



China General Technology
(Group) Holding Co., Ltd.

CORPORATE SOCIAL RESPONSIBILITY REPORT 2018

China General Technology (Group) Holding Co., Ltd. Corporate Social Responsibility Report 2018



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About the Report

Releasing Cycle

This is the second annual corporate social responsibility (CSR) report published by China General Technology (Group) Holding Co., Ltd.

Reporting Period

The report covers the period between January 1 and December 31, 2018, and may include information from previous years.

References to Genertec

For better readability, China General Technology (Group) Holding Co., Ltd. is hereinafter referred to as "Genertec", "the Group", "we" or "us".

Reporting Scope

The report covers information of Genertec and its subsidiaries. Genertec guarantees the authenticity and accuracy of the report.

Data Source

Business operation data in the report come from official documents and statistical reports of Genertec and its subsidiaries.

Compilation Conformance

The report is prepared in accordance with the *Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities* released by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), *GB/T 36001-2015 Guidance on Social Responsibility Reporting*, *GRI Sustainability Reporting Standards* (GRI Standards) issued by the Global Sustainability Standards Board (GSSB), *ISO 26000: Guidance on Social Responsibility (2010)* issued by International Organization for Standardization (ISO), *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0)* issued by the Chinese Academy of Social Sciences and other related standards.

Access to the Report

The report is available in Chinese and English and can be provided in printed and electronic forms. You can download the electronic version of the report from the official website of the Group.

Website: www.genertec.com.cn

Reporting Preparation Process



Scan to leave your comment

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Message from the Chairman

The year of 2018 marked the commencement of implementing the guiding principles of the 19th National Congress of the Communist Party of China (CPC), the 40th anniversary of China's reform and opening up, as well as the extraordinary development in Genertec's history. Guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, we earnestly implemented decisions of the CPC Central Committee and the State Council as well as the requirements of the SASAC, and adhered to and strengthened the leadership of the Party. While deploying the suggested rectifications by the central government's inspection team, we continued to seek progress amid stability, and carried out the new vision for development as well as the requirements for high-quality development. Our corporate mission is to serve national strategies, ensure people's well-being and enhance overall development of employees. We strive to build Genertec into an Innovation Pioneer, Green Development Practitioner, Technology Pillar, Healthcare Supplier and Global Player, moving towards a world-class and globally competitive enterprise. To this end, we have made new achievements in corporate reform and development and Party building, contributing to China's economic and social development. In 2018, Genertec's operating revenue and total profit increased by 7.2% and 11.6% respectively year on year, both exceeding the growth target.

Genertec has always put CSR fulfillment on top of the agenda of its reform and development. We actively aligned with and responded to national strategies such as "Made in China 2025" and "Healthy China 2030", as well as "the Belt and Road Initiative" proposed by China, made fruitful explorations and efforts, and continued to create comprehensive values of economy, environment and society contributing to the sustainable

development of the national economy and society.

Speeding up technological innovation to develop Genertec into an "Innovation Pioneer". In pursuit of innovation-driven development, we stepped up our efforts to implement the Plan for Scientific and Technological Innovation During the 13th Five-year Plan Period, accelerated the building of R&D platforms, built a multi-dimension technological innovation platform and created an innovation-friendly environment. We sped up our effort to build an S&T talent team, improved the incentive mechanism for S&T talents, and enhanced the vitality and endogenous driving forces for innovation. In 2018, the Group's total S&T investment increased by 17.0% and the number of authorized patents increased by 47.4% year on year, showing continuously improved innovation capability and level.

Pursuing green development to develop Genertec into a "Green Development Practitioner". Guided by the concept of green development, we honor the belief that "lucid waters and lush mountains are invaluable assets" with concrete actions. Genertec promoted green development in its three core businesses, actively engaged in green industries, developed green products, continuously promoted energy conservation and emission reduction in all aspects of production and operation, and vigorously raised public awareness of environmental protection. Green has become the keyword for all our core businesses and high-quality development. In doing so, we are making our contribution to a beautiful China with lucid waters and blue sky. In 2018, Genertec's total energy consumption per RMB 10,000 of operating revenue decreased by 9.09% year on year, and the overall situation of green production remained stable.

Pooling core strengths to develop Genertec into a

Party Leadership Group
Secretary and Chairman
of Genertec

Xu Xianping

"Technology Pillar". Through resources integration and independent research and development, we continued to build up our technological strengths and accelerated our development in key industries and areas to serve national strategies, striving to become a heavyweight in the industry. With our proprietary technologies, we are playing an increasingly important role in the transformation and upgrading of manufacturing, textile, automobile and other industries. In 2018, Genertec continued to develop its core businesses, including high-grade precision and sophisticated CNC machine tools, new fiber materials and technological services for inspection and testing, endeavoring to play a greater role in the national strategy of "Made in China 2025" and in the high-quality economic development of China.

Serving national strategy of "Healthy China 2030", and forging Genertec into "Healthcare Supplier". Seizing the strategic opportunity created by the Healthy China 2030 blueprint, we actively promoted business expansion in the pharmaceutical and healthcare industry, accelerated the development of medical services, and actively took over medical

institutions spun off other state-owned enterprises. We accelerated to build professional teams for hospital operation and management to improve hospital management capability, striving to build a domestically leading medical and healthcare group with international influence. In 2018, the Group approved 17 investment projects in the pharmaceutical industry, settled seven hospital M&A deals, and generated operating revenue of RMB 35 billion in the medical and healthcare field.

Highlighting international operations of Genertec as a "Global Player". Determined to go global, we intergrated planning and management of the Group's international operations, vigorously promoted the global presence of its three core businesses, advanced the institutional reform of our overseas affiliations, and broadened investment and financing channels for international operations, striving to promote Genertec's international operations to a new level. By 2018, the Group with 68 overseas entities had established stable trade relations with more than 100 countries and regions around the world. For the

seventh consecutive year, Genertec was ranked as one of the Top 250 International Contractors by *Engineering News Record* (ENR).

Implementing the strategy of strengthening Genertec with human talents and building a high-caliber team.

People-centered, Genertec earnestly protects the rights and interests of employees, pays attention to their development, cares about them, and makes continuous efforts to enhance their benefits and well-being. At the same time, the Group has established a sound human resources system with a focus on the development of young employees, and strived to provide sufficient resources and space for the development of employees, so that they can give full play to their strengths and grow with the Group.

Contributing to society development by leveraging our strengths. We value innovation, entrepreneurship, harmony and win-win results and actively leverage our strengths to promote social development, integrate into and make contribution to society. In particular, we have earnestly reviewed and implemented major decisions of the CPC Central Committee on fighting against poverty, and implemented President Xi Jinping's instructions for targeted poverty alleviation. We organized field trips to better understand the situation in the poverty-stricken counties that the Group was paired up with, and increased assistance to them based on their reality and our business layout, to help them fight against poverty. Meanwhile, Genertec carried out overseas public welfare activities with a global vision, aiming to seek common development and harmony with local communities.

A new era means a new mission for us. In 2019, we will stand more closely behind the CPC Central Committee with Comrade Xi Jinping at the core. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will remain true to our original aspiration and keep our mission clearly in mind. We will stand up to our mission and seek innovation, and create a new situation for high-quality development through concrete efforts. We will make solid strides towards building Genertec into a

world-class and competitive enterprise with characteristics as an Innovation Pioneer, Green Development Practitioner, Technology Pillar, Healthcare Supplier and Global Player, celebrating the 70th anniversary of the founding of the People's Republic of China with outstanding accomplishments.

About Us

Company Profile

China General Technology (Group) Holding Co., Ltd. (Genertec), incorporated in March 1998 in Beijing, is a back-bone state-owned enterprise (SOE) directly under the SASAC. Since 2006, Genertec has acquired and restructured five central SOEs and some large local companies. The Group implements the parent-subsidiary management structure characterized by a small headquarters, a large network, light assets and international operation. At present, Genertec has 19 tier-2 subsidiaries in China including 3 listed companies, and 68 overseas subsidiaries.

Focusing on the three core business segments of advanced manufacturing and technical services & consulting, pharmaceuticals and healthcare, trade & project contracting, Genertec strives to become a world-class and competitive enterprise with characteristic as an Innovation Pioneer, Green Development Practitioner, Technology Pillar, Healthcare Supplier and Global Player. Most of the Group's main subsidiaries were established in the early years of the People's Republic of China, which, with complete qualifications and excellent brand reputation, have played key roles in their respective industries and niche markets, and have made important contributions to China's economic and social progress for a long time. Genertec has been rated A in the SASAC assessment of operational performance for nine consecutive years since 2009.

In December 2018, Genertec was designated as a pilot company for state-owned capital investment by the SASAC. Seizing the opportunity, and with a correct understanding of the functional positioning of a state-owned capital investment company, we have been exploiting the guiding role of investment and institutional adjustment through investment and financing, industry

cultivation and capital operation in important industries and areas relating to national security and economic lifeline, with a focus on increasing the control and influence of state-owned capital. The purpose is to serve national strategies, optimize the layout of state-owned capital, and build up industry competitiveness.

Performance:



In 2018, Genertec realized

Operating revenue
RMB 170.5 billion

Total profits
RMB 6.9 billion

Total assets
RMB 173.2 billion





Corporate Vision

To become a world-class and competitive enterprise with characteristic as an Innovation Pioneer, Green Development Practitioner, Technology Pillar, Healthcare Supplier and Global Player.



Corporate Mission

Serve national strategies
 Serve people's well-being
 Serve the all-round development of employees



Values

Innovation and progressiveness, harmony and all winners



Corporate Ethos

Unite and strive, Apply and concentrate, Persevere and persist



Business Philosophy

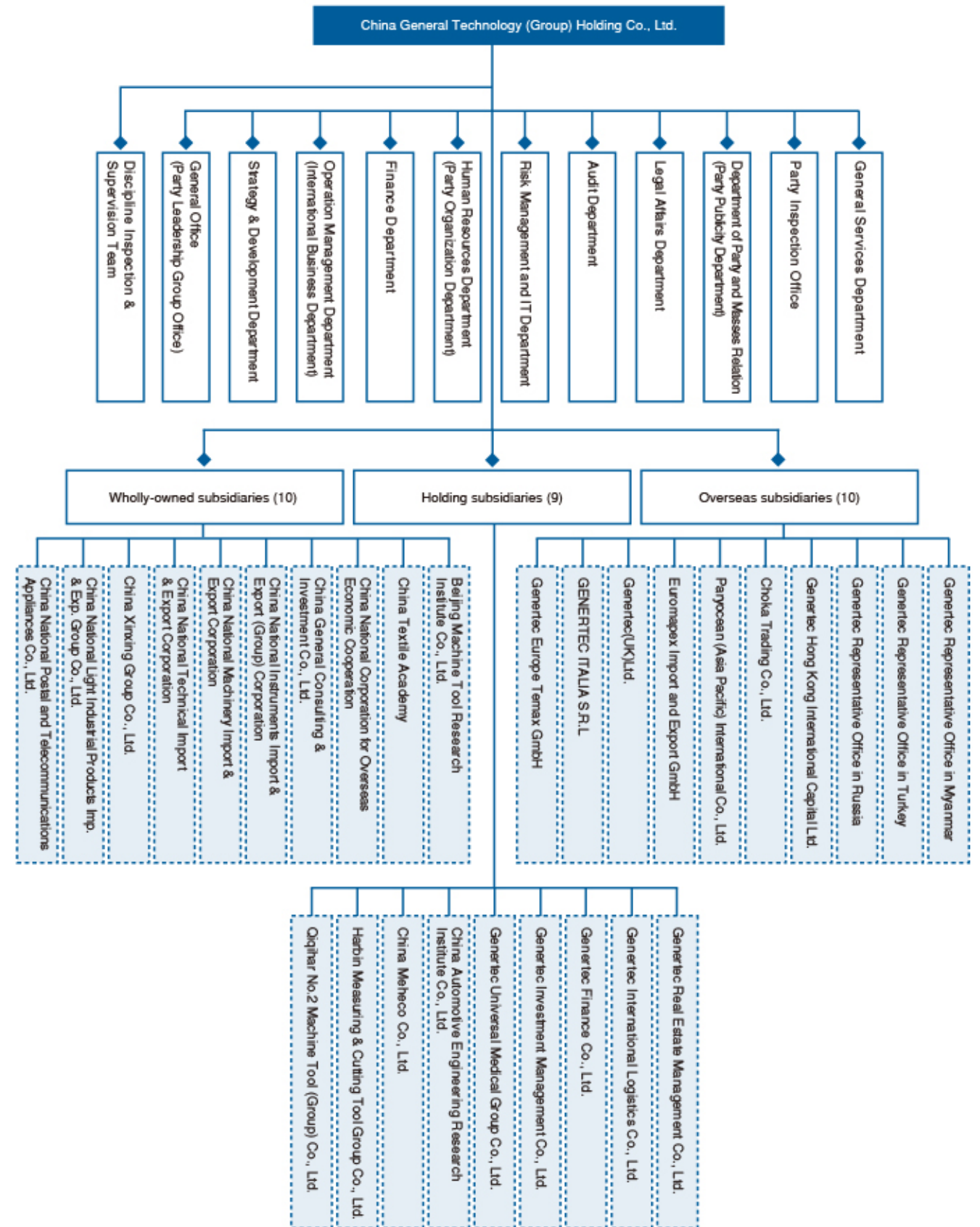
Integrity, Pioneering, Expertise, Service



Management Philosophy

Scientific, Standardized, Efficient, Practical

Organizational Structure



Corporate Governance

As a wholly state-owned enterprise, Genertec has formulated articles of association, and established the board of directors with corresponding implementation rules in accordance with the requirements of laws, regulations and regulatory documents such as the *Company Law*, to clearly define rights and responsibilities and decision-making procedures. The Group has set up four special decision-making bodies, namely, the Risk Prevention and Control and Compliance Committee, the Audit Committee of the Board of Directors, the Internal Control and Evaluation Leading Group, and the Management and Integrity Risk Management and Control Leading Group. It has continued to strengthen the corporate governance system and promote business compliance at all levels to support its healthy and sustainable development.

Compliance Management

Genertec regards internal control, comprehensive risk management and compliance management as top priorities of management, and has stepped up its efforts to strengthen the leadership and systematic advance of related work. In order to raise employees' awareness of compliance, the Group held a total of 59 lectures on law and regulations in 2018 and encouraged employees to apply what they learned to their daily work, be more compliance-conscious, and to enhance the Group's overall capability to prevent compliance-related risks.

Case Genertec holds a series of lectures on law-based corporate governance and operation 



In January 2018, the Group held the first lecture on law-based corporate governance and operation of the year. More than 80 legal professionals, middle management and above from the Group's Beijing-based tier-2 subsidiaries attended the lecture. They learned about the application of relevant laws in handling cases of corporate disputes covered by judicial interpretation from five aspects: "effect of resolution" "shareholders' right to know" "the right to distribution of profits" "preemptive right" and "shareholder representative litigation". The lecture was academic, practical and also full of fun, clarified some misunderstandings of related concepts, deepened the participants' understanding of corporate disputes, and improved their ability to solve practical problems.

