Report Introduction
This report is the 12th CSR report issued by the State Development & Investment Corp., Ltd (or "SDIC", "Company", "Group", and "We"), which systematically discloses the efforts of SDIC have made in economic, social and environmental aspects. The reporting time range is from January 1, 2019 to December 31, 2019, and some content is beyond the range.

Reference Standards
United Nations Sustainable Development Goals (SDGs) 
International Organization for Standardization (ISO) "Guide to Social Responsibility: ISO26000" 
Global Reporting Initiative (GRI) "Sustainability Reporting Standards" 
State-owned Assets Supervision and Administration Commission of the State Council, "Guiding Opinions on Better Performing Social Responsibilities of State-owned Enterprises" 
"China Corporate Social Responsibility Reporting Guidelines (CASS-CSR4.0)" by the Chinese Academy of Social Sciences

Sources
The information and data used in this report come from the Company’s official documents and statistical reports. The financial data in the report is in CNY, unless otherwise specified.

Report Rating
The SDIC Corporate Social Responsibility Report has been rated as a five-star report by the China Corporate Social Responsibility Report Rating Expert Committee for four consecutive years.

Further Reading
For more information of SDIC or download the electronic version of this report, please visit: www.sdic.com.cn

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Message from the Chairman

We have been always given top priority to adhering to the party’s leadership and strengthening party building, and created solid foundation and mindset for high-quality development. Focusing on the general requirements for party building in the new era, we have carried out the education on the theme of “remain true to our original aspiration and keep our mission firmly in mind”, and strengthened the ideals and beliefs, in and effort to upgrade the consciousness of the need to maintain political integrity, think in big picture terms, uphold the leadership core, an of resolutely upholding General Secretary Xi Jinping’s core position on the Party Central Committee and in the Party as a whole, and resolutely upholding the Party Central Committee’s authority and its centralized, unified leadership. Actively cooperating with the central inspection team, we have made every effort to promote the rectification. We have fully implemented the requirements of the party’s guideline in the new era, and strengthened the building of cadres and talents. Taking The Year of Excellent Party Building as the starting point, we have vigorously promoted the standardization of grassroots party building, further enhanced the creativity, cohesion and capability of party organizations at all levels, and provided stronger political guarantee for the Company’s high-quality development.

We resolutely implement the major decisions and deployments of the Central Committee of CPC and the State Council, and proactively serve the national strategy. We deepen the reform as the state-owned capital investment company, and make new progress in the reform of mixed ownership and equity incentive mechanism. SDIC Gaoyin has successfully completed the reform of equity diversification. Beijing Tongyizhong has introduced strategic investors, and 8 reform pilot companies including the China High-speed Railway have implemented new methods of management. We persist in investing for the nation, and serve the national strategies including targeted poverty alleviation and rural revitalization, innovation-driven development, and coordinated regional development and Belt and Road initiatives. In 2019, we have actively increased investment in the Xiongan New Area, the Beijing-Tianjin-Hebei region, the Yangtze River Delta region, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Hainan Free Trade Zone to promote coordinated development of the regional economy.

We deeply implement the new development concept, lead industry cultivation, and promote structural adjustment. Firmly grasping our mission and positioning, we have been focusing on the four strategic business units, namely, basic industry, forward-looking strategic industry, finance and service industries, and international business, vigorously promoting transformation and innovation, optimizing the business structure, advancing high-quality development, and serving the national strategy and people’s wellbeing. In 2019, the total scale of funds under management has reached nearly 200 billion yuan. SDIC Health’s senior care projects in Shanghai and Changzhou officially opened for business. SDIC Intelligence successfully acquired Xiamen Meiya Pico. Geit completed the M&A of Hunnan Engineering Testing Center, and 16 high-tech enterprises invested by the fund platform went public on Sci-Tech Innovation board (STAR Market).

We firmly take the road of green development, practice clean production, and actively respond to climate change. We continue to increase the investment in clean energy, and strive to build a demonstration base of Yangtze River, accelerate the development of renewable energy such as solar, wind and biomass energy. We actively deploy environmental protection industry. China Water Environment Group Ankang Jianshan Reclaimed Water Plant has been officially put into operation and successfully won bids for sewage treatment projects in Haikou and other areas. We make every effort to promote energy conservation, emission reduction and ecological protection, and effectively reduce the impact of enterprise production and operation on the environment. We explore green financing, issue green bonds, and help environmental protection in new ways. As of 2019, the Company has been awarded The Outstanding Contribution Enterprise for Energy Conservation and Emission Reduction for three consecutive terms.

