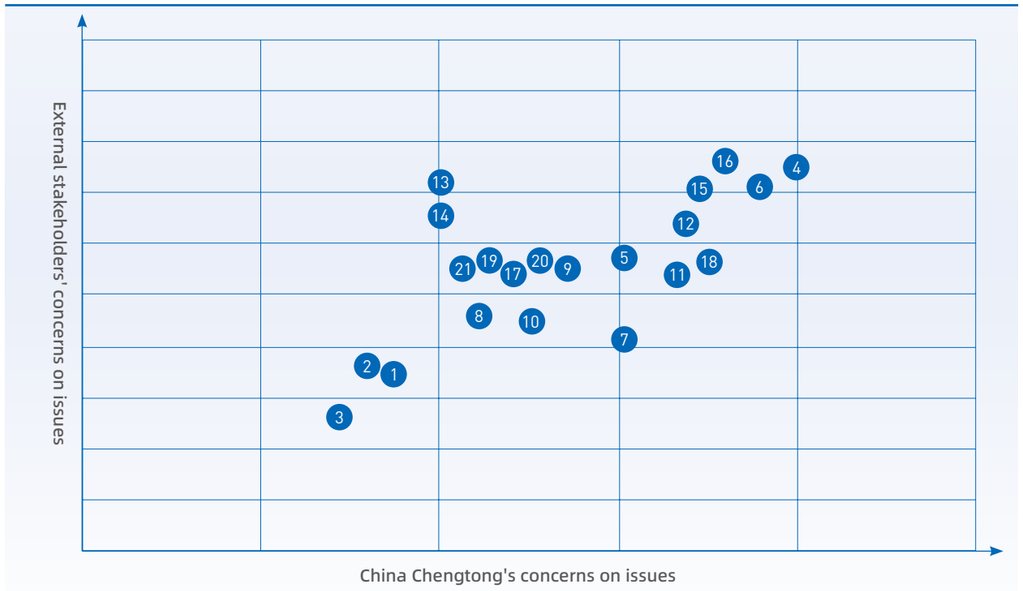
China Chengtong always insists on maintaining close communication with stakeholders such as government, partners, employees, customers and communities, establishing effective communication mechanisms, listening to and accepting stakeholders' opinions, continues to participate in the social responsibility and ESG training organized by SASAC, professional institutions and other units, guide the invested enterprises to carry out special training on social responsibility, and implement social responsibility assessment or evaluation, so as to actively respond to their expectations and demands, and enrich the content of information disclosure, laying a solid foundation for the company to fulfill its corporate social responsibility.

Stakeholders	Expectations for China Chengtong	Communication Mechanism and Method
Government	Actively implement relevant national policies, abide by relevant laws and regulations, and fulfill social responsibilities	Work meetings, daily communication, submission of materials
Contributor	With the main object of improving the efficiency of state-owned capital operation and increasing the returns on state-owned capital, with a focus on financial holdings, by equity operation, fund investment, cultivation and incubation, value management, orderly advancement and withdrawal and other means, revitalize stock state-owned assets, guide and drive the common development of social capital, and realize the reasonable flow of and the preservation and appreciation of the value in state-owned capital	SASAC appoints executive directors and external directors to the company, focusing on strengthening financial supervision, income management and assessment mechanism
Creditor	Stable credit rating, true, accurate, timely and complete information disclosure, protect the interests of shareholders and creditors, pay dividends, repay principal and interest on time	Regular reporting, information disclosure, daily communication and regular visits
Employee	Safeguard the legitimate rights and interests of employees, provide more benefits and growth opportunities, create a healthy and safe working environment, and promote the career development of employees	Workers' congress, discussion, training, suggestions and feedback, work communication
Customer	Keep promises, provide high-quality products, continuously enhance service quality, improve customer satisfaction, and cooperate with each other on an equal and mutually beneficial basis	Daily contact, information feedback, strict fulfillment of contracts, provision of high-quality products and services
Supplier	Jointly abide by national laws and regulations and business ethics, conduct cooperation on an equal footing, and achieve mutual benefit and win-win result	Contract negotiation, signing of cooperation agreements, contract execution, high-level meetings, bidding, daily business communication
Community and the Public	Protect community environment, participate in community activities and build a harmonious community together	Civilization building activities, daily communication, public welfare donations
Environment	Save resources, reduce consumption, control waste emissions, manage and beautify the environment, and protect the surrounding ecology	Environmental protection indicators, environmental monitoring, education on environmental protection and energy conservation

Analysis of Substantive Issues

In order to improve the pertinence of social responsibility practices and the responsiveness of social responsibility information disclosure, China Chengtong makes reference to the main international and domestic social responsibility standards, and sorts out its social responsibility issues by benchmarking the social responsibility management and practices of many companies in the investment industry and combining the development strategy and planning of enterprises. It analyzes and compares the impact of different issues on stakeholders and their importance to the company's development, and identifies substantive issues, providing reference for the company to carry out social responsibility work and prepare social responsibility reports.