Serial lectures on law-based corporate governance and operation



Party Leadership Group of Genertec holds the meeting on combating formalism and bureaucratism



The Group holds the working meeting on strengthening Party discipline

Anti-corruption and Integrity

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Genertec thoroughly implements the guiding principles of the 19th CPC National Congress, and the decisions of the National Working Conference on Party Building in State-owned Enterprises, the Second Plenary Session of the 19th Central Commission for Discipline Inspection, and the Working Conference on Clean and Honest Party Building and Anti-Corruption in Central Enterprises. In addition, we actively cooperated with the No. 2 disciplinary inspection team deployed by the CPC Central Committee while strengthening our consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership and our confidence in the path, theory, system, and culture of socialism with Chinese characteristics. We resolutely uphold General Secretary Xi Jinping's status as the core of the CPC Central Committee and the whole Party, as well as the authority and centralized, unified leadership of the CPC Central Committee. We focus on constructing a long-term mechanism for anti-corruption so that everyone will "dare not to corrupt, can not corrupt, and do not want to corrupt"; meanwhile, we enhance education about combating corruption and upholding integrity to further strengthen Party discipline at all levels.

- Exerting the Influence of Political Bodies**

Supervise the Party Leadership Group's implementation of major decisions made by the CPC Central Committee, and earnestly assist the Party Leadership Group in comprehensively strengthening Party discipline, improving Party conduct, ensuring clean governance, and combating corruption
- Earnestly Fulfilling the "Two Responsibilities"**

Hold meetings on improving the Party's style of work and upholding integrity and anti-corruption, sign letters of responsibility for improving the Party's style of work and upholding integrity, carry out special assessments on tasks of building a clean Party and combating corruption, hold regular meetings of heads of discipline inspection and supervision of tier-2 subsidiaries, and strengthen the accountability for Party governance
- Paying Close Attention to the Critical Minority**

Formulate the *Implementation Measures for Replying to Officials' Integrity Comments* to standardize the procedures and ways of replying to integrity comments on the management of the Party Leadership Group, establish the integrity record for leading officials, and strengthen the supervision of integrity of the management of Genertec
- Conscientiously Solving Problems Identified by the No. 2 Discipline Inspection Team Deployed by the 19th CPC Central Committee**

Promote disciplinary rectification to achieve concrete results, assist the Party Leadership Group in formulating rectification plans, and clarify rectification tasks, deadlines and responsible persons
- Handling Clues to Problems in Standardized and Timely Manners**

Keep an account of the handling of clues to problems, implement dynamic management, continue to standardize the process of the handling, management and examination of clues, and correctly use the "four forms" of disciplinary inspection to continuously purify the political ecosystem of the Group
- Consolidating and Building on the Advances Made in Implementing the CPC Central Committee's Eight-point Decision on Improving Party and Government Conduct**

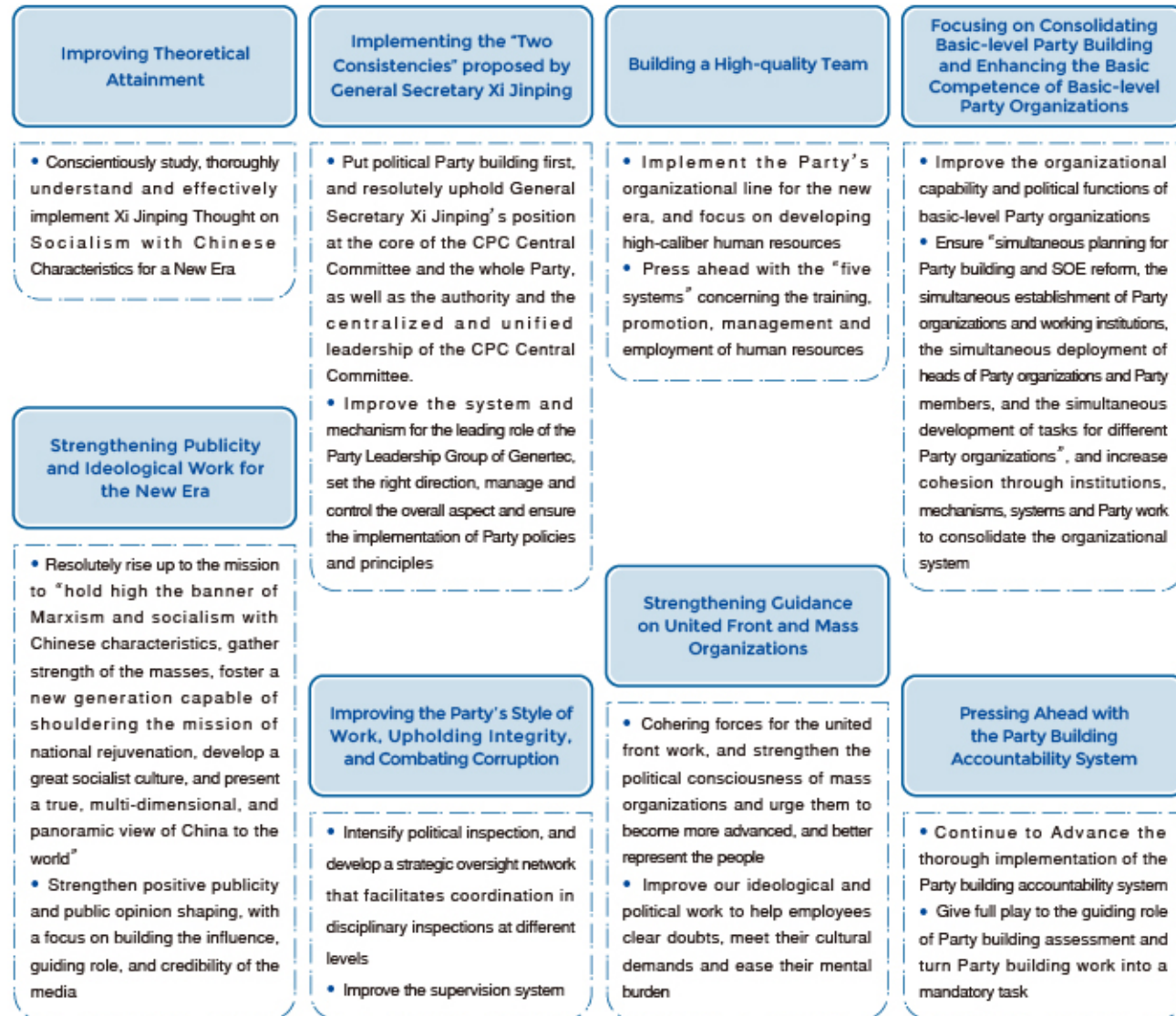
Be persistent in combating formalism, bureaucratism, hedonism, and extravagance, and seize the right moment to improve Party conduct and enforce Party discipline to prevent recurrence of violations of the CPC Central Committee's eight-point decision
- Improving Our Own Performance**

Improve our political integrity and professional competence to better perform our duties

Measures to Combat Corruption, Uphold Integrity and Strengthen Party Discipline

Party Building

In 2018, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Party Leadership Group of Genertec thoroughly studied and implemented the guiding principles of the 19th CPC National Congress, the general requirements for Party building in the new era and the SASAC's overall planning on the "Year of Quality Improvement in Central SOE Party Building" in an all-round way. Centered around the Party's political building, the Party Leadership Group advanced the Party's political, ideological, organizational, conduct and discipline progress in a comprehensive way while pursuing institutional development all along, and furthered the fight against corruption. Moreover, Genertec made great efforts to deal with priorities, bolster areas of weakness and enhance effectiveness. As a result, our basic-level Party organizations' ability to innovate, power to unite, and energy to fight have all been significantly strengthened and the quality of Party building has been greatly improved, providing a solid foundation for building Genertec into a world-class and competitive enterprise with characteristic as an Innovation Pioneer, Green Development Practitioner, Technology Pillar, Healthcare Supplier and Global Player.



Guidelines for Party Building at Genertec

In 2018, we launched the campaign to publicize and implement the guiding principles of the 19th CPC National Congress. By intensifying publicity on the Group's official website, newspapers and magazines, and WeChat account, and organizing a variety of offline publicity activities and training sessions, we urged Party organizations at all levels to study Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles of the 19th CPC National Congress.



Training course for basic-level Party officials in 2018



The second demonstration training session for learning and implementing the guiding principles of the 19th CPC National Congress

In 2018



we set up **72** publicity working groups and gave **496** lectures to an audience over **31,000**



we organized demonstration training classes for **1,776** participants



nearly **29,000** employees, including all Party members in the Group, participated in an online quiz on learning and implementing the guiding principles of the 19th CPC National Congress

Risk and Internal Control Management

Genertec believes risk management and control is vital for the healthy development of the Group, and thoroughly implements the strategic planning of the CPC Central Committee on guarding against and defusing major risks. Focusing on reform, innovation, transformation and upgrading, and high-quality development, we adhere to the bottom-line thinking, strengthen risk awareness and actively implement the special requirements for risk prevention and control and compliance.

The Group's Risk Prevention and Control and Compliance Committee has Xu Xianping, Party Leadership Group Secretary and Chairman of Genertec, as its director, and Lu Yimin, Deputy Secretary of the Party Leadership Group and General Manager, as the deputy director. The Risk Management and IT Department took the lead, with support from other departments, in sorting and analyzing the various risk factors faced by the Group, so as to develop targeted preventive measures and effectively solve the problems of extensive management in risk-prone subsidiaries of the Group.



Measures to Strengthen Risk Prevention and Control in 2018



A meeting of the Group's Risk Prevention and Control and Compliance Committee

CSR Management

Genertec is committed to integrating the concept of social responsibility into the Group's development strategy and all aspects of daily operations and corporate development. By strengthening CSR management and enhancing communication with stakeholders, Genertec pursues high-quality and sustainable development and strives to create economic, environmental and social values.

CSR Organization

Genertec has established a comprehensive CSR management system and improved the CSR governance system. Under the leadership of the CSR Work Leading Group, we have mobilized the headquarters and subsidiaries to fulfill their social responsibilities in all respects. The CSR Work Leading Group is composed of members from the Strategy & Development Department of the headquarters, which is the lead department for CSR work, and heads of various administration departments who take charge of specific CSR activities. Genertec has formed a relatively complete CSR work system, which effectively improves the effectiveness and efficiency of CSR activities.



CSR Organizational Structure of Genertec



CSR Topics

Based on national policies, domestic and international CSR standards, corporate strategies and operational priorities, Genertec identified, selected and evaluated CSR topics based on their "significance to stakeholders" and "influence on sustainable development of the Group" and set them as priorities for information disclosure in the CSR report and as basis for the Group's sustainable development.

Identification

- Sustainable development trends at home and abroad
- National development strategies and policies
- Domestic and foreign CSR reporting standards and guidelines
- Industry hotspots and key topics
- Corporate development strategy and operational priorities
- Concerns and feedback of stakeholders

Prioritization

- Topics concerning corporate sustainable development
- Key topics addressed by the Group's strategy
- Major concerns of stakeholders



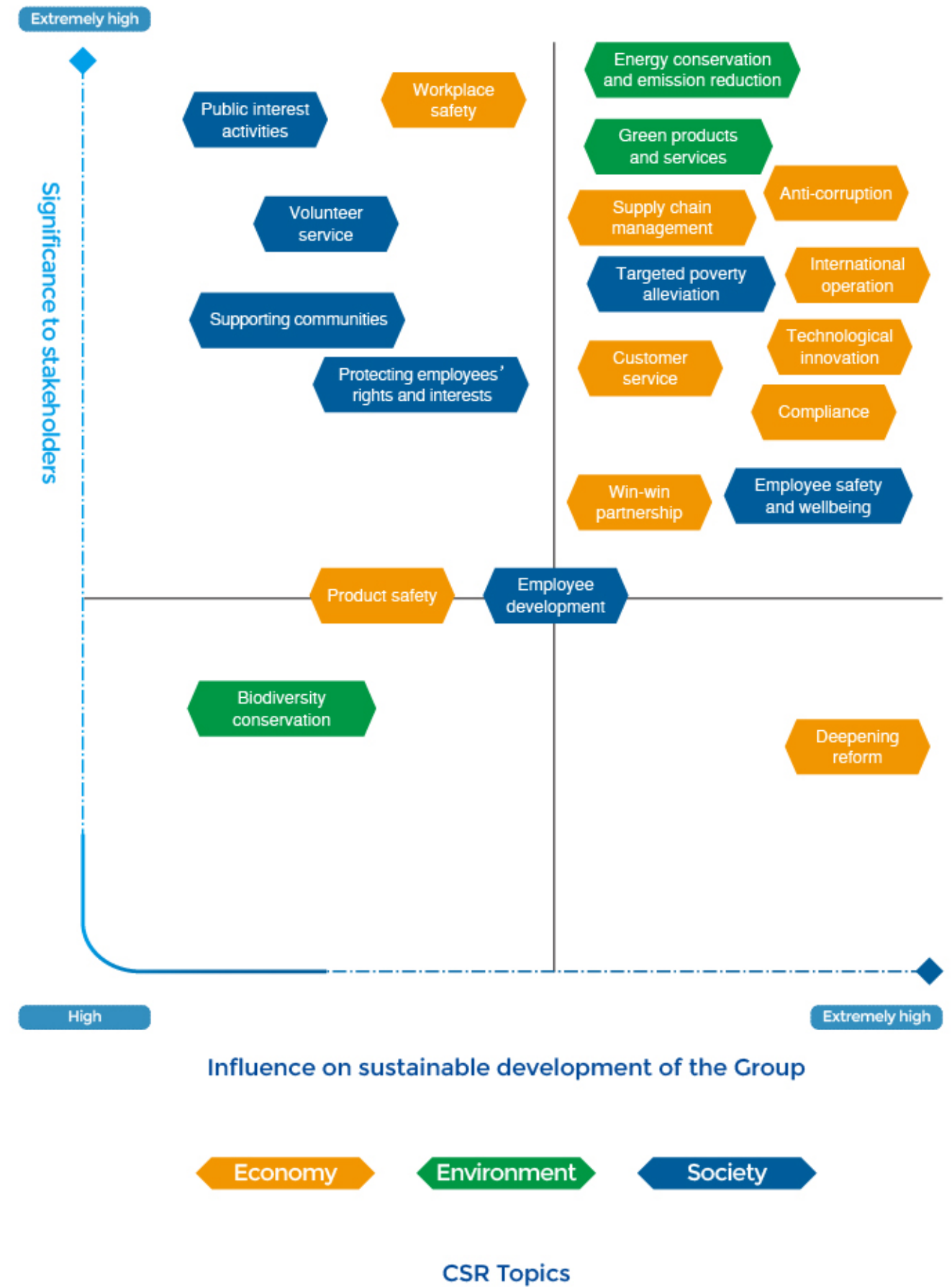
Verification

- Verification by corporate leadership
- Verification by functional and business departments
- Verification by CSR experts

Review

- Set new performance targets
- Develop new policies or launch new projects
- Communicate with stakeholders

Selection of CSR Topics



CSR Communication

Attaching great importance to communication with stakeholders, Genertec takes the initiative to identify stakeholders, and establishes a regular communication mechanism and diversified communication channels to communicate with government, shareholders, customers, employees, partners, communities and other stakeholders in a timely manner. We actively understand and respond to stakeholders' expectations and demands, and continuously improve CSR performance of the Group, striving to create value for the Group and stakeholders.