We have steadily promoted targeted poverty alleviation, combated the COVID-19 epidemic, and secured a decisive victory in poverty alleviation. Adhering to the combination of social public welfare and fund investment, we explore a long-term mechanism for targeted poverty alleviation. As of the end of 2019, the Company has invested 169 million RMB yuan in free assistance funds to four designated poverty counties in Luodian County, Pingtang County, Guizhou Province, Ningxiang County and Heshui County in Guangxi Autonomous Region, benefiting 1.32 million poor people.

In 2019, the two funds co-established and managed by SDIC, has completed 31 investment projects with an amount of 10.3 billion RMB yuan, covering 14 concentrated destitute areas. In March 2020, all four designated poverty counties have been excluded from the national poverty list. SDIC has been rated as “Good Level” in the poverty alleviation assessment conducted by State Council’s Poverty Alleviation Office for three consecutive years.

In the face of the unexpected outbreak of COVID-19 in early 2020, SDIC resolutely fulfilled the political and social responsibilities as an SOE, made early arrangements, and effectivly implemented the decisions and deployment of the Central Committee of CPC and the State Council. From public donations to work resumption, the Company jointly operated with subsidiaries and holding enterprises, fought side by side with the people of Hubei and the whole country to overcome difficulties, and made its own efforts to prevent the pandemic prevention.

We actively integrate into the globalization, serve the Belt and Road Initiative, and fully implement overseas social responsibilities. We fulfill the open cooperation, open innovation for the world economy benefiting all initiative, accelerate the Go Global process, and focus on promoting overseas direct investment, international engineering contracting, international trade and other international businesses. As an effort to promote the development of SDIC and the sustainable development of the global economy, in 2019, SDIC Trade signed a 6.2 billion yuan procurement intention agreement at the 2nd China International Import Expo. SDIC Zongliu Fruit Juice was firstly launched in Russia. SDIC Power’s first offshore wind power project in Europe was officially operated. SDIC Power also won the bid for Thailand’s waste incineration power generation project. In addition, SDIC successfully issued overseas bond again. We persevere in fulfilling overseas responsibilities, focusing on compliance operations, protecting the ecological environment, carrying out public welfare charity, and highlighting the image of global corporate citizenship.

2020 marks the final year of the 13th Five-Year Plan, which is the decisive year of building a moderately prosperous society in all aspects. SDIC will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, remain committed to the underlying principle of making progress while keeping performance stable, lead the work with new development concept, continue to promote high-quality development, accelerate the pace of building a world-class capital investment company with global competitiveness, and new and greater contributions to the decisive victory in building a moderately prosperous society in all respects!
Focus One

15AI High-quality Development Takes a New Level

In 2019, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, SDIC has resolutely implemented the decisions and deployment of the Central Committee of the CPC and the State Council. We have been adhering to the new development concept, serving the national strategy, accelerating the development of new businesses, and promoting transformation and upgrading. We have moved toward high-quality development with steady progress. The annual operation income was 155.6 billion yuan, a year-on-year increase of 16%, the total assets at the end of the year were 631.9 billion RMB yuan, and the total profit has achieved a record high of 20.1 billion RMB yuan. The Company has been awarded the A-level in the annual performance evaluation conducted by the State-owned Assets Supervision and Administration Commission (SASAC) for 15 consecutive years and has been awarded outstanding performance enterprise for five consecutive terms.

The growth of the total profit since the 18th CPC National Congress

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Profit (billion RMB yuan)</th>
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<tr>
<td>2013</td>
<td>115</td>
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<td>2014</td>
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Unit: 100 million RMB yuan

The scale of fund management has reached nearly 200 billion RMB yuan

Optimization of Basic Industries

SDIC combines its own development strategy with national strategy and social needs, continually invests in basic industries that are related to national security and the lifeline of the national economy, and strives to give play to the leading role of state-owned capital in the national economy.

In 2019

- **Power industry:**
  - SDIC Power successfully acquired Xinjiang garbage power, Hushou PV and Xinjiang PV projects.
  - Yalong River Hydroproject's midstream UHVDC transmission project has been approved, laying a solid foundation for the consumption of electricity.
  - Yalong River Hydropower's two projects, hydroproject stations in Langhe Kou and Yangfang Gou is progressing smoothly.
  - SDIC New-energy has got involved in the Hainan charging pile industry.