China Chengtong Core Issues Matrix



01. Construction of social responsibility management system	02. Participation in social responsibility communication	03. Social responsibility information disclosure
04. Preservation and appreciation of the value in state-owned capital	05. Continuous return to shareholders	06. Growth in business performance
07. Tax payment in accordance with law	08. Employment promotion	09. S&T innovation
10. Protection of rights and interests of employees	11. Customer satisfaction	12. Contract performance rate
13. Community-based care	14. Community public welfare input	15. Rural revitalization
16. Fight against the pandemic	17. Voluntary public welfare	18. Work safety
19. Energy conservation and emission reduction	20. Environmental protection input	21. Environmental protection public welfare

Future Prospects

2022 is an important year for building China into a modern socialist country in all respects and marching toward the second centenary goal. It marks the 30th anniversary of the founding of China Chengtong and the "year of improving capital operation capability". China Chengtong will follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, take praising the 20th CPC National Congress and promoting its guiding principles as a primary task with political siginificance, focus on the three-year action plan for SOEs, and aim to build a first-class state-owned capital operation company with international competitiveness. We will make efforts to be the main force in optimizing the equity structure and governance system of central SOEs, in the professional integration of SOEs, in effectively cultivating the strategic emerging industries, and in building a good business model for investment enterprises. In addition, we will serve as a "reform toolkit" for central SOEs to implement the new development philosophy, serve the establishment of a new development pattern, and achieve high-quality development. We will strive to write a new chapter for the high-quality development of state-owned capital operations during the 14th Five-Year Plan period, make greater contributions to the realization of the second centenary goal, and welcome the 20th CPC National Congress with concrete actions to embark on a new journey and make contributions in a new era!

Appendix

Key Performance

Indicator	Unit	2019	2020	2021
Economic Performance				
Total Assets	100 million Yuan	2704.43	3963.66	4934.65
Net Assets	100 million Yuan	1701.59	2066.11	2311.92
Total Operating Income	100 million Yuan	1053.37	1241.57	1712
Total Profit	100 million Yuan	50.38	120.31	140.92
Net Profit	100 million Yuan	33.22	90.63	110.06
Tax Revenue Realized	100 million Yuan	54.33	56.80	72.71
Return on Equity	%	2.06	4.81	5.02
Return on Total Assets	%	3.00	4.81	4.57
Asset-Liability Ratio	%	36.99	47.87	53.15
Investment in R&D	Ten thousand Yuan	52880.27	64325.26	77955.60
Authorized Patent	Piece	84	192	236
Patent for Invention	Piece	9	37	40
Legal Review Rate (review of enterprise's rules and regulations, economic contracts and major decisions)	%	100	100	100
Number of Penalties for Major Violations of Laws and Regulations	Times	0	0	0
Compliance Training Coverage	%	100	100	100
Social Performance				
Total Number of Employees	Person	27801	32352	20555
Number of Male Employees	Person	18880	21848	13653
Number of Female Employees	Person	8921	10504	6902
Proportion of Female Managers	%	6.69	7.00	8.00
Labor Contract Signing Rate	%	100	100	100

Social Performance				
Number of New Occupational Cases	Case	0	0	0
Proportion of Employees Participating in Trade Union	%	100	100	100
Investment in Work Safety	Ten thousand Yuan	1300	1400	1300
Number of Work Safety Accidents	Times	3	2	0
Number of Deaths in Work Safety Accidents	Person	2	2	0
Number of Employee Casualties	Person	1	1	0
General Accidents	Accident	3	2	0
Environmental Performance				
Investment in Energy Conservation and Emission Reduction	Ten thousand Yuan	14093.88	37029.36	45590.71
Investment in technological transformation projects for energy conservation	Ten thousand Yuan	1827.50	6857.14	9780.73
Investment in Technological Transformation Projects for Pollution Control	Ten thousand Yuan	12266.38	30172.22	35809.97
Comprehensive Energy Consumption	10,000 tons of SCE	98.59	101.13	96.81
Comprehensive Energy Consumption per 10,000 Yuan of GDP	ton of SCE/10,000 Yuan	0.70	0.71	0.60
Year-on-Year Change in Comprehensive Energy Consumption per 10,000 Yuan of GDP	%	-5.93	0.70	-14.41
Total Annual Energy Conservation	10,000 tons of SCE	33.32	16.13	9.32
Carbon Dioxide Emissions	10,000 tons	304.79	318.21	259.73
Sulfur Dioxide Emissions	10,000 tons	466.19	406.67	173.79
Nitrogen Oxide Emissions	ton	1180.53	1419.86	943.57
Chemical Oxygen Demand	ton	3861.08	3082.26	2933.74
Ammonia Nitrogen Emissions	ton	29.42	23.52	40.01
Wastewater Emissions	10,000 tons	4003.84	4035.72	4119.29
Annual Fresh Water Consumption	10,000 tons	4056.20	5233.51	5492.06
Compliance Rate of Pollutant Emissions	%	100	100	100
Compliance Rate of Major Pollutant Emissions	%	100	100	100
General Environmental Emergencies or Above	Times	0	0	0