Stakeholders	Expectations and Demands	Communication Channels and Methods	Responses
Government	<ul style="list-style-type: none"> Compliance of law Paying taxes according to law Serving national strategies Supporting local development 	<ul style="list-style-type: none"> High-level meetings Communication meetings Briefings Attending conferences Accepting supervision, reviews and inspections 	<ul style="list-style-type: none"> Strengthening compliance management Paying taxes on time Implementing national policies and accepting supervision and reviews Driving the development of local industries
Shareholders	<ul style="list-style-type: none"> Ensuring smooth communication Ensuring stable operations and sustainable development Improving corporate performance 	<ul style="list-style-type: none"> Annual report and disclosure of non-financial information Annual general meetings and board meetings Work summary and performance reporting 	<ul style="list-style-type: none"> Improving corporate governance Continuing business and profitability growth Improving corporate transparency and managing investor relations
Customers	<ul style="list-style-type: none"> Providing quality products and services Technical support 	<ul style="list-style-type: none"> Customer visits Frequent communication through email and phone Customer satisfaction surveys 	<ul style="list-style-type: none"> Establishing an all-around quality management and control system Creating new service forms and content Participating in the national Quality Month campaign
Partners	<ul style="list-style-type: none"> Keeping promises Open procurement Win-win cooperation 	<ul style="list-style-type: none"> Disclosure of bidding and tendering information Project and strategic cooperation High-level mutual visits 	<ul style="list-style-type: none"> Fair and local procurement Supply chain management

Stakeholders	Expectations and Demands	Communication Channels and Methods	Responses
Environment	<ul style="list-style-type: none"> Energy conservation, emission reduction, resource conservation, response to climate change, ecological conservation 	<ul style="list-style-type: none"> Disclosure of environmental information 	<ul style="list-style-type: none"> Strengthening environmental management Creating new environmental protection technology Building green projects Green office and energy conservation awareness week Public welfare activities for environmental protection
Employees	<ul style="list-style-type: none"> Protecting employees' legitimate rights and interests Understanding operating conditions of the Group Creating a healthy and safe work environment Fair promotion and development opportunities Fostering the sense of belonging and achievement 	<ul style="list-style-type: none"> Internal emails and journals Employees' participation in corporate governance through employees congress, meetings of criticism and self-criticism, etc. Workplace Safety Month 	<ul style="list-style-type: none"> Protecting employees' legitimate rights and interests Establishing diverse employee communication channels Organizing job training programs and providing unimpeded channels for promotion Setting up a comprehensive occupational health management system Organizing colorful employee activities
Industry Organizations	<ul style="list-style-type: none"> Promoting industry development 	<ul style="list-style-type: none"> Participating in seminars and exhibitions Joining industry associations and standard organizations 	<ul style="list-style-type: none"> Participating in discussions about and formulation of standards Participating in studies and formulation of industry development strategies and plans
Communities	<ul style="list-style-type: none"> Development of public services and facilities Communication and exchanges with communities Assisting the poor and the needy Improving employment 	<ul style="list-style-type: none"> Community education and publicity Community communication meeting 	<ul style="list-style-type: none"> Active participation in community development Organizing volunteer and public welfare activities Local recruitment
Media	<ul style="list-style-type: none"> Understanding the long-term development strategy and plan of the Group Understanding corporate sustainability concepts, measures and performance 	<ul style="list-style-type: none"> Interviews Using social media to strengthen interaction with the general public 	<ul style="list-style-type: none"> Accepting media interviews Information disclosure



Creating New Drivers Through Innovation

Regarding innovation as the source of sustainable development of the Group, Genertec continuously increases its input in innovation, enhances the ability of independent innovation, strengthens S&T employee training, stimulates the enthusiasm of R&D staff for innovation, and strives to upgrade China from a manufacturer with large production quantity to a manufacturing power.



Focusing on Technological Innovation

Attaching importance to strengthening independent innovation, Genertec constantly improves the technological innovation system which is market-oriented and integrates resources of the industry, universities and research institutes with enterprises playing the leading role. In 2018, in line with the requirements of the Ministry of Science and Technology and the SASAC stipulated in the *Opinions on Further Promoting Innovation-driven Development of Central State-owned Enterprises*, the Group issued the *Opinions on Further Promoting Innovation-driven Development of Genertec*, and identified key tasks in institutional innovation, R&D investment, project implementation, platform building, employee training and other areas, to boost innovation-driven development of the Group. At the same time, the Group accelerated the establishment of the R&D platform and built a multi-level technological innovation platform, which helped the Group realize the optimal allocation of resources and integration of functions, and further enhanced the Group's independent innovation capability.

By the end of 2018, the Group possesses



39 national and provincial R&D institutions



7 postdoctoral workstations



2 makerspaces

In addition, we attach importance to the training of and incentive for innovative R&D personnel. We organized technological innovation training programs, funded scientific and technological projects, and awarded outstanding projects, strongly enhancing R&D staff's sense of value, honor and achievement, and creating an innovation-friendly environment for them. In 2018, the Group carried out the evaluation for its 2016-2017 Annual Science and Technology Subsidies and Awards, which covered 14 special funded projects, 8 scientific and technological progress awards, 40 "five-small" (small invention, creation, renovation, design and suggestion) innovation achievements, and 125 formulated/amended standards. The Group also held the 2018 Annual Scientific and Technological Work Conference, where winners of the 2016-2017 Science and Technology Awards, including project teams, young S&T talents and technical experts, were commended.

Case Genertec runs the technological innovation training program for six consecutive years



In 2018, the Group held a training program on technological innovation for the sixth consecutive year. The program involved 37 trainees, mainly first-line researchers in Genertec's equipment manufacturing sectors. To enhance the effectiveness of the training program and keep up with the trend and actual needs of innovation-driven development, the program invited four well-known experts and professors from Tsinghua University to give lectures on technological innovation systems of multinational companies, industrial internet, artificial intelligence and incubation of technological patents. Through the training, participants found their

understanding of the future development trend of science and technology deepened, innovation awareness raised, and capabilities of technological innovation and research project management strengthened.

Excellent Innovation Achievements

Focusing on key cutting-edge technologies, Genertec has continuously increased its investment in, improved the environment for, established an incentive mechanism for, and worked to cultivate a culture and a team to promote technical innovation, producing significant results.

In 2018, the Group



Invested more than RMB 500 million in technological innovation and nearly RMB 500 million in R&D



Obtained 194 newly authorized patents and 55 patents for invention



Won 15 ministerial and provincial-level S&T awards, including 5 first prizes

Major Technological Achievements



China's first single-line Lyocell fiber production line with an annual output of 30,000 tons was successfully launched

The fiber production line manufactured by China Textile Academy Green Fibre Co., Ltd. broke the monopoly of foreign companies in related production technologies and markets.



CAERI advanced the domestically leading wind tunnel project

Undertaken by China Automotive Engineering Research Institute Co., Ltd. (CAERI), the project, after completion, will provide strong technical support for China's independent R&D of cars in terms of aerodynamics, energy conservation and environmental protection.



China's first integrated intelligent connected vehicle experimentation base was officially launched

Wholly-owned by CAERI, the base is a platform that supports product development and technological innovation of vehicle production enterprises nationwide.



Film-lifting of the air-supported membrane sealing project of Liupanshan Thermal Power Plant in Ningxia succeeded at one try

Genertec Engineering Design Co., Ltd. undertook the design and project management of the project, which was a successful try of the company in the field of new-type environmentally friendly building field.



Outstanding Technological Performance in 2018

CNC machine tools and key functional parts

- Achievements made under the lead of Beijing Machine Tool Research Institute Co., Ltd. for the Major National Science and Technology Projects (04 Special Projects) won the China Machinery Industry Science and Technology Special Award, and the high-speed precision numerical control lathing and grinding compound machine tool developed by the company filled in China's gap in the corresponding field
- Qiqihar No.2 Machine Tool (Group) Co., Ltd. won the National Foundry Equipment Innovation Award at the 16th China International Foundry Expo (Metal China)
- High-end numerical products of Qiqihar No.2 Machine Tool (Group) Co., Ltd. won the Spring Swallow Award at China CNC Machine Tool Fair 2018

High-speed rail transit and intelligent network connected vehicles

- CAERI won the titles of 2018 National Technology Innovation Demonstration Enterprise and Chongqing Outstanding Innovation-driven Enterprise

International standards

- China Textile Academy newly issued two international standards, with its tiered international standards taking shape

New textile materials and technological equipment

- The "industrialized and integrated technology for efficient recycling of waste polyester and fiber preparation" developed by China Textile Academy won the second prize of National Scientific and Technological Progress
- "Method for preparing ultra-high molecular weight polyethylene fiber and fiber", a patent of China Textile Academy, won the China Patent Award
- The "domestically manufactured Lyocell fiber industrialization complete set technology and equipment R&D" won second prize of Sci & Tech. Progress Award of China National Textile Apparel Council
- The "development of the industrialization technology for super cotton-like polyester fiber and its textile products" won first prize of Sci & Tech. Progress Award of China National Textile Apparel Council

Pharmaceutical and healthcare

- China Meheco Co., Ltd. passed the on-site review and obtained permission for phase-II and phase-III clinical trials its proprietary Class-1 new drug project, completed clinical declaration for the Class-1 new drug YPS345, and obtained the permission for production of cefthiamidine for injection





Driving Development Through Green Operation

Believing that lucid waters and lush mountains are invaluable assets, Genertec effectively integrates the green development concept into the whole process of its business operation. We highly value ecological and environmental protection while pursuing economic development, and vigorously promote energy conservation and emission reduction in order to build Genertec into a “Green Development Practitioner” and contribute to a beautiful China.



Improving Environmental Management

Devoted to Green Operation

Raising Public Awareness of Environmental Protection

Improving Environmental Management

Focusing on the five-sphere integrated plan and the four-pronged comprehensive strategy, and guided by the vision of innovative, coordinated, green, open and shared development, Genertec embraces green development, and has further improved the statistical and monitoring indicators for energy conservation and emission reduction, and improved the environmental management system, so as to effectively fulfill the environmental responsibility of the Group a central SOE.

Strengthening organization and leadership and organizing top-level design

- Implemented the policy that “both Party officials and administrative staff take responsibility for environmental protection, and they both fulfill official duties and uphold clean governance.”
- Organized sessions to learn and implement Xi Jinping’s thought on ecological progress
- Put forward requirements for the Group to implement the new vision for development and promote green and high quality development.
- Issued the *Guiding Opinions on the Green Development of Genertec*

Launching activities during the Energy Conservation Awareness Week and the National Low-Carbon Day

- Launched the Energy Conservation Awareness Week for publicity
- Organized a visit to the base of China Southern Airlines constructed by China XinXing Construction & Development Co., Ltd. at Beijing Daxing International Airport

Revising the energy conservation and emission reduction assessment indicators

- Revised the *Genertec Performance Evaluation Management Measures*
- Set differentiated assessment indicators on energy conservation and emission reduction, and improved the relevant assessment mechanism
- Did a good job with the fundamentals of energy conservation and emission reduction and improved the main statistical and monitoring indicators

Urging subsidiaries to check for pollution sources and points of risk

- Formulated *Genertec Work Program for Investigation and Resolution of Problems in Ecological and Environmental Protection in 2018*, and submitted to the program to the SASAC
- Formulated the *2018 Annual Environmental Protection Special Inspection Plan targeting key subsidiaries, and tracked their investigation of environmental issues*

Strengthening supervision and management of energy conservation and emission reduction in key subsidiaries

- Carried out energy conservation and environmental protection inspection at China Textile Academy Green Fibre Co., Ltd., and put forward specific requirements for further efforts
- Carried out an inspection of safety and environmental protection measures at China Automotive Engineering Research Institute Co., Ltd., and made recommendations for the company’s green development
- Carried out an inspection of energy conservation and environmental protection measures at China Meheco Topfond Pharma Co., Ltd., a subsidiary of China Meheco Co., Ltd., and conducted a survey on pollutant discharge and the harmless treatment of solid waste, sludge and pharmaceutical residues.

Energy conservation and ecological protection efforts of the Group in 2018

Devoted to Green Operation

The Group regards both green development and business operations as equally important, and strives to build the capability to develop sustainable green industries by fully exploiting the potential of energy conservation in construction and production, and vigorously expanding green and environmentally friendly businesses, thus driving environmental protection and business development at the same time.

Green Construction and Production

During the whole cycles project construction and production, the Group attaches great importance to environmental protection and low-carbon production, adheres to green construction and production principles, and vigorously builds its own green and sustainable industrial capabilities. Moreover, the Group has set the goal to save materials, water, energy and land, and to protect the environment, and is committed to minimizing its environmental impact. In addition, we promote green construction by making technological innovation and introducing green standards.



Scan QR code for more information about green construction at Genertec.

Case A “sponge city” built by China XinXing Construction & Development Co., Ltd.



Water permeable pavement in the sponge city neighborhood

The first section of the Jilin Baicheng sponge city construction project undertaken by the No. 3 Company of China XinXing Construction & Development, a subsidiary of China XinXing Group, covers a total area of 328,800 square meters, of which 198,700 square meters are currently under construction. The project covers 12 neighborhoods. The constructor paved the damaged roads with about 102,000 square meters of water permeable bricks to save water, used pipes of different lengths and sizes to upgrade the underground pipeline network to achieve rational utilization and recycling of natural water resources.

Case CMC builds a railway in harmony with the local environment and community



A wild peacock photographed near the Matara-Beliatta railway line

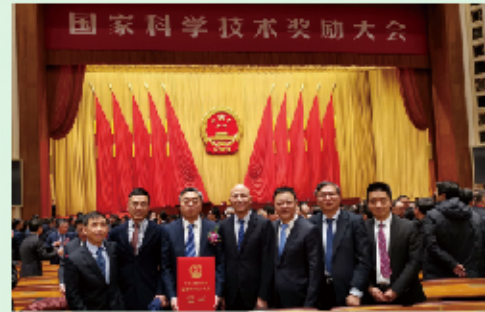
The 26.75km long Matara-Beliatta railway constructed by China National Machinery Import & Export Corporation (CMC) in 2013 is the first new railway built in Sri Lanka in the past 100 years. It runs along not only villages but also farmlands and swamps. In order to reduce the impact on the local irrigation system, CMC added more than ten irrigation channels to the original design. It also communicated with the local irrigation authority, listened to their opinions, and assigned designers and construction workers to jointly determine the route of the railway and carry out calculations to ensure that local agricultural production would not be affected while the project was advanced efficiently.