- **Transportation industry:**
  - SDIC Communications successfully completed the assets reorganization of Chongqing Guojian Port and Chongqing Gangjiu.
  - SDIC Communications and COSCO Shipping signed a strategic cooperation agreement on resource integration at the port of Hainan.
  - SDIC Jingtang Port launched the first ultra-low sampling system in domestic ports to meet the needs of coal inspection.

- **Mineral business:**
  - SDIC Mining's Jincheng Metallurgy and Fujian Resources put into operation and made profits in the same year.
  - SDIC Chongqing Shale Gas 206 Well set a record for the deepest shale gas well of PetroChina.

New Progress from Emerging Strategic Business

SDIC promotes the integration of fund investment and holding investment, focusing on the development of forward-looking strategic industries such as advanced manufacturing, environmental protection and new energy industry, health industry, information technology industry, inspection and testing.

In 2019

- **Advanced manufacturing:**
  - SDIC Gaosit acquired holding shares of Hefei Bolin New Materials Co., Ltd.
  - China High Speed Rail won the bids for the operation and maintenance project of Tianjin Metro Line 7 and the maintenance of Kaimen Rail.

- **Environmental protection and new energy industry:**
  - SDIC Ecological and Environmental Protection investment platform was established.
  - China Water Environment Group's Shaanxi Ankang project was officially in operation and won the bid for sewage treatment project in Hukou.
  - SDIC BioTech expanded sales channels, and sales of fuel ethanol products increased by 50% compared with the previous year.

- **Big health industry:**
  - SDIC Health Shanghai Hongkou Rainbow Bay Seniors Home and Changzhou Elderly Residence officially opened for business with an increase of 1000 beds.
  - SDIC Health launched a cloud platform project to improve the informatization level.
  - SDIC Health and China Biosys Investment Co. jointly invested in Suzhou to build a health care complex that integrates functions such as elderly care, rehabilitation, nursing, and health management. The project is the first pilot project of training and rehabilitation institution reform for central enterprises.
  - SDIC Gaosit’s first women and children clinic was launched in Shanghai to promote the distribution of superior medical resources.

- **Digital-economy industry:**
  - SDIC Intelligence acquired Shenzhen Meiya Pico, a leading company in the electronic data forensics industry.
  - GIOT acquired human engineering Testing Center.

- **Inspection and testing industry:**
  - 16 high-tech companies invested by SDIC-associated funds went public on STAR market.
Steady Development of Financial and Services Businesses

SDIC actively develops financial services such as securities, guarantees, trusts, futures and finance, and steadily develops service industries such as architectural design, consulting services, and human resource services to promote social and economic development.

In 2019

The total assets of the financial and service sector have reached 309.5 billion RMB yuan, realizing a profit of 6.2 billion RMB yuan.

Steady Development of International Business

Based on the trend of the world economy, SDIC deeply implements the Belt and Road Initiative. Relying on its own businesses and advantages, SDIC clarifies the field of international business development, focuses on promoting overseas direct investment, international engineering contracting, international trade and other international businesses to improve the company’s internationalization.

In 2019

Total international business revenue was 48.352 billion RMB yuan, total international business assets were 56.461 billion RMB yuan.

Remarkable Results from Capital Operation

In 2019, the capital operation of SDIC achieved significant results, which contributed to the Company’s sustainable development.

- SDIC Power took the lead in the Global Depository Receipt of Shanghai-London Stock Connect.
- The $1 billion yuan convertible bond of SDIC Capital got approved by the Securities and Futures Commission of China Securities Regulatory Commission.
- COMPLANT launched the first non-public offering of its shares.
- Rongshi International raised US$680 million for overseas medium- and long-term bonds.
- SDIC successfully participated in the Beijing-Shanghai high-speed rail IPO strategic placement.
- SDIC successfully participated in the listing of China Water Environment Group in Hong Kong.
Focus Two
Decisive Battle against Poverty

Since its establishment in 1995, SDIC has actively responded to the call of the Central Committee of CPC and the State Council. It has successively undertaken the targeted poverty alleviation and development tasks in nine counties across the country and aided Xinjiang and Tibet for poverty reduction. By strengthening guidance and talents, SDIC has explored diversified targeted poverty alleviation mode in an effort to promote the completion of China’s poverty alleviation task. In 2019, SDIC focused on the outstanding issues of “the guarantee that poor people do not need to worry about food or clothing, and that they have access to compulsory education, basic medical services and safe housing”. On the one hand, it increased personal and capital input and continued to innovate support methods so as to help designated poverty counties shake off poverty as planned. On the other hand, with its own investment experience and advantages, SDIC has utilized concepts of industrialization and marketization to guide social capital into poverty-stricken areas, and support the local enterprises, thereby driving industrial development in the poor areas and increasing government taxation and people’s income.