Indicator Index

Contents		United Nations Sustainable Development Goals (SDGs)	Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0)	Report Location
About this Report			P1.1-1.3	P1
Message from Chairman			P2.1-2.2	P3-4
About China Chengtong	Company Profile	Goal 16	P4.1-4.4,M1.6-1.7	P5-P6
	Company Leaders		P4.4	P6
	Organizational Structure		P4.1,P4.4	P7
	Strategic Planning		M1.1,M1.4	P8
	Corporate Culture		G1.1-1.2	P8
Topic: It's Time to Strive Forward with Thirty Years of Efforts		Goals 9,10,12,16	P3.1-3.2,M1.4	P9-P12
Doer - Serving the National Strategies	Focusing on Overall Development	Goals 9,12,16,17	P4.3-4.4,M2.1,M2.4	P15-P18
	Deepening Reforms Comprehensively		S1.4-2.2	P19-P22
	Supporting S&T Innovation		F2.4-2.7,S1.4	P22-P25
	Moving forward with Belt and Road Cooperation		M2.1, S4.1	P25-P28
Pursuer - Stimulating Operational Vitality	Optimizing Platform Layout	Goals 16,17	M2.1	P31
	Improving the Governance System		M1.1, M1.3-1.4, S1.1	P32-P35
	Strengthening Risk Prevention		M1.1, M1.3-1.4, S1.1	P35-P37
	Promoting Industrial Development		M3.3,M3.12	P37-P38
Guardian - Boosting Safety and Environmental Protection	Ensuring Work Safety	Goals 3,7,13	S3.1--3.7	P41-P42
	Carrying out Green Investment		E1.6-1.7	P43
	Deepening Green Operation		E2.3-2.4,E2.7,E2.9-2.18	P44-P46
	Practicing the "Carbon Peaking and Carbon Neutrality" Strategy		E1.9,E2.3,E2.23-2.25	P46-P48
Contributor - Creating a Better Life	Safeguarding Investment Rights and Interests	Goals 4,5,11,17	M1.1,M1.4,M1.5,M1.7-1.8	P51
	Creating Favorable Conditions for Talents		S2.1-2.8,S2.10-2.14, S2.16-2.118	P52-P55
	Implementing Epidemic Prevention and Control		P3.1-3.2	P56-P58
	Continuing to Promote Rural Revitalization		P3.1-3.2,S4.11-4.12	P58-P61
	Making Earnest Efforts to Promote Social Welfare		S4.1,S4.6,S4.10	P61-P64
Social Responsibility Management	Social Responsibility System	Goals 17	G1.2,G2.2-2.3,G3.1-3.2	P65
	Communication with Stakeholders		G2.1,G6.1	P66-P67
	Analysis of Substantive Issues		G2.1,G4.2,G6.1	P68
Future Prospects			A1	P69-P70
Appendix			A2,A5,A6	P71-P75

Report Rating

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

Rating Report of 2021 Corporate Social Responsibility Report of China Chengtong Holdings Group Ltd.

Upon the request of China Chengtong Holdings Group Ltd., the Chinese Expert Committee on CSR Report Rating selected experts to form a rating panel to rate *the 2021 Corporate Social Responsibility Report of China Chengtong Holdings Group Ltd.* (hereinafter referred to as "the Report").

I. Rating Criteria

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

II. Rating Process

1. The Rating Panel reviews and confirms the CSR Report Process Materials Confirmation and supporting documents submitted by the CSR Report Compiling Group;

2. The Rating Panel assesses the preparation process and contents of the CSR Report, and drafts the Rating Report;

3. Vice Chairman of the China Expert Committee on CSR Report Rating, the Leader and experts of the Rating Panel jointly review and sign the Rating Report.

III. Rating Results

Process (★★★★★)

The Company's CPC Publicity Department has established a corporate social responsibility report preparation work team to coordinate the specific preparation work; core departments are responsible for providing basic materials and reviewing relevant content. The Chairman is responsible for deciding the overall orientation and the final review of the Report. The Report, with a definite functional value proposition, is taken as an important tool for disclosing the performance information according to laws, improving social responsibility management, strengthening the communication among stakeholders, publicizing internal culture and improving the corporate brand image; substantive issues are identified according to national macro policies, industry benchmarking analysis and investigation of stakeholders; Chengtong Hong Kong, Guanhao High-Tech and Meili Cloud are actively promoted to independently prepare social responsibility report and expand the information disclosure scope; the Report is planned to be published on the Company's official website and to be presented in electronic version and printed versions, with excellent performance in the process.