When the project was about to be completed, it had become an organic part of local life. In 2018, the CSR practice of the railway project was selected by the China International Contractors Association as an “Excellent Case of 2018 Performance Evaluation on Corporate Social Responsibility for Chinese International Contractors”. The project progress and CMC’s CSR performance attracted extensive coverage by local mainstream media in Sri Lanka such as *Daily Mirror*, *Daily News*, *Sunday Observer*, *Sunday Leader*, and the first Television network of Sri Lanka.

Expanding Green Businesses

Genertec actively builds on its strengths and applies advanced technologies and processes to improve environment protection in various ways. We earnestly shoulder the historical mission and social responsibility as a central SOE, and make continuous efforts to protect the environment and contribute to the sustainable development of the local green economy and people's well-being.

In 2018, we successfully carried out the integrated rural sewage, garbage and toilet project in Baiyangdian and the Binhai National Wetland Park (Fengjiajiang River Basin) water treatment PPP project in Beihai city, Guangxi. At the same time, the "highly efficient polyester recycling and fiber preparation industrial integration technology" jointly developed by China Textile Academy and other institutions won the second prize of the 2018 State Science and Technology Progress Award. The project found a solution to the recycling of waste polyester with Chinese characteristics, realized the efficient recycling and utilization of waste polyester textiles and greatly improved the technology regarding polyester recycled fiber, thus strongly supporting the development of the fiber recycling industry after China's total ban on solid waste import, and building up the image and status of China as a strong economy in textile recycling.



The "highly efficient polyester recycling and fiber preparation industrial integration technology" wins the second prize of the 2018 State Science and Technology Progress Award

Case China General Consulting & Investment Co., Ltd. launches the water treatment PPP project to protect marine biodiversity

The Binhai National Wetland Park (Fengjiajiang River Basin) water treatment PPP project in Beihai, to which China General Consulting & Investment Co., Ltd. offered consulting services, officially started construction in March 2018. Guided by General Secretary Xi Jinping's remarks on "building a good wetland ecological region for marine biodiversity", the project will not only improve the ecological environment of the Fengjiajiang River Basin and protect the Silver Beach and mangroves, but also enhance the image, competitiveness and attractiveness of Beihai city and accelerate local urban development.

Case Genertec Engineering Design Co., Ltd. supports air pollution prevention and control with desulfurization technology



The ultra-low emissions renovation project at Qingdao Longfa Thermal Power Plant

Genertec Engineering Design Co., Ltd. made continuous progress in the desulfurization and denitrification of power plants. The company has introduced and mastered the wet-process flue gas desulfurization (FGD) technology of AE&E and Mitsubishi, the rotary spray semi-dry desulfurization technology of GEA Niro, and the furnace spray calcium technology developed by Fortum, a Finnish state-owned energy company. In addition, it cultivated a mature installation team and accumulated a lot of experience in commercial engineering application and operation of these technologies and processes. The company also used the advanced desulfurization design software introduced from abroad to develop the desulfurization technology suitable for China's actual conditions in cooperation with the Environmental Research Institute of Shandong University and the Chinese Academy of Sciences. The home-grown technology won two national invention patents and effectively reduced sulfur dioxide emissions.

Promoting Energy Conservation and Emission Reduction

The Group thoroughly follows the guiding principles of the 19th CPC National Congress and the guidance of the National Working Conference on Environmental Protection, the Working Conference on Ecological and Environmental Protection by Central SOEs held by the SASAC in 2018, and the Integrated Work Plan for Energy Conservation and Emission Reduction during the 13th Five-Year Plan Period issued by the State Council. In light of our own actual conditions, we have earnestly promoted energy conservation and emission reduction to pursue green development. In 2018, key subsidiaries actively implemented energy conservation and emission reduction projects to achieve relevant targets.

In 2018, while expanding its business, the Group focused on resource conservation and energy efficiency. Its energy consumption stood at 230,800 tons of coal equivalent (TCEs), down 2.74% compared to the same period of last year. Meanwhile, it continued to improve energy efficiency and upgrade its product portfolio, and delivered good results on all monitoring indicators for both industrial and non-industrial subsidiaries. Its comprehensive energy consumption per RMB 10,000 of output value (at comparable price) was down 8.51% year on year, and that per RMB 10,000 of operation revenue (at comparable price) was down 9.09%. Its total energy consumption and unit energy consumption were both well curbed.

Case Harbin Measuring & Cutting Tool Group Co., Ltd. takes multiple measures to reduce comprehensive energy consumption per RMB 10,000 of output value

Resolutely pursuing green development concept, Harbin Measuring & Cutting Tool Group Co., Ltd. set targets for electricity consumption per RMB 10,000 of output value, analyzed and evaluated the peak and off-peak electricity consumption of production workshops on a quarterly basis, and established a corresponding rewards and punishment mechanism, in order to promote energy conservation, emission reduction and green production. In 2018, the company saved a total of 1,393 GJ of heat, and its total energy consumption and comprehensive energy consumption per RMB 10,000 of output value reduced by 5.49% and 11.93% year on year respectively. In addition, the company strictly implemented the information disclosure system and the pollutant emission management system, and watched closely the environmental monitoring data to ensure compliance. In 2018, the company witnessed no environmental pollution incidents and complied with all environmental standards, laws and regulations.

Case China Meheco Topfond Pharma Co., Ltd. recycles pharmaceutical residues

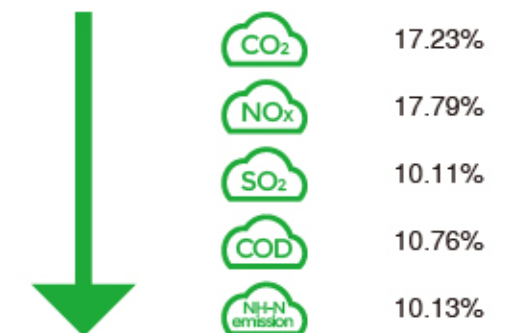
In order to deal with the pollution of pharmaceutical residues, China Meheco Topfond Pharma Co., Ltd. and Henan CR Power Gucheng Co., Ltd. jointly launched a project on the integrated utilization of pharmaceutical residues. The project realized the harmless treatment of residues and sludge through mixed burning, conducted chemical analysis of the ashes, cinder and gypsum thus generated, and produced leached toxic copper, zinc, lead and cadmium far less than the national standard. The residue recycling saves the company a lot of production costs, improves the resource utilization rate and the environment, and generates significant social and economic benefits. In September 2018, the project won the third prize of the 2016-2017 Genertec Science and Technology Progress Award.

In 2018



Genertec's investment in energy conservation and emission reduction reached RMB 44.63 million, a year-on-year increase of 58.1%

Reduction in the emission of major pollutants



Raising Public Awareness of Environmental Protection

Committed to harmony between corporate operation and a good environment, Genertec has actively promoted the concept of shared green development through various means, and taken a wide range of effective measures to advocate and support environmental protection with concrete actions.

Improving Employees' Environmental Protection Awareness

Genertec actively carries out publicity and education activities on energy conservation and emission reduction, reflects the concept of green and low-carbon development in every link of the Group's operations, and strives to build a conservation-oriented enterprise in all respects. We have developed detailed green office measures to raise employees' awareness of energy conservation and emission reduction and advocate a low-carbon lifestyle. Emphasis is placed on the conservation of water, power and paper in the workplace and through other small deeds, to engage employees in resource conservation and ecological protection.

Case Genertec advocates low-carbon development by launching the "Energy Conservation Awareness Week" in 2018



Exchange meeting held after the visit to the construction site of the base of China Southern Airlines during the "Energy Conservation Awareness Week" in 2018

In June 2018, according to the circular on organizing the "Energy Conservation Awareness Week" jointly issued by 14 ministries and commissions, including the National Development and Reform Commission and the SASAC, and upholding the theme of "Building a Beautiful China and Promoting Green Development", Genertec organized more than 60 employees responsible for energy conservation and workplace safety to visit the construction site of the base of China Southern Airlines constructed by China XinXing Construction & Development Co., Ltd. at Beijing Daxing International Airport. The visit, which laid equal stress on green construction and quality development, encouraged subsidiaries at all levels to further improve work safety, energy conservation and emission reduction in the pursuit of green and safe development, and to make greater contributions to turn Genertec into "Green Development Practionner".



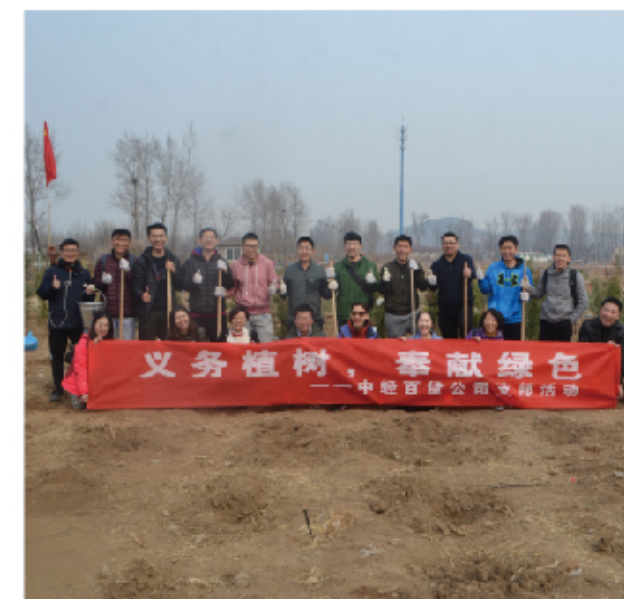
Publicity for environmental protection on an advertising machine

Environmental Protection Activities

Committed to the harmonious coexistence between business and nature, the Group has organized all sorts of public welfare activities, such as voluntary tree planting and charitable hiking, to contribute to and promote environmental protection, and help build a beautiful China.



Tree planting by volunteers from China National Technical Import & Export Corporation



Tree planting by employees from Zhongqing General Merchandise Import and Export Corporation



Hiking organized by Genertec's Guangdong branch



Creating New Business Patterns and Building a Strong Group Through Science and Technology

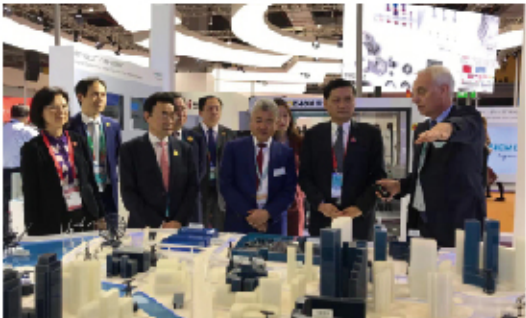
Relying on its core competitiveness and rich resources, Genertec actively cooperates with the government, related enterprises and research institutes to form synergies. In the fields of precision and ultra-precision CNC machine tools, new fiber materials, inspection and testing services, etc., the Group has built up strong technical power to continuously support and create momentum for the transformation and development of the industry.



Giving Play to Synergies

Coordination and collaboration are an important foundation for sustainable corporate development. Genertec advocates shared development with partners, and actively expands areas of cooperation to pool superior resources, strengthen the ability to create comprehensive value and achieve win-win outcomes with partners.

Case A rewarding trip to the first China International Import Expo



Xu Xianping, Party Leadership Group Secretary and Chairman of Genertec accompanying Xiao Yaqing, then Chairman of SASAC to the booth of Siemens AG

In 2018, the Group participated in the first China International Import Expo. It set up a leading group and gathered support from various subsidiaries. Its 12 key import and export subsidiaries at home and abroad sent a total of 237 invitation letters to partners from 23 countries. These efforts paid off well. The Group's trading delegation signed procurement agreements with Siemens AG, Royal Friesland, and Japan Organ Pharmaceutical Co., Ltd. and released procurement demands in 37 categories, serving the national policy for expanding import and laying a solid foundation for the international operations of the Group.

Case Genertec joins hands with Datong City to create the largest wool and cashmere industrial base in China

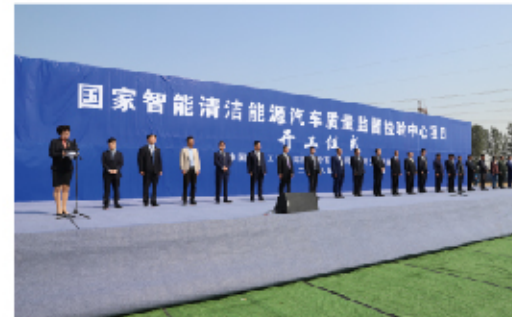


In 2018, Genertec signed a cooperation agreement with Datong Municipal People's Government and Datong Zyin Textile Technology Co., Ltd. in Beijing to jointly build the largest wool and cashmere industry base of China. The project will leverage our advantages and be undertaken by our subsidiary China National Light Industrial Products Imp. & Exp. Group Co., Ltd. (Chinalight Group). In the future, the three sides will communicate and cooperate closely to contribute to the economic and social development of Datong City and its surrounding areas as well as related industrial belts in China. The project is expected to become the largest supply base of this industry in China after the project is put into commercial operation.

Case PTAC and Huawei create the "new distribution" pattern

In 2018, China National Postal and Telecommunications Appliances Corporation (PTAC) and Huawei established a strategic partnership to explore the potential cooperation on the supply side and create a "new distribution" pattern. The partnership aims to provide efficient and quality services to meet the demands of the new era and new markets, and increase their share and influence in the domestic market and the industry. In the future, PTAC will continue to expand and deepen the partnership in such areas as product development, manufacturing, marketing and sales based on its years of practical experience in sales channels and networks of communication terminals to create social and economic value and contribute to the development of China's communications industry.

Case CAERI and Huanghe Jiaotong University to co-build the National Quality Supervision and Inspection Center of Intelligent Clean Energy Vehicles



In 2018, the project of building National Quality Supervision and Inspection Center of Intelligent Clean Energy Vehicles, jointly initiated by CAERI and Huanghe Jiaotong University, was officially approved. It will be the first center in Henan Province to have integrated functions combining automobile R&D and regulation testing & evaluation, and certification after its completion. It will provide strong technical support for the development of China's intelligent clean energy vehicle technology and the industry on the whole, boost the improvement of integrated testing technology of clean energy and intelligent connected vehicles, and thus play a key role in shaping the future of CAERI.

Helping Industry Development

Keeping up with the times, Genertec continues to seek expansion through innovation and pursue safe and efficient development. It has been boosting the transformation and upgrading of industries with its products and services widely used in manufacturing, textile, automobile and many other fields, and working tirelessly to meet people's demand for a better life.