- A total of 3,283 billion RMB yuan has been invested in various poverty alleviation funds
- Invested 169 million RMB yuan in free aid funds in 4 designated poverty counties
- Sent 115 cadres to the poverty counties
- Benefited 1.32 million people
- The impoverishment rate fell from the highest 38.1% to the lowest 0.09%
- Invested 2.6 billion RMB yuan to launch and manage two industrial poverty alleviation funds, with a total scale of 34.205 billion RMB yuan
- The two industrial poverty alleviation funds have completed a total of 130 investment projects with an amount of 24.765 billion RMB yuan, covering all 14 concentrated destitute areas
- SDIC has been rated as good in the poverty alleviation assessment conducted by State Council’s Poverty Alleviation Office for three consecutive years.

Targeted Poverty Alleviation

SDIC pays particular attention to helping people, especially the weak, increase confidence in their own ability to lift themselves out of poverty and see that they can access the education they need to do so. Adhering to the combination of social public welfare and fund investment, SDIC promotes poverty alleviation through industrial support, education support, consumption support, special project, construction support, fund and personnel input. In March 2020, four targeted poverty alleviation counties supported by SDIC, namely, Luodian County and Pingtang County in Guizhou Province, Ningxian County and Heshui County in Gansu Province, have been officially excluded from the national poverty list.

In 2019, President of SDIC Shi Hongxiang (fourth from right) investigates the poverty alleviation work.
CASE Internet + promotes income growth- SDIC Fund innovates consumption to help poverty alleviation

In 2019, SDIC issued the Notice on Promoting Poverty Alleviation by Consumption, calling on all member enterprises of the Group to support poverty alleviation, such as supplying agricultural products to Group’s canteen, and actively utilizing the Internet + advantage to build welfare e-commerce platforms. These poverty reduction online platforms have mobilized a wider range of social forces to support the income growth of the poor people.

CASE Organizing embroidery training for grassroots cadres to enhance motivation for poverty alleviation

In October 2019, the SDIC Pingtang 2019 Grassroots Cadre Embroidery Training co-sponsored by the SDIC Poverty Alleviation Office and the China Poverty Alleviation and Development Association was held in Zheni Town, Pingtang County, Guizhou Province.

The training course invited experts from the Qingdao Agricultural University and the Pingtang County Party School to give lectures on realizing rural revitalization strategies and developing village collective economy and exploration of rural industrial development to help grassroots cadres improve their ideological understanding and industrial development theory.

The embroidery class provided special training for 100 people who intended to apply for poverty alleviation and industrial development theory.

The training course invited experts from the Qingdao Agricultural University and the Pingtang County Party School to give lectures on realizing rural revitalization strategies and developing village collective economy and exploration of rural industrial development to help grassroots cadres improve their ideological understanding and industrial development theory.

CASE Helping the development of hog breeding industry in poor areas

In recent years, with the industrial upgrading, large-scale and standardized hog breeding has gradually become the mainstream of the industry, playing a powerful role in helping the economic development of poverty-stricken areas. SDIC Chuangyi Fund (managing agency of the two poverty alleviation funds mentioned above) has started the layout of hog breeding industry in poor areas since its beginning of poverty alleviation.

A hog breeding platform jointly built by Muyuan Foods Co., Ltd explored new “3+N” poverty alleviation model

In 2018, SDIC Industrial Investment Fund for Poor Areas invested 800 million RMB yuan to establish a hog breeding platform in poor areas in cooperation with Muyuan Food Co., Ltd. Under the “3+N” model (”3” refers to asset income, transfer of employment and labor outsourcing; “N” refers to a combination of various poverty alleviation methods including financial support, order support, consumption support, education support, etc.), the modern pig breeding base in 25 poor counties in eight provinces, including Henan and Shanxi, with a total investment of 2.67 billion RMB yuan were built. These establishments can directly drive employment of 10,000 people, and 30,000 more through upstream and downstream projects including construction, transportation logistics, feed production, pig slaughtering, etc. It will benefit 600,000 rural households through the purchase of raw feed grain. In 2019, the two funds invested 1.1 billion RMB yuan and spurred other shareholders to invest 3 billion RMB yuan to continue to support Muyuan’s accelerated construction of pig breeding bases in poor areas.