Substantiality (★★★★★)

The Report discloses the key issues such as implementation of macro policies, scientific and technological innovation, occupational health management, work safety, energy and resources conservation, reduction of "three-waste" emissions, green investment and green operation, with detailed and full description and excellent performance in substantiality.

Integrity (★★★★☆)

The main body of the Report discloses 84.10% of the core indicators of the industry from the perspectives of "Practitioner, Implementing National Strategy", "Pursuer, Stimulating Operational Vitality", "Guardian, Boosting Safety and Environmental Protection" and "Contributor, Creating a Better Life", with leading integrity.

Balance (★★★★★)

The Report reveals negative data such as "number of penalties for major violations of laws and regulations", "number of new occupational cases", "number of work safety accidents", "number of deaths in work safety accidents", "number of employee casualties" and "general environmental emergencies or above", and details the VOCs rectification measures of Phase V Plant Test Room of Lishen Battery, with excellent performance in balance.

Comparability (★★★★★)

The Report discloses the comparative data of 44 key indicators such as "operating income", "total profit", "R&D investment", "work safety investment", "annual energy conservation" and "comprehensive energy consumption per 10,000 yuan of GDP" for three consecutive years, with excellent performance in comparability.

Readability (★★★★☆)

The Report adopts an issue-oriented framework and systematically displays the annual corporate responsibility performance and results from four perspectives of practitioner, pursuer, guardian and contributor, with a clear theme and prominent highlight, and responds to the expectations and demands of the stakeholders; the cover remains the vector style and uses number "30" to respond to the 30th anniversary of the establishment of the company, showing the responsibility performance vision through extended design. The chapter page selects a large-scale real picture that can fit the theme of the chapter, enhancing the recognition and appeal of the Report; the "Chronicle of Events - Sharing Our History" is set up to highlight the progress of the company, which is convenient for readers to grasp the key information quickly, with excellent performance in readability.

Innovativeness (★★★★☆)

The Report starts with the responsibility topic of "It's Time to Strive Forward with Thirty Years of Efforts" to focus on the practice and achievements of the company in strengthening Party construction and 30 years of reform and development, highlight the responsibility of the central enterprise; actively responds to the UN Sustainable Development Goals (SDGs), showing the advancement of the Report as well as the performance of corporate responsibilities; each chapter starts with "national call" and "Our Actions" to effectively implement national policies, showing the company's key responsibility assumption actions, with leading performance in innovativeness.

Overall Rating (★★★★★)

The 2021 Corporate Social Responsibility Report of China Chengtong Holdings Group Ltd. was rated five stars by the rating panel. It is an excellent corporate social responsibility report.

IV. Improvement Suggestions

The Company should increase the disclosure of core indicators of the industry and further improve the integrity of the Report.

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

China Chengtong Holdings Group Ltd. received the Five-Star rating for second consecutive year

Vice President of Chinese Expert Committee on CSR Report Rating

Panel Leader　　Panel Expert

Issued on: Sep. 14, 2022

Scan QR Code to View Enterprise Rating Files

Feedback

Dear readers,

Thank you for reading this CSR report. In order to help us continuously improve the report, we sincerely welcome your comments and suggestions. Please complete questions in the feedback form below and send it to:

Mailing Address: China Chengtong Holdings Group Ltd., 12/F, Ocean Plaza,
158 Fuxingmen Inner Street, Xicheng District, Beijing, P. R. China (100031)

Your information

Name : _____ Contact number: _____

Work unit : _____ Fax : _____

Position : _____ Email : _____

Feedback Form

Optional questions: (Please tick "√" in the corresponding position)

1. This report is a comprehensive and accurate reflection of China Chengtong's significant impact on economy, society and environment:
☐ Very good ☐ Good ☐ Fair ☐ Bad ☐ Very bad

2. Responses and disclosures to stakeholder concerns in this report:
☐ Very good ☐ Good ☐ Fair ☐ Bad ☐ Very bad

3. The information, indicators and data disclosed in this report are clear, accurate and complete:
☐ Very good ☐ Good ☐ Fair ☐ Bad ☐ Very bad

4. The readability of this report in terms of its logical structure, content design, language and layout design:
☐ Very good ☐ Good ☐ Fair ☐ Bad ☐ Very bad

Open-ended questions:

5. What do you find most satisfying about this report?

_____

6. What information do you think you need that is not reflected in this report?

_____

7. Do you have any suggestions for our future social responsibility reports?

_____

Once again,thank you for your valuable time and your thoughtful suggestions.