Supporting High-quality Development of the Manufacturing Sector

With technological advantages accumulated over the years, Beijing Machine Tool Research Institute Co., Ltd., Harbin Measuring & Cutting Tool Group Co. Ltd. and Qiqihar No.2 Machine Tool (Group) Co., Ltd., all subsidiaries of Genertec, have been providing equipment and technical support for China's manufacturing industry, especially for the aviation, aerospace, automotive, electronics and other cutting-edge and pillar industries, driving the high-quality development of China's manufacturing sector.

Case Beijing Machine Tool Research Institute Co., Ltd. promotes the development of intelligent manufacturing



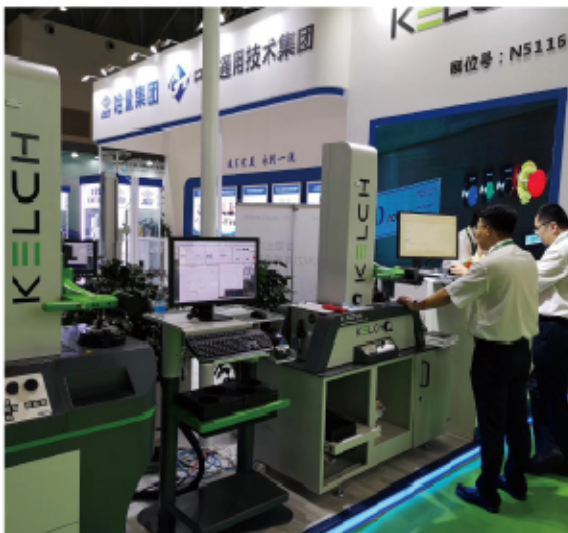
Beijing Machine Tool Research Institute Co., Ltd. is committed to improving the performance of existing equipment, and upgrading and commercializing innovative technologies adapting to intelligent manufacturing. In 2018, the Institute signed a technical contract and Brilliance Auto to supply the latter with an engine cylinder flexible processing line consisted of six precision horizontal machining centers. It signed another technical contract with Shenyang Aircraft Industry Group Co., Ltd. to develop a horizontal precision processing line for titanium alloy joints, including two four-coordinate horizontal precision machining centers, two sets of five-coordinate horizontal precision machining centers, and one automated production line. The two production lines are highly intelligent, provide strong support for technological and product innovation, and lay a solid foundation for intelligent manufacturing in the Group.

Case Qiqihar No.2 Machine Tool (Group) Co., Ltd. completes domestic design of multi-station presses



In recent years, Qiqihar No.2 Machine Tool (Group) Co., Ltd., by introducing and absorbing related technologies from Germany, completed the R&D of home-grown multi-station presses. In 2018, it started to produce THLS4-2500 multi-station press for Beijing Bosa Automobile Accessories Limited Company, and signed another contract with Guangdong Foday for two multi-station presses. The multi-station presses are automated, efficient, compound and produce parts of high and constant quality, capable of multi-tasking in one operation, thus a strong boost to technology upgrade of automobiles, parts and molds manufacturers in China.

Case Harbin Measuring & Cutting Tool Group Co., Ltd. contributes to high-quality development of the industry

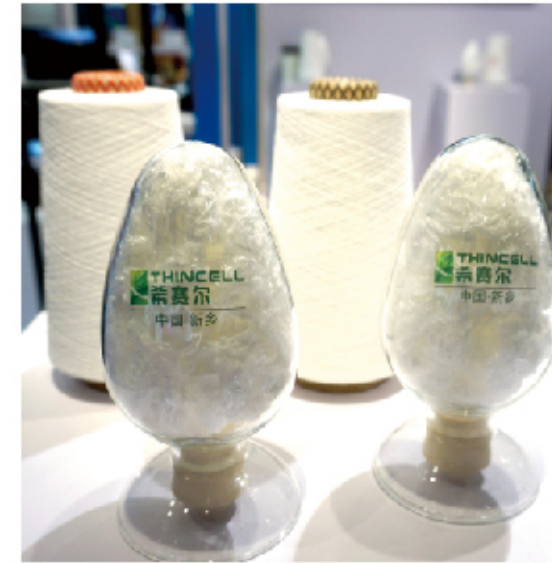


Harbin Measuring & Cutting Tool Group Co. Ltd. has leveraged its rich experience in the production of spiral bevel gear cutting machines and gear measurement to drive high-quality development of the gear industry. In the market of gear measurement and tool presetter, the company dominates the medium-and high-end market with the modular L30A three-dimensional gear measuring center and high-precision knife adjuster. For gear machine tools, the company provides not only CNC spiral bevel gear complete sets of equipment, but also processing solutions for many enterprises, and actively undertakes gear processing projects for new clients and clients in the national defense industry, these endeavors produced remarkable outcomes.

Promoting the Transformation and Upgrading of the Textile Industry

After more than 60 years of reform and development, China Textile Academy has formed four major business units, namely equipment manufacturing and engineering services, new textile materials, textile chemicals and biotechnology, and testing and technical services. It has made breakthroughs in many key, generic technologies that is needed by the industry urgently, thus effectively promoting the industry's transformation and upgrading.

Case China Textile Academy's Lyocell fiber technology is the first home-grown technology in China's textile industry



Lyocell fibers, made of green and renewable materials such as cotton linters, wood, and bamboo, are biodegradable after use and known as the "green fibers of the 21st century". Lyocell fibers are a fruit of our pursuit of "innovative, coordinated, green, open and shared development" proposed by Chinese President Xi Jinping. In 2016, a 15,000-ton lyocell fiber production line was successfully launched at one go and at the end of 2018, a 30,000-ton was put into commercial operation with product performance reaching the set targets. The production lines, composed of a full set of domestically-manufactured equipment, is independently developed and owned by China Textile Academy and a result of strenuous efforts over the past 18 years, the first of its kind in China's textile industry.

Contributing to the Healthy Development of the Auto Industry

CAERI has followed the development approach of "prioritizing R&D, vigorously developing the testing and evaluation business and making steady progress in the commercialization of technological in a well-coordinated manner." It strives to build a technological innovation platform and public technological service platform for China's automobile industry, and contribute to its sustainable and healthy development.

Case CAERI wins another bid of the MIIT - "Special Testing of the Consistency of Automotive Products" project



In 2018, CAERI won the bid for testing buses and passenger vehicles at the "2018 Special Testing of the Consistency of Automotive Products" bidding event hosted by the Ministry of Industry and Information Technology (MIIT), following its successful bid for testing buses in 2017. The special testing will comprehensively improve the quality and safety performance of automotive products, and prevent substandard products from entering the market.



Taking Health Service as the Leading Role and Sharing New Values

The health of citizens is an important indicator of the sustainability of a nation. Committed to contributing to the country's healthcare industry and the health and well-being of the people, Genertec continues to improve the healthcare industry chain to benefit the people and boost the development of the pharmaceutical and medical industries. Genertec strives to build domestically leading pharmaceutical and healthcare businesses in China with global influence, build up its leading edge in the healthcare industry, and turn Genertec into "Healthcare Supplier" so as to contribute to the "Health China" strategy.



Contributing to a Healthy China

As a central SOE with pharmaceutical and healthcare as one of its major businesses, Genertec thoroughly follows Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era and the guiding principles of the 19th CPC National Congress, actively responds to the Healthy China 2030 program, and helps improve local medical and healthcare services.

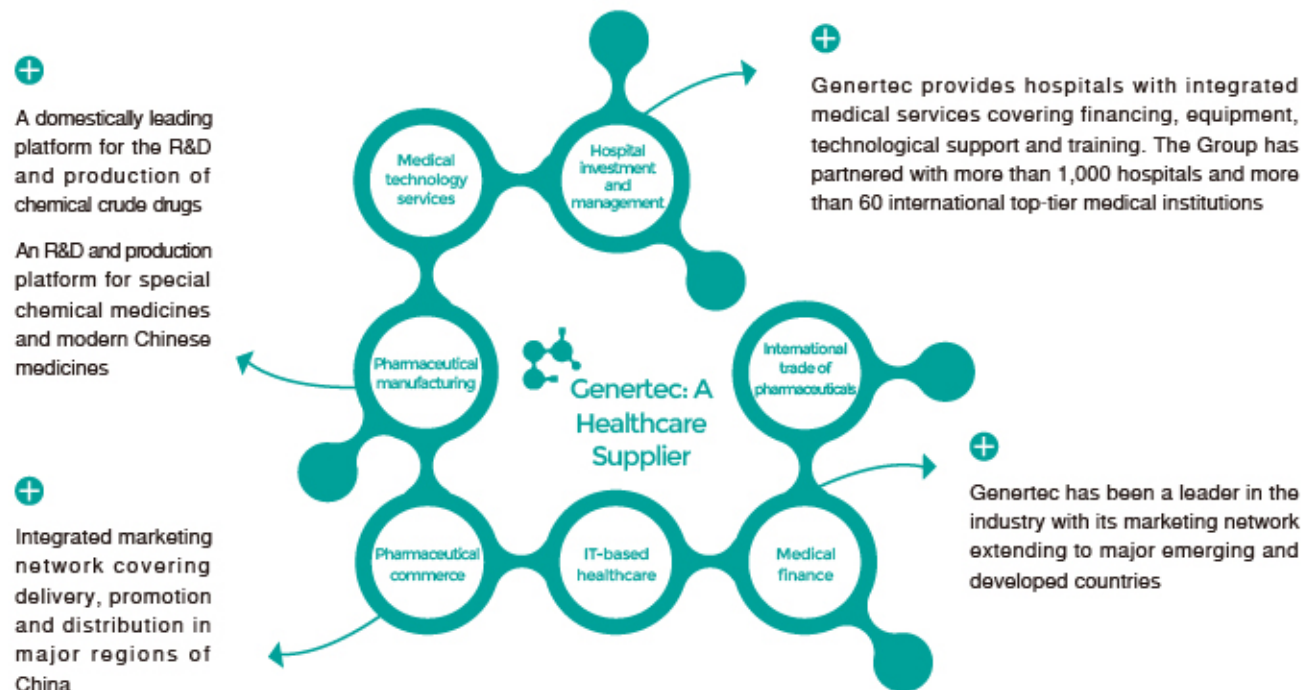
Building a Healthcare Industry Chain

Pharmaceutical and healthcare is one of the three core businesses of Genertec. As one of the three central enterprises approved by the SASAC for pharmaceutical and healthcare services, the Group has established a relatively complete industry chain covering the manufacturing, commerce and international trade of pharmaceuticals, medical equipment leasing, hospital investment and management, medical technology services, IT-based healthcare services, etc., and developed distinct characteristics and a healthcare brand.

In 2018



Genertec generated operation revenue of RMB **35** billion in the pharmaceutical and healthcare sector



Genertec's Pharmaceutical and Healthcare Industry Chain



China Meheco Co., Ltd. won the title of Model Enterprise at the 80th Pharma China celebrating the 40th anniversary of China's reform and opening up.

Improving Healthcare in the Local Regions

Pharmaceutical and healthcare services are vital to people's living standards and a pillar for their aspiration for a better life. Genertec unwaveringly serves the Healthy China 2030 Initiative, develops pharmaceutical and healthcare into a high-quality, competitive core business, and contributes to the development of the industry and the improvement of healthcare at the local level.

Case | China Meheco Co., Ltd. fulfills the mission as a central SOE and safeguards public health



China Meheco Co., Ltd., as a national pharmaceutical stockpile organization and a major importer and supplier of anti-AIDS drugs in China, actively assists government departments in the rotated storage and emergency supply of reserve medicines. It has taken the initiative to donate money to the China Association of STD and AIDS Prevention and Control to support anti-AIDS efforts in the Liangshan Yi Autonomous Prefecture, Sichuan. At the beginning of 2018, there was a serious outbreak of influenza B virus in Henan Province and oseltamivir became out of stock in many hospitals. The company instantly coordinated with relevant manufacturers to replenish the supply and helped keep the epidemic under control, safeguarding public health.

Case | Genertec Universal promotes the reform of state-owned medical institutions and improves local medical conditions



Genertec Universal actively implemented the SASAC's requirements for the reform of state-owned medical institutions, and solidly advanced reform-related tasks. The company joined hands with SOEs in Yantai, Tianjin and other cities, and actively responded to China's policies on deepening the reform of the medical system. Focusing on the development of key disciplines, Genertec Universal comprehensively improved the technical level and operations of hospitals through capital investment, introduction of technologies, hardware upgrading, management

improvement, and talent training. The company strives to build more top-ranking comprehensive medical institutions with specialty services to benefit the local people. By the end of 2018, Genertec Universal had signed cooperation agreements with four state-owned medical institutions which offer more than 1,900 beds in total.

Case | Instrimpex builds IT-enabled medical cluster platform to provide telemedicine services for remote areas



China National Instruments Import & Export Group Corporation (Instrimpex), employing an internet-oriented way of thinking and model of innovation, has pooled resources to build medical consortiums, provide integrated "product + technology + service" solutions, and used information technology to share medical resources and provide tiered diagnosis and treatment services. Through the "IT-based Medical Cluster for the Cardiac Rehabilitation Center of Inner Mongolia Autonomous Region" in cooperation with the International Mongolian Hospital, it uses the online data platform and information technology to provide effective telemedicine solutions to remote areas.

Leading the Development of the Health Industry

As a leader in the pharmaceutical and healthcare industry, Genertec gives full play to its expertise to upgrade the industry by intelligent means and advocates openness and collaboration to promote in-depth exchanges and expand areas of cooperation within the industry, thus contributing to its overall development.

Developing Intelligent Healthcare Services

Genertec has built an intelligent medical service platform based on brick-and-mortar hospitals and its rich medical resources. It has also continuously strengthened independent medical technology R&D and employed big data and artificial intelligence to provide integrated solutions for internet-based healthcare services and intelligent hospitals, and create an all-around intelligent healthcare ecosystem.

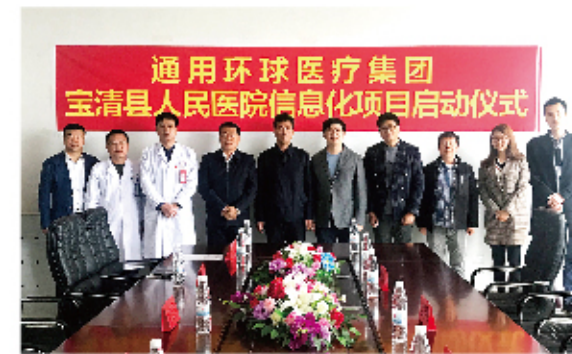
In 2018, we independently developed the internet-based diagnosis and treatment platform, introduced and became the agent of "VitalGo Wardbed" and "TwinStream's high-frequency superimposed jet operating system and its clinical solution", which helped realize the intelligent allocation of medical resources and make medical services more accessible to the general public.