Investment in Guangdong Yihao to drive employment for the youth

SDIC’s Industrial Investment Fund for Poor Areas also invested 600 million RMB yuan in Guangdong Yihao Foodstaff Co., Ltd. The two sides jointly established the local hog breeding bases in poor counties such as Longhua County, Hubei Province, and recruited more than 20,000 young employees from poor counties and districts. After being trained, these employees are employed in stalls and retail stores, or start their own businesses with the help of Yihao Food. As of January 2020, after the new projects putting into operation, the scale of pig breeding in enterprises supported by the fund would reach 30 million pigs, directly driving more than 30,000 employment, and indirectly driving more than 50,000 people out of poverty.
Focus Three
Combating COVID-19

In early 2020, a sudden outbreak of COVID-19 spread from Wuhan to the whole country. Under the strong leadership of the party and the government, an epidemic prevention and control battle concerning people’s lives and health began. As a central enterprise, SDIC actively fulfills its political and social responsibilities and effectively implements the decisions and deployments of the Central Committee of CPC and the State Council, fighting together side by side to overcoming the difficulties, and contributing to resolutely win the battle.

Units at all levels regard General Secretary Xi Jinping’s important instructions as an important way to win the battle against COVID-19. According to the deployment requirements of the Central Committee of CPC and the State Council, and the Party Committee of the SASAC, the Company should make the epidemic prevention and control the most important political task at present, profoundly realize the importance and urgency of the effort, and resolutely win the battle with a strong sense of responsibility to the Party and the people.

—— Bai Tao, Chairman of SDIC

The Leading Group Quickly Responds to the Epidemic

SDIC initiated the emergency management as soon as possible, and established an emergency leadership group. Each unit accordingly established a strong leadership system and a highly efficient working mechanism. We quickly learned and conveyed the spirit of the central government, and timely made deployment to promote the prevention and control of COVID-19. At the same time, in order to deepen the prevention measures, the Company issued 10 Measures for Epidemic Prevention and Control and 10 Measures to Win the War Against COVID-19, and issued notices about epidemic prevention to mobilize and strengthen joint efforts. The Company also convened special meetings on work resumption to comprehensively coordinate production operations.

Donation with Largess

SDIC and its subsidiaries have donated money and materials to support anti-epidemic. As of May 2020, SDIC donated a total of 53.2 million RMB yuan in cash. At the same time, 800 tons of alcohol disinfectant were donated, and 7.45 million RMB yuan of various materials were discounted. The total donation reached 70.65 million RMB yuan (excluding employee donations). Each fund management platform calls on their respective invested companies to contribute resources and fulfill their social responsibilities. Among them, SDIC Chuangyi Fund and the two funds it managed and investment companies donated a total of 273.95 million RMB yuan, donated medicines, disinfectants, ventilators, nutrients and other materials worth more than 70 million RMB yuan, 2,044 million masks, and 183.63 million protective garments.

Supporting Market Stability

SDIC units actively participated in local epidemic prevention and control. It gave full play to its business advantages and concentrated on responding to the risks caused by the epidemic. The company concentrated and coordinated resources to provide guarantee for transportation of materials in short supply, maintained market supply stability.

SDIC Power Fighting the "epidemic" to ensure power supply

The cadres and employees of SDIC Power faced the difficulties, and worked overtime to ensure the power supply for the people. During the Spring Festival, Yalong River Hydropower delivered 1.5 billion kWh of clean electricity, which was higher than the same period last year.

SDIC Trade Ensuring the raw materials supply for epidemic prevention and elimination

Industrial salt is the main raw material for sodium hypochlorite and disinfectant. SDIC Trade followed up the whole process of industrial salt imports, and cooperated with suppliers such as shipowners and freight forwarders to ensure that 55,000 tons of imported industrial salt arrived in time.
Invested Companies in the Medical Sector Supported Anti-Epidemic Battle

A large number of pharmaceutical and medical-related enterprises invested by or affiliated with SDIC Fund, SDIC Unity Capital, SDIC Ventures Capital, gave full play to the advantages in virus detection, new drug research and development, Internet medical care, pharmaceuticals and medical supplies, production and supply, etc, so as to advance scientific breakthrough for anti-epidemic effort.