Genertec Universal Medical's "internet-based diagnosis and treatment platform for medical consortiums" won the third prize of 2018 Intelligent Medical Innovation Competition



Case Genertec Universal Medical Group Company Limited's "internet-based diagnosis and treatment platform" launched in the People's Hospital of Baoqing County



In October 2018, Genertec Universal and the People's Hospital of Baoqing County in Heilongjiang Province jointly launched the "internet-based diagnosis and treatment platform" project. The platform is independently developed by Genertec Universal Medical, for which the People's Hospital of Baoqing County provides medical technologies and operation services. The platform realizes deep integration of the internet with healthcare, provides a channel for the communication between patients, doctors and hospital

officials, breaks the limits of space and time, and also provides strong technical support for multi-site medical practice and the construction of a tiered diagnosis and treatment system. The platform brings doctors and patients together, saves medical treatment costs, and provides efficient and convenient medical services for locals.

I hope to take this opportunity to give full play to the supporting role of information technology in healthcare, reduce medical costs for the people, and provide convenient medical services.

Han Hongli, Deputy Mayor of Baoqing County, Heilongjiang Province

Baoqing County has a vast territory and is suitable for the development of internet-based diagnosis and treatment. Genertec Universal uses the internet to bring doctors to people in need on the platform, and provides better and more efficient medical services for locals.

Li Huaming, Department of Medical Information Technology Development, Genertec Universal Medical Group Company Ltd.

Case "Intelligent Wardbeds" meet the needs for rehabilitation and long-term care of critical patients



At the 2018 Beijing Critical Care Medicine Annual Meeting in April 2018, Genertec Universal Medical launched the internationally leading VitalGo WardBed and MostCare hemodynamic monitoring equipment for which it acts as general agent. VitalGo WardBed is the only such product that can be tilted upright, thus allowing progressive upright training on bed depending on patients' physical conditions, which is necessary for the rehabilitation and long-term care of critically ill patients. The MostCare hemodynamic


monitoring device provides non-stop real-time data, comprehensively monitors and accurately calculates the hemodynamic parameters of each heartbeat of the patient, thus enabling the doctor to decide on the best treatment plan as quickly as possible.

Globalization of Health Industry

Genertec continuously strengthens cooperation, broadens cooperation areas and shares cooperation results in the pharmaceutical and healthcare industry. While conducting international pharmaceutical and healthcare cooperation in an all-round way, it has built a global resource platform and channels for introducing advanced technologies and equipment in light of the domestic healthcare development, so as to elevate the domestic healthcare industry to international standards, and strive to serve the health needs of people all over the world.

China Meheco Co., Ltd.

- The First China International Import Expo
- CPhI & P-MEC China 2018
- Chexpo ASEAN 2018



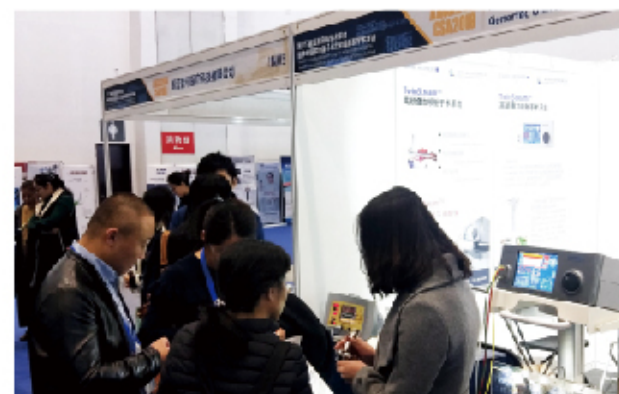
Genertec Universal Medical Group Company Ltd.

- US-China Health Forum—Stroke Subforum
- The 15th Asian Australian Congress of Anesthesiologists & The 26th Annual Meeting of Chinese Society of Anesthesiology
- The 4th Annual Conference on Early Mobilization & Rehabilitation in the ICU and The 2nd Annual Conference on Respiratory Rehabilitation Chinese Association of Rehabilitation medicine

International Pharmaceutical and Healthcare Exhibitions and Forums Attended by China Meheco Co., Ltd. and Genertec Universal Medical Group Company Ltd. in 2018



China Meheco at the CPhI & P-MEC China 2018



Genertec Universal at the 15th Asian Australian Congress of Anesthesiologists & the 26th Annual Meeting of Chinese Society of Anesthesiology

In 2018



The sales network of China Meheco Co., Ltd. covered more than **80** countries and regions



- At the first China International Import Expo, China National Cooperation for Overseas Economic Cooperation signed an agreement with Canon Medical Systems and a framework agreement with Philips Medical Systems to import medical equipment
- At the first China International Import Expo, Instrimpex signed an agreement with Canon Medical Systems and a strategic cooperation framework agreement with Siemens Healthineers to import medical equipment

Case Genertec Universal Medical Group Company Ltd. shares experience and contributes to the upgrading of the healthcare industry in countries along the Belt and Road



In 2018, at the International Health Seminar of the roundtable meeting of the New Platforms for Cooperation between China and Russia, Genertec Universal Medical exchanged ideas with other attendees on topics such as the development of healthcare in the countries along the Belt and Road and the establishment of an international healthcare community.

Genertec Universal Medical, focusing on healthcare service, actively responded to the Silk Road Planning Research

Center's proposal to set up the international health industry fund, advance key health-related projects under "the Belt and Road Initiative", and help upgrade the healthcare industry along "the Belt and Road" countries and around the world. Genertec Universal will fully support the development of healthcare initiatives at home and abroad, and contribute to the implementation of the Belt and Road Initiative.

Case China Meheco Co., Ltd. embarks on a new journey of internationalization

As a specialized international medical and health product supplier, China Meheco Co., Ltd. has always been a responsible large central SOE of China. In 2018, the company met with ambassadors to China from Columbia and Cuba, as well as the commercial counselor of Ecuador in China, the Health Minister of Venezuela, and a delegation of the Global Fund to Fight AIDS, TB and Malaria to promote business development and enhance international communication on healthcare. In addition, the company sent a delegation to the United States to participate in the Biomedical Intelligent Manufacturing and Innovation Development Workshop, actively engaged with the National Association of Manufacturers of the United States, AdvaMed, International Society for Pharmaceutical Engineering and other institutions, and communicated with multinational pharmaceutical companies such as Merck, Johnson & Johnson, Varian, and Osen about manufacturing, innovation and R&D. Its international influence has been growing.

Exploring a New Future Through International Expansion

Genertec has vigorously implemented the “going global” strategy, focused on core business sectors such as overseas project contracting, construction, distribution of electronic products, bulk commodity trade and logistics services, and actively contributed to the implementation of “the Belt and Road Initiative”. Based in China but with a global vision, we have established stable trade relations with many countries and regions to seek common development.



Integrating into Global Development

Win-win Cooperation with Partners

Integrating into Global Development

Genertec, giving full play to its advantages in the industry, actively responds to “the Belt and Road Initiative”, and supports the economic development of the Belt and Road regions with its core business, striving to become a “global player”.

International Operation

Genertec has established the International Business Department responsible for formulating international development strategies for the Group, coordinating the international operations of various business units, and promoting unified planning and development in overseas markets and unified management of overseas subsidiaries. The Group has also strengthened the assessment of international operations and established a sound organizational, management and information system for that purpose. Meanwhile, Genertec has introduced advanced technologies earnestly needed by various industries in China and core businesses of the Group, to build an industry chain integrating “R&D, design&engineering, project management, manufacturing of key parts, system integration, international trade, investment & financing, and project contracting”.

Moreover, the Group further restructured overseas subsidiaries. Based on Genertec’s overall advantages, we implemented the great-region management system, and gradually transformed national centers to regional centers, forming a global marketing network. By the end of 2018, the Group had 68 overseas subsidiaries, global business partnerships all over the world and relatively sound business channels, established stable trade relations with more than 100 countries and regions around the world, and was ranked among the Top 250 International Contractors by ENR for seven consecutive years.

By the end of 2018, Genertec



had **68** overseas subsidiaries



established stable trade relations with more than **100** countries and regions around the world



Genertec had been ranked among the Top 250 International Contractors by ENR for seven consecutive years

Contributing to “the Belt and Road” Construction

With a focus on countries and regions along the Belt and Road, the Group has strengthened its overall planning for overseas markets based on its wide array of businesses flexible for recombination, served different demands in different markets, and participated in international competition as a whole, to contribute to the Belt and Road Initiative.

• CMC Actively Expands Markets Along the Belt and Road

Since its establishment nearly 70 years ago, CMC has grown into a large-sized multinational company, extending its core businesses from traditional foreign trade of electromechanical products to international engineering project contracting and large-scale complete set of equipment export, intelligent technology and equipment, automobile marketing, and engaging in the business in more than 160 countries and regions. In recent years, CMC has actively responded to the Belt and Road Initiative. In line with national strategies and guidelines, it has upgraded its business models and broadened its business scope and financing channels, and has delivered good operation results in Belt and Road markets such as Bangladesh, Sri Lanka, Malaysia, and Kazakhstan.

As of 2018, Genertec

had established cooperation with **19** countries along the Belt and Road with **54** projects completed or underway involving a total contract value of over USD **15.8** billion



Case CMC supports energy self-sufficiency in Bangladesh

Early in the 1990s, CMC entered Bangladesh, an important market along the Belt and Road. Over the years, CMC has consistently aligned its development with China’s “going global” strategy and Bangladesh’s development strategy, and developed many energy projects such as coal mines, coal-fired and gas-fired power stations to light up the country. In particular, Unit 1 of the Sirajganj gas-fired power station won the “Quality Project Award” granted by the Bangladeshi government.



Entry

In 1994, CMC built Balarpukulia Coal Mine, the first modern coal mine in Bangladesh.



Expansion

In 2010, CMC won the bid for the Phase 1 project of Unit 1 of the Sirajganj Gas-fired Power Station, which was CMC’s first independently executed overseas project, marking the beginning of the company’s transformation.



Development

Oriented towards customer’s demand, CMC won the trust and recognition from local project owners and secured big contracts such as the Phase 2 project of Unit 1, then Unit 2 and Unit 3 of the Sirajganj gas-fired power station, and the renovation project for the Ghorashal Gas-fired Power Station Unit 3.



Upgrading

Making breakthrough of the traditional engineering project contracting model, CMC adopted the PPP model and became an investor of the Payra Coal-fired Power plant, contributing to the development of the power industry in Bangladesh.

CMC has long been committed to energy development in Bangladesh

• CNTIC builds high-quality projects in the countries along "the Belt and Road"

China National Technical Import & Export Corporation (CNTIC) has long been the main channel for introducing key technologies and equipment for China. It started to go global in the 1980s, seeking global expansion while bringing in advanced technologies and equipment to China. Over the past 10 years, CNTIC has signed overseas engineering project agreements with the value exceeding more than USD 10 billion, 80% of which were in the countries along "the Belt and Road".

Case CNTIC actively builds major transport infrastructure on the ancient Silk Road



The electrification project of the Marokand (Samarkand)-Karshi railway line in Uzbekistan

Samarkand is the second largest city in Uzbekistan, and also a famous city on the ancient Silk Road. CNTIC won the bid for the electrification of the Marokand (Samarkand)-Karshi railway line in the south of the country through fierce competition. Thanks to refined management, active coordination and hard work of the project team, the project was completed two months prior to the original completion deadline. The project not only meets the need of the project owner, but also establishes CNTIC as a "reliable and trustworthy" company, building up its reputation in Uzbekistan. In the future, CNTIC will continue to serve the Belt and Road Initiative and expand its business in the infrastructure sector in Uzbekistan.

• China Xinxing Group Contributes to the Belt and Road Initiative with Concrete Actions

In active response to "the Belt and Road Initiative", China Xinxing Group has expedited its pace of going global by focusing on international engineering project contracting. In recent years, it has actively promoted the development of various business modality, and achieved steady and rapid progress. The projects they are involved in are either major cooperation projects in the framework between Chinese and foreign governments, the first batch of key projects under "the Belt and Road Initiative", or internationally advanced construction technology demonstration projects, building up the company's brand influence and international credibility.

Case China Xinxing Group breaks the ice for China-Kazakhstan cooperation



The frontline construction team works on snow-covered land

Kazakhstan holds an important geographical position along the Belt and Road. Hence its infrastructure construction is particularly important for the development of the Belt and Road Initiative. The southwest ring road of Astana (now known as Nur Sultan), contracted by China Xinxing Group, is one of the first batch of infrastructure projects in the country, and has been regarded by locals as the "Road to Light" and also one of the key projects under "the Belt and Road Initiative" since the construction commencement. To guarantee the construction schedule, the project team of China Xinxing Group continued the construction work in the frigid winter. So far 1.3785 million square meters of subgrade earthwork has been filled for the 34.4-kilometer high-grade highway project, accounting for 65.3% of the total. The highway will form a closed-loop of highways in Astana and promote local economic development after its completion.

Win-win Cooperation with Partners

Genertec is committed to common prosperity with our partners through cooperation, exchanges, and the sharing of cooperation results.

Sharing Development Fruits

Genertec always attaches great importance to mutually beneficial cooperation with its partners. While expanding the international market, we actively integrate into the local community while facilitating the coordinated development of the local economy, society and culture.

Case CNTIC carries out win-win cooperation with partners in the Philippines



The Phase-1 and Phase-2 Project of Puting Bato 1x135MW Coal-Fired Power Plant in the Philippines

To ensure quality and polish CNTIC brand, CNTIC built up its construction team and domestic execution team for the Phase-1 and Phase-2 project of Puting Bato 1x135MW Coal-Fired Power Plant in the Philippines. With advanced and reliable design, high-quality and highly efficient procurement, as well as professional and considerate project management services, the project was successfully put into operation and reached the advanced level of the industry. Through the project, CNTIC and equipment manufacturers accumulated firsthand project experience in the Philippines, and trained a large number of talents. In addition, CNTIC hired 2,000 local employees for project execution. The power plant after completion provided more than 190 jobs, not only easing local energy shortage, but also effectively promoting local economic development.

Case CMC builds the Balarpukulia Coal Mine to promote regional development in Bangladesh



Local employees of CMC's Balarpukulia Coal Mine Project receive relevant training

Before the construction of the Balarpukulia Coal Mine, the project area was rather underdeveloped, home to a large population living on agriculture alone, the living conditions were harsh, and the local employment rate and school enrollment rate were extremely low. CMC's Balarpukulia Coal Mine project has engaged local residents in the supply of production materials and the provision of everyday services, which have greatly increased their income and improved their living environment. In addition, the coal mine project has also created good economic returns. From infrastructure construction to the Phase I, Phase II and Phase III of coal mining production contracting, the Balarpukulia Coal Mine has paid a total of RMB 489 million in taxes and fees to the Bangladeshi government, including value-added tax, income tax and customs duties. "China has been offering us help in the social and economic development of Bangladesh, especially the large-scale projects constructed by Chinese companies, such as the Balarpukulia Coal Mine and the coal-fired power plant", said former Bangladeshi Prime Minister Sheikh Hasina.

Promoting Exchanges and Cooperation

Genertec Group actively participates in international industry exchanges with an aim to continuously deepen understanding of foreign governments and companies on the Group, identify and follow the international market demand and development trends, and thus meet market demands and seize development opportunities.



Lu Yimin, Deputy Party Leadership Group Secretary and General Manager of Genertec, attends BRICS Business Council Annual Meeting and the 2018 BRICS Summit held in South Africa



CNTIC delegation at China Engineering Technology and Equipment Manufacturing Capacity Cooperation Expo in Indonesia



The China Postal and Telecommunications Appliances delegation at ITU Telecom World 2018



China Postal and Telecommunications Appliances Co., Ltd. supports relevant domestic enterprises in attending the Mobile World Congress

Helping Partners Grow

Genertec supports partners' development by continuously upgrading cooperation mode. In 2018, the Group continued to promote localized operations, prioritize local resources and enhance communication with local partners. We made particular efforts to share our development experience, and help partners improve in all respects in order to achieve common growing.

Case CMC takes multiple measures to strengthen subcontractor management for the Sirajganj project in Bangladesh



In order to ensure the quality of the Sirajganj power plant project, CMC has adopted a series of measures to strengthen the supervision over subcontractors' environmental management, which have guaranteed that the Sirajganj project could be implemented in accordance with the contract schedule, and helped subcontractors improve their environmental management capabilities.



We evaluated their corporate social responsibility performance in regard to environmental protection, safety, health and labor while choosing subcontractors.



During the cooperation with subcontractor, we supervise and urge that suppliers and subcontractors enhance their social responsibility awareness and continuously improve their social responsibility performance through way of reviewing and training.



We made clear of the social responsibility requirements for suppliers and subcontractors, stated our ethical and environmental standards in procurement and subcontracting contracts, and encouraged the use of safe, energy-efficient and eco-friendly equipment and materials to minimize impact on human health and the environment as possible as they can.



We regularly organized environmental inspections and training for subcontractors and kept written records.



CMC's Sirajganj project exerted no damage on local flora and fauna



Putting People First to Help Realizing New Dreams

People-centered, Genertec fully protects employees' rights and interests, works hard to motivate employees' creativity and enthusiasm with incentives, and is committed to achieving common growth with employees.



Protecting the Rights and Interests of Employees

Highlighting Employee Development

Safeguarding the Health of Employees

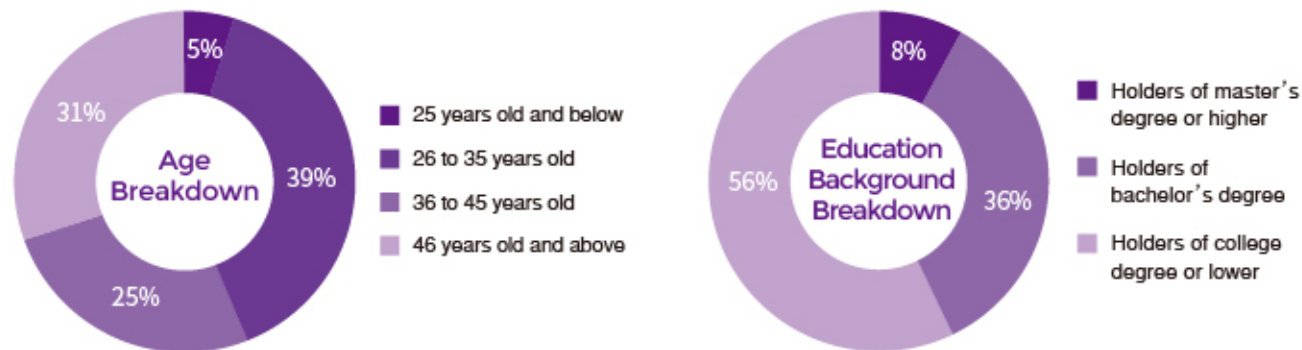
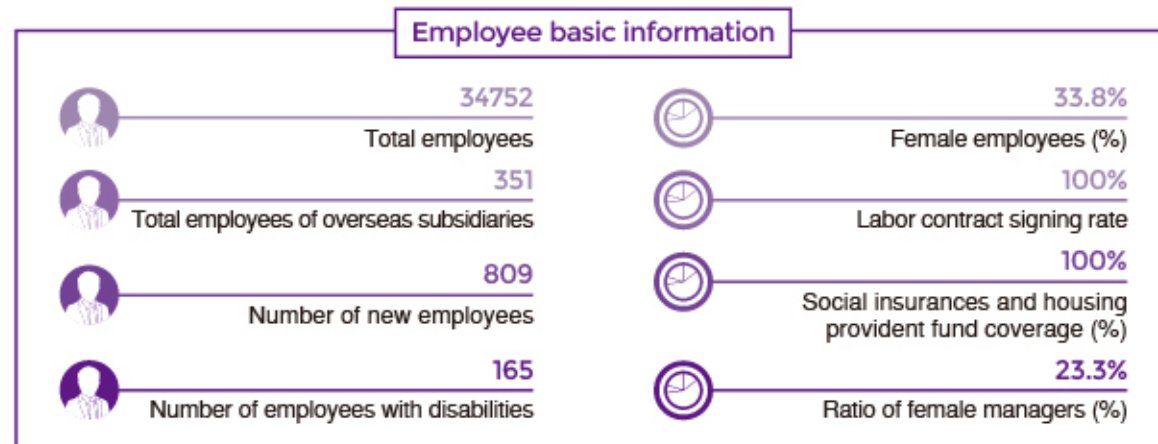
Caring for Employees

Protecting the Rights and Interests of Employees

Strictly abiding by national regulations, Genertec upholds equal employment, offers competitive compensation and benefits to the employees, listens to employees' opinions and needs, allow them to contribute to and benefit from corporate development and enhances their sense of ownership.

Equal Employment

In strict accordance with the requirements of the *Labor Law and the Labor Contract Law*, Genertec manages and adjusts labor relations with employees to ensure compliance in the field of employment. It bans any discrimination based on gender, age, race, or nationality, and the use of child labor or juvenile workers.



Employee Structure

Remuneration and Benefits

Genertec pays employees' salary and benefits as well as social insurances in full and on time, and strictly implements the Group's salary, benefits and vacation policies. In addition, the Group implements a unified annuity plan, and makes all kinds of contributions, transfer and renewal of social insurances and payments in strict accordance with established procedures. The Group also pays for supplementary medical insurance policies and group accident insurance for employees.

Case China Textile Academy increases rewards for S&T employees



In 2018, China Textile Academy issued the Evaluation Method for the General Manager Award Fund (Trial) and established the General Manager Award Fund. The fund recognizes subsidiaries, departments, teams and individuals with outstanding or special contributions to the implementation of corporate strategies, technological innovation, business management, transformation and development, etc., aiming to improve management and technological level, and promote the healthy development of China Textile Academy.

Democratic Management

Genertec actively strengthens the workers congress system, promotes democratic management, cares about employees, and addresses their concerns effectively. We hold staff meetings, workers congresses, meetings of criticism and self-criticism, and young employee seminars to listen to employees' opinions on the direction of corporate development, daily management, career planning, etc., and create a harmonious, united and understanding working environment.



Genertec executives at a democratic meeting

Case First-line engineering project team implements a democratic management system

The labor union team of the China Southern Airlines Daxing base dormitory project established a democratic management system. They held regular talks with employees, collected their opinions, and made decisions through a democratic process. While improving the transparency of work, they tried to understand employees' needs and opinions as much as possible, so as to strengthen and improve their work contents and provide better support for employees.

Highlighting Employee Development

Attaching great importance to employee training, Genertec has formed a systematic and targeted three-dimensional training model. Besides helping improve employees' professional skills, it has broadened their promotion channels, established an incentive mechanism, and provided a platform for them to show their talents and abilities.

Employee Training

Genertec pays much attention to the building of a high-caliber professional talent team. The Group provides employees with diverse training programs to meet different demands, and has formulated detailed annual training plans and regular training systems separately for new employees, young employees, and the middle-level management. Meanwhile, in order to meet the business development needs of various departments, we have organized training activities for accountants, administrative personnel and overseas project managers in countries along the Belt and Road, respectively, so as to enhance the professional skills of employees and enhance the pertinence and effectiveness of training.

In 2018, Genertec's training



covered
3,716 participants
in total



Genertec's Training System

Case Genertec organizes orientation training to help new employees integrate into the Genertec family more smoothly



In August 2018, Genertec held orientation training for 168 new employees from 13 subsidiaries. The training course focused on current affairs, the SOE reform and new development requirements of the Group, not only helped new employees fully understand the Group's strategies, organizational structure, culture and rules and regulations and develop a correct world view, outlook on life and values, but also laid a solid foundation for the healthy growth of these employees. The training included an on-board ceremony, lectures, evening galas and a tug-of-war competition, giving new employees an opportunity to show their passion and vitality and build ties with coworkers.

Case Genertec organizes training for professional managers

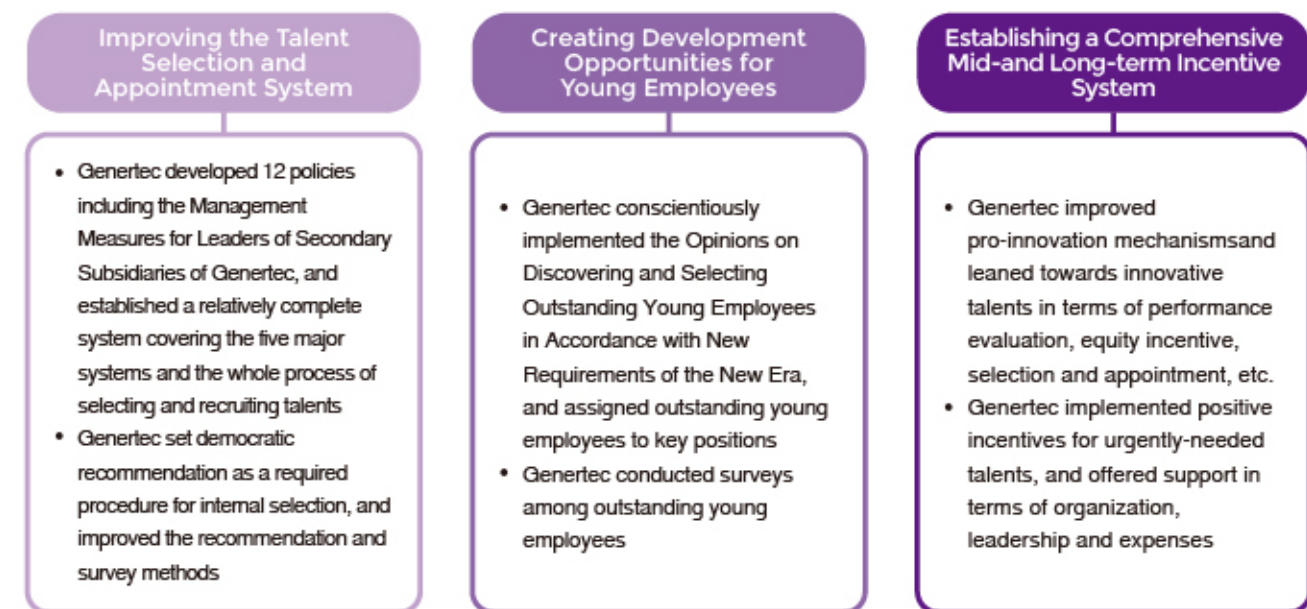
In June 2018, Genertec organized the seventh professional manager training session for young and middle-aged managers from subsidiaries at all levels. Participants through training understood the general principles, theories and methodology of business management, and cultivate professional corporate management awareness and thinking. The contribution of Group Management team was a highlight of the training. Xu Xianping, Party Leadership Group Secretary and Chairman of Genertec, shared his experience with trainees and expressed his expectations for them. The exchange with Chairman Xu helped the participants strengthen the sense of responsibility for making Genertec stronger, better and larger, and embrace the Group's corporate culture and strategy.

"I benefited a lot from the training. It not only taught me knowledge about modern corporate management, but also motivated me to improve my management ability and quality, broadened my horizons and enriched my knowledge."

Wang Junchuan, Deputy General Manager of China XinXing Construction Engineering Corporation Limited, a subsidiary of China XinXing Group, and a trainee of the seventh professional manager training session

Occupational Development

Genertec has always been committed to democracy, fairness and transparency in recruitment and appointment of staff members, based selection firmly on performance and practical achievements, and provided a platform for innovative talents and urgently needed talents, to create an environment where talents are respected, fair competition is upheld, and smooth promotion channels are guaranteed. In 2018, the Group surveyed 20 secondary subsidiaries and 11 head office departments and interviewed 715 employees before producing the candidate list of 271 outstanding young managers.



Genertec's Measures for Supporting Career Development of Employees

Safeguarding the Health of Employees

Genertec strives to ensure the health and safety of employees by optimizing the occupational health and safety management system (“OHS” System) and creating a safe and high-quality work environment.

Work Safety Management

Genertec has continuously optimized the work safety management system and gradually formed a “five-in-one” work safety system comprising “safety responsibility, management, investment, training and emergency response”, striving to improve work safety in an orderly manner.

In 2018



Physical examination covered 100% of our employees.



Case The work safety management efforts of Genertec Engineering Design Co., Ltd. start to pay off



In accordance with the requirements of the Group, Genertec Engineering Design Co., Ltd. not only formulated the Work Management Measures (TJZ [2018] No.97), *Work Safety Accident Contingency Plan* (TJZ [2018] No.98) and other rules and regulations, but also conducted on-site inspections on key projects, reviewed the rectification and proposed suggestions for improvement through the Safety Committee and the Work Safety Management Office. By taking series of measures, it further enhanced the safety management capability and standardized safety management at project sites, thus effectively reducing safety hazards and preventing the occurrence of safety accidents.

Improving Employees' Safety Awareness

Adhering to the principle of “safety first, prevention foremost”, Genertec carries out safety training, safety education and other safety-related activities, striving to improve employees' safety awareness. In 2018, we organized the Work Safety Month campaign throughout the Group to strengthen work safety supervision, increased input in safety training, and organized many fire protection training sessions and emergency drills to keep employees and their property safe.

Case Genertec organizes the 2018 Work Safety Month campaign



In May of 2018, the Group launched its 2018 Work Safety Month campaign, raised specific requirements for ensuring work safety of the year, and made it clear to raise the work safety awareness, implement the work safety responsibility system, and strengthen work safety management. It organized work safety training for employees to raise their work safety awareness.

Case GIM organizes training on fire safety



In June of 2018, Genertec Investment Managers Co., Ltd. (GIM) invited a drillmaster from Beijing Fire Prevention Center to give a lecture on fire safety, including fire prevention, evacuation and first aid, effectively enhancing the safety awareness of all employees and helping cultivate a safety culture and promote work safety in the Group.

Caring for Employees

To help employees live a better life, and encourage them to be more devoted to their work with better work-life balance, Genertec provides assistance to those in need, retirees and female employees so as to make them feel the warmth of the Genertec family.