**Anti-epidemic assistance by invested enterprises in the medical sector (in part)**

- **Novogene Co., Ltd.:** Provided free sequencing services to scientific research institutions for virus and vaccine research and development; developed a nucleic acid detection kit that meets the needs of rapid inspection on the scene, simplify the nucleic acid detection process, and improved diagnostic efficiency.

- **Bright Gene:** Successfully imitated and developed the synthetic technology of Remdesivir.

- **Sinametrics Inc.’s China-US R&D team:** Jointly developed a new treatment method based on RNAi.

- **CanSino Biologics Inc.:** Conducted R&D on adenovirus vector vaccine and mRNA vaccine.

- **Clover Biopharmaceuticals, Stemirna, Bowo Biology, etc.:** Invested by sub-funds of SDIC Unity Capital all conducted vaccine research and development.

Invested Companies in Innovative Technology Helped Epidemic Control

Digital technologies such as big data, artificial intelligence, and cloud computing have important supporting roles in epidemic monitoring and analysis, virus tracing, prevention and treatment, and resource allocation. SDIC’s invested enterprises in these technical fields have fully exerted their own strength, and played an active role in strengthening the joint prevention and control of epidemic situations, ensuring information security, and restoring production and construction.

**Xiamen Meiya Pico:** Using big data to support epidemic prevention and control

The big data team of Xiamen Meiya Pico designed and developed a special working platform for “COVID-19 monitoring” to realize the epidemic traceability, predictability, visualization and quantification, which provided the relevant departments in nearly 30 provinces and cities such as Beijing, Hunan and Guangdong the big-data-based information, such as national epidemic spreading trend, epidemic situation analysis, traffic information inquiry, comprehensive analysis of diagnosed personnel and close contact personnel.

Double Guarantee to Accelerate Work Resumption

After the epidemic control has stabilized, it is an urgent task to resume work as soon as possible. In accordance with the requirements of emphasis on key points, overall consideration, classification guidance, and zoning policy, SDIC member companies have made great efforts both in preventing and controlling epidemic situation as well as resuming operation, and strive to maintain stable production and operation. As of the end of February 2020, among the 421 enterprises of SDIC, 407 had resumed production, and the overall rate of production resumption was 99.75% (excluding seasonally suspended enterprises). At the same time, the human resources service company under the SDIC has utilized its own business advantages to provide online recruitment services for enterprises, support more enterprises to restart operation with low risk, and help more people to secure employment.

**SDIC:** Issued the first SOEs renewable corporate bond for the epidemic prevention and control

After the pandemic occurred, based on the actual situation of its member companies, SDIC took multiple measures to coordinate financial resources, through timely and special financing arrangements, so as to ensure the supply for operation resumption smoothly and orderly. On February 18th, 2020, SDIC took the lead to issue the first 500 million RMB yuan domestic SDIC’s renewable corporate bond for epidemic prevention and control on the Shenzhen Stock Exchange. The funds will be used to support the relevant member enterprises of epidemic prevention to carry out epidemic material production.

The securities issuance interest rate is 3.38% and the term is 3+1 years. The highest issuance rate of renewable corporate bonds with the same term since 2017, which attracted a number of high-quality investors.

**iGuopin Takes Action in Spring:** Online recruitment helps work resume

In order to implement the spirit of General Secretary Xi Jinping’s important speech on stabilizing employment, on March 2nd, 2020, led by the SASAC, a large-scale online recruitment, “iGuopin Takes Action in Spring”, jointly launched by CCTV and Guopin, focusing on key groups such as fresh graduates, migrant workers, and labor in poor areas. The recruitment has held for many specific regions, such as the Yangtze River Delta, the Great Bay Area, Hubei, and the Poverty Alleviation Session. As of mid-June, the online recruitment has accumulatively attracted more than 6,700 enterprises, posted nearly 800,000 jobs with 210 million page views, receiving more than 3.9 million resumes. Since the launch of the online activity, CCTV News has reported the recruitment eight times, which has aroused widespread concern in the society and achieved good response.

**China I&G:** Reduce premiums to support small and micro enterprises to resume production

In order to support small and micro enterprises to fight against the epidemic together, China I&G has reduced the premiums of 20 small and micro enterprises for 2 months. The total guarantee liability amount is nearly 100 million yuan, which has effectively eased the financial pressure of these small and micro enterprises amid special periods and helped them to normalize operation and tide over difficulties.