Work-Life Balance

In order to help employees better balance work and life, Genertec organizes a variety of cultural and sports activities such as table tennis competition, tug-of-war competition, Chinese Lunar New Year celebration and employee sports meeting event to enrich employees' life, enhance cohesion within the Group and employees' sense of belonging. The Spring Festival Gala was staged for overseas staff who could not return home for family gathering.



The 5th Table Tennis Competition of Genertec Group



Employee walk race of China P&T Appliances



2018 Employee Basketball Competition of China XinXing Construction & Development, a subsidiary of China XinXing Group



Spring Festival Gala for the project team and local employees of China National Technical IMP. & EXP. Corp in the working camp of Ghorasal Combined-cycle Gas Power Generation Project, Bangladesh



Employee Sports Meeting of Beijing Machine Tool Research Institute Co., Ltd.



May 1 Tug-of-war Competition of Genertec Engineering Design Co., Ltd.

Timely Assistance to Employees

Genertec respects and cares for every employee and offers assistance to address their actual needs in diverse respects.

Helping Those in Need

We provide assistance to needy employees in a timely manner through surveys, offering subsidies in cash and in kind and comforting their family members to help them overcome difficulties. In 2018, trade unions at all levels of the Group organized a total of 763 visits to employees, and offered aids worth about RMB 1.93 million.



Xu Xianping, Party Leadership Group Secretary and Chairman of Genertec, visits a sick employee of China P&T Appliances

Case

Qiqihar No.2 Machine Tool (Group) Co., Ltd. actively provides assistance to employees in need



In 2018, Qiqihar No.2 Machine Tool (Group) Co., Ltd. conducted a thorough survey on the current working conditions of the company's model workers and employees in need, updated the records of needy employees, applied for RMB 242,000 of subsidies from the company, the city and the province, and visited 117 persons in need. The company also raised money for the education of children of needy employees.

Caring for Retired Employees

Attaching great importance to caring for retired employees, Genertec organizes visits to, physical examinations and cultural and sports activities for retired employees to improve their physical and mental health. In 2018, we paid special visits to retired executives, retired management and silver employees with chronic diseases, and earnestly organized activities for retired employees, including benefits distribution and medical reimbursement. We also organized health examinations and spring and autumn tours for retired employees, celebrated the birthday of more than 380 retirees, and visited more than 50 hospitalized retirees.



Caring for Female Employees

We support and care for every female employee. On Women's Day every year, we call on all subsidiaries and branches to organize activities that is good for the physical and mental health of female employees, such as sightseeing, flower arrangement and calligraphy lessons with the purpose to create a happy and supporting environment.



Case

Chinalight Group holds the "Healthy China, Happy Employees" popular health science lectures



In 2018, Chinalight Group and Chinese Preventive Medicine Association jointly held the "Healthy China, Happy Employees" popular health science publicity event. Experts on women's health were invited to provide voluntary medical consultation for female employees, so as to enhance their health awareness.





Promoting Community Harmony to Co-build a New Homeland

Guided by the corporate values of “innovation, entrepreneurship, harmony and win-win results”, Genertec actively implements the strategy of targeted poverty alleviation and continuously carries out social welfare activities. Meanwhile, the Group strives to promote the harmonious development of the global community by integrating CSR into the management and operation of overseas projects.



Targeted Poverty Alleviation

Contributing to Overseas Community Development

Public Welfare Activities

Targeted Poverty Alleviation

Genertec earnestly studies and implements the major decisions and strategic planning of the CPC Central Committee on winning the battle against poverty, and thoroughly follows the guideline put forward by General Secretary Xi Jinping on poverty relief. The Party Leadership Group of Genertec formulated the *Implementation Plan for the Three-Year Action on Winning the Battle Against Poverty* and the *2018 Work Plan for Poverty Alleviation*, made comprehensive strategic planning for resolutely fighting against poverty, and laid out the road map, measures and key tasks.

In 2018

Genertec invested RMB 15.2 million in poverty alleviation

Genertec was rated **“relatively good”** by the State Council Leading Group Office of Poverty Alleviation and Development for its efforts to fight against poverty



The Department of Party and Masses Relation (Office of Poverty Alleviation) of Genertec was rated as an “Model Unit in Poverty Alleviation in the Inner Mongolia Autonomous Region of 2018”

Conducting in-depth Research to Build a Solid Foundation for Poverty Alleviation

In order to better understand the real situation and needs of poverty alleviation, Genertec continue to conduct surveys in designated poverty-stricken counties. At the same time, we actively analyze the causes of poverty, and identify the relevant problems and areas to start, so as to lay a solid foundation for poverty alleviation tasks in the future. We have assigned three officials to oversee the poverty alleviation efforts on secondment in two designated counties, and sent 101 cadres at all levels in 26 batches to inspect counties where targeted poverty alleviation tasks were carried out. In addition, the Group has trained 1,100 cadres responsible for poverty alleviation.



Genertec executives inspect counties receiving fixed-point poverty relief



Genertec executives inspect the Chinese herbal medicine project for poverty alleviation in Wuchuan County



Genertec's Measures for Poverty Alleviation

Promoting Targeted Poverty Alleviation with a Clear Focus

Based on the actual conditions of the poverty-stricken counties and the Group's business layout, Genertec highlights priorities and characteristics in poverty relief efforts by focusing on three major areas: industrial development, education, and the social security net.



Key Areas in Genertec's Poverty Alleviation Efforts

Case Supporting Wuchuan County in the battle against poverty by restoring it to its former glory as the home to astragalus



Wuchuan County produces astragalus, or *huangqi*, and is a designated poverty-stricken county receiving poverty relief from Genertec. After studying local resource conditions, China Meheco Co., Ltd. created the new model of “companies + bases (cooperatives) + farmers” for the fight against poverty by developing the traditional Chinese medicine industry featuring the production and sales of the astragalus as well as other Chinese medicines such as Red Paeoniae Trichocarpae (*chishao*) and licorice (*gancao*). To this end, Inner Mongolia General Traditional Chinese Medicine Co., Ltd. is set up and run in a market-oriented way. Planting bases are built to extend the supply chain, and

jobs created for local people. Since 2016, the Group and China Meheco Co., Ltd. have invested a total of RMB 5.8 million in Wuchuan County, trained 62 households in five villages on modern planting techniques, offered jobs to local people, increased people's income, and directly lifted some households out of poverty.

Case Genertec stimulates internal impetus to development in Shangdu County by improving education and creating employment



Shangdu Genertec Primary School funded by Genertec

To meet the need for poverty alleviation through education and job creation in Shangdu County, Genertec has implemented a package of measures to address problems with local compulsory education and the employment of young people from poor households. The Group has helped build Shangdu Genertec Primary School, playgrounds with the synthetic track, and the air film museum. It has set up Genertec Education Development Fund and introduced the "Go West" University Student Volunteer Service Program to establish a stable team of teachers. In addition, by promoting the export of labor services to Japan, the Group has created employment opportunities for young graduates from poor families. By launching the CNC machine tool program in the Shangdu Vocational School, we effectively bolster the development of compulsory education in Shangdu County while creating employment opportunities for the poor graduates.

Contributing to Overseas Community Development

As a large conglomerate, Genertec gives full play to its platform and technological advantages to help promote local economic development, employment, and education in overseas project areas, contributing to local sustainable development.

In 2018, the Group



had **65** overseas projects completed or under construction
employed **534** foreign workers



spent more than RMB **1.6** billion purchasing materials and equipment from overseas project areas



CNTIC's overseas project teams donate materials to local schools and the needy



Case Kazakhstan-based subsidiary of China XinXing Construction & Development Co., Ltd. invites local orphans to visit project site



Children from Capital Welfare House visit the engineering laboratory of the Kazakhstan-based subsidiary of China XinXing Construction & Development Co., Ltd.

In October 2018, a Kazakhstan-based subsidiary of China XinXing Construction & Development Co., Ltd. invited orphans from Capital Welfare House to visit the company's highway construction site. The children not only learned about road construction, but also visited the project laboratory and tried some simple experiments by themselves. The trip was mind-opening and heart-warming. Children learned basic knowledge about construction through first-hand experience.

Case China Xinxing Group promotes friendship between China and Benin and gives back to local community



Chinese technicians of China Xinxing Group instruct local employees in completing tasks

China Xinxing Group has been vigorously supporting the development of local communities and benefiting the people in Beninsince entering the country. While developing its business in Benin, the company has been doing its utmost to fulfill its social responsibilities as a responsible Chinese company by creating jobs, improving people's livelihood, and supporting local education. It has helped train local students and workers, created more than one thousand jobs for local residents, and built the "China-Benin Friendship School" to support local education.

Case CCOEC contributes to the 1,000 units of prefabricated house project as part of China's aid to Myanmar



CCOEC helps build 1,000 units of prefabricated houses as an aid to Myanmar

The 1,000 units of prefabricated house project is an important aid project provided by the Chinese government for Myanmar. Imbued with a strong sense of political responsibility, and serving China's diplomatic policy towards Myanmar, China National Corporation for Overseas Economic Cooperation (CCOEC) worked closely with the Chinese Embassy in Myanmar in completing the purchase and transportation of all the materials needed for the project in a timely, safe and efficient manner and housing the displaced people in Myanmar as much as it can with the project. The project is highly appraised by the Myanmar side and has enhanced the China-Myanmar friendship.

Public Welfare Activities

As a central SOE, Genertec actively fulfills its social responsibility by continuously improving its volunteer service system and encouraging employees to participate in community services, education aid, disaster relief, and blood donation to help people live a better life.

Youth Volunteer Service

Genertec established its "Youth Volunteer Service Team" in 2011. In 2018, its branches at all levels carried out various volunteer activities under the theme of "One Heart, One Dream" to serve vulnerable groups.



Genertec "One Heart, One Dream" volunteer activity



China Xinxing Group offers free medical consultation to local residents

Case Youth volunteers from CAERI provide volunteer service



Volunteers from CAERI in the "Safe Travel" activity

CAERI actively carries forward the Lei Feng Spirit, and advocates the volunteer spirit that highlights "dedication, friendship, mutual assistance and progress". The company has set up youth volunteer teams to donate blood, repair household appliances for local residents for free, and launch safety publicity campaigns on a regular basis. In 2018, volunteers from CAERI repaired home appliances for residents in the Lijia Neighborhood in Chongqing, and their service was highly praised by residents. In addition, CAERI and the traffic police in Chongqing Liangjiang New Area jointly launched two public welfare activities with the theme of "Safe Travel" to raise children's and teenagers' awareness of road safety in an entertaining way, and called on the whole society to pay attention to the road safety of children and teenagers.

Case PTAC vigorously carries out the "Learn from Lei Feng" activity under the theme "One Heart, One Dream"

China Postal and Telecommunications Appliances Co., Ltd. (PTAC) actively responded to the proposal of Genertec's Communist Youth League Committee for a "Learn from Lei Feng" activity under the theme of "One Heart, One Dream". The company encouraged all young employees to learn from Lei Feng by performing their tasks well and adapting the Lei Feng Spirit to the new era. Moreover, Communist Youth League organizations of PTAC have carried out "Learn from Lei Feng" activities in various forms, which greatly motivated young employees to carry forward the Lei Feng Spirit in their daily lives by taking the initiative to participate in volunteer service, regarding helping others as their own responsibility, and taking pleasure in helping people.

Donations

With donations of money and emergency supplies, Genertec not only helps improve the life of those in need, but polishes Genertec's image as a caring and responsible enterprise.



Books donated by Qiqihar No.2 Machine Tool (Group) Co., Ltd. to teenagers in poverty



CAERI donates money and sanitation vehicles to Shizhu County, Chongqing

Case Chinalight Group makes donations regularly to schools in poverty-stricken areas in Guizhou Province



Chinalight Group donates teaching equipment to a primary school in Guizhou

Since 2015, the Guangzhou subsidiary of Chinalight Group has donated more than RMB 100,000 worth of teaching equipment, office furniture, books, rain gear, and winter clothing to Shaba Primary School in Loushuan, Guizhou Province to contribute to local education development.

Case Genertec International Logistics donates supplies to the poor in the winter



Donation by Genertec International Logistics

The Labor Union and the Communist Youth League committee of Genertec International Logistics jointly organized an event to donate winter clothes and quilts to villagers in poverty-stricken areas. The donation was an embodiment of CSR fulfillment and core socialist values, and gave full play to the demonstration and leading role of Genertec International Logistics as a central SOE.

Outlook

The year 2019 marks the 70th anniversary of the founding of the People's Republic of China, is a crucial year for China to build a moderately prosperous society in all respects, and will witness the full launch of Genertec's pilot reform as a state-owned capital investment company and the implementation of the corporate development strategy of developing Genertec into a world-class enterprise with global competitiveness and known for its innovation, green development, technology expertise, healthcare products and international operation. We will remain true to our original aspiration and keep our mission entrusted by the times and the state firmly in mind, grasp strategic development opportunities that arise as China opens wider to the world and deepens its reforms, further the supply-side structural reforms to pursue innovation and change, and further consolidate the foundation for high-quality development, thus better serving the national development strategy. We will also actively fulfill our social responsibilities, assume a greater role in implementing the "Made in China 2025", "Healthy China 2030 Initiative" and "the Belt and Road Initiative", carry forward the spirit of central SOEs, and make new and greater contributions to the sustainable development of the Chinese economy and society.

Strengthening Innovation-driven Development

We will accelerate innovation-driven development, and continuously improve our independent innovation system. By pooling advantageous resources and the Group's wisdom and strengths accumulated in the fields of advanced manufacturing and technical service consulting, pharmaceutical and healthcare, trade and engineering project contracting, we will boost technological innovation, management innovation and institutional innovation, and thus contribute to the implementation of some key national strategies such as "Made in China 2025" and "Healthy China 2030 Initiative".

Advancing Green Development

We will continue steadfastly to pursue green development so as to build Genertec into "Green Development Practitioner" by improving the environmental management system, promoting green production and operation, and taking green concept in all our core businesses and in our pursuit of high-quality development. At the same time, we will actively promote the concept of environmental protection and contribute to the fight against pollution so as to realize harmonious coexistence between the Group and nature.

Deepening International Operation

We will speed up the development of the international markets, promote the entire industry chain to go global, and write a new chapter for developing Genertec into a "Global Player". We will deeply engage in the "Belt and Road Initiative" and international production capacity cooperation. While expanding overseas markets and enhancing our international influence, we will actively integrate into local communities and share development results with the world.

Contributing to Social Harmony

By giving full play to the Group's advantages in core businesses, we will provide strong support for high-quality economic development of China to meet the people's needs for a better life. We will always putting people first and help employees realize their expectations for their career so that they can grow with the Group. We strive to be a pioneer in CSR fulfillment among all central SOEs by making more efforts in targeted poverty alleviation and in fighting against poverty. We will improve the volunteer service system and overseas CSR performance mechanism to build up the image as a responsible international corporation, and play our part in community construction and sustainable development in China and the world.

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