Aiding Micro and Small Companies to Overcome the Hardship

The COVID-19 has brought great challenges to the operation of small and medium enterprises. To help them resume work and production, SDIC financial sector companies has increased financial support for small and micro enterprises, and reduced their financial burden to overcome difficulties together.

**China I&G:** Reduce premiums to support small and micro enterprises to resume production
Starting from Heart

Our actions

- 115 legal persons have been reduced, with a reduction ratio of 35%.
- Mixed ownership enterprises account for 81%, owning 63% assets.
Heart Story

Some people say that architecture is the greatest creation of people. Then the architects are the creator of this great creation. With wisdom and imagination, the architects endow bricks, tiles, wood, and stones with spirituality, and use poetic combinations to give the building its own life and soul.

On September 25, 2019, Beijing Daxing International Airport officially put into operation. As a large international aviation hub that radiates the world, Daxing International Airport has completed its scheduled construction tasks in less than 5 years and has been successfully put into operation, fully demonstrating the strength of Chinese engineering construction. Among them, the architecture team of Wang Zhenjun fully demonstrated the enterprise culture of China Electronics Engineering Design Institute through excellent professional ability and literacy.

The Ultimate Requirements for Building Quality

In 2015, the matching projects for Beijing Daxing International Airport Terminal Project were openly tendered. “The top 30 design institutes in the country all participated in the bidding, and the competition was very fierce.” Wang Zhenjun, chief architect of China Electronics Engineering Design Institute, said, “Our team successfully won the bid for 3 feasibility projects and 6 general contract projects of design. It’s an arduous job.”

All bidding and selection of matching projects for Daxing International Airport are back-to-back. After obtaining the bidding documents, Wang Zhenjun’s team can only present the design requirements of the client on the drawings by interpreting the documents. He proposed the concept of “Tendril Design”, which is a three-dimensional design thinking covering full life-cycle requirements of the client on the drawings by interpreting the documents. He proposed the concept of “Tendril Design”, which is a three-dimensional design thinking covering full life-cycle from design to final presentation. In simple terms, the design work is extensible, like tendril, design work should extend to every corner and present every detail.

The airport’s ITC & AOC Center Project are the first project which was one of those projects won by Wang Zhenjun’s team. The project covers an information technology center, a communication hub center, an operation command center, and a big data center. A highly-intelligent information system carries the core tasks of computing, storage, and information sharing among all systems, so as to achieve full-field communication with the outside. Wang Zhenjun vividly likened it to the strongest brain of a smart airport. If it doesn’t work, the entire airport would be paralyzed. At the mobilization meeting, Wang Zhenjun said: “It’s a rare opportunity for a designer to combine design with high-end technology in the whole professional career. We must cherish this opportunity.”

After analysis, Wang Zhenjun believed that the strongest brain is a kind of technology integration, which is to integrate advanced equipment and the most cutting-edge technology into the building space to meet the functional requirements of deep perception, ubiquitous interconnection, and efficient collaboration. He led the team to collect information and launch research. After persistent discussion and revisions, Wang Zhenjun proposed the design concept of information chain. The airport information technology center and command center are two major departments, which are both divided and connected, and require collaboration. “Using a chain to connect these two departments means that people and information entering this chain could achieve command center through the operation inside” Wang Zhenjun said.

After winning the bid, Wang Zhenjun paid great attention to the project and proposed to visit some command centers. In the command center of Terminal 3 of Capital International Airport, Wang Zhenjun communicated with the staff on site about whether the current functions meet the needs, what other aspects can be improved, what new functions could be added from a business perspective. These were all questions that Wang Zhenjun cared about. Although Party A had approved the submitted design plan, Wang Zhenjun still communicated with Party A to optimize the plan. His ingenuity was highly recognized by the client.

In the Wang Zhenjun’s office, various models and sketches designed by Wang’s team were piled up. The high requirements of Daxing International Airport determined that each project would be revised from conception to implementation. Wang Zhenjun laughed, “This room was the busiest place, most of the modifications and designs were discussed here.” While encouraging the team to innovate boldly, he often reminded young architects: Are you satisfied with your own design?
Relentless Pursuit of the Architecture Essence

From the north of the terminal, you can easily spot the airport living center from the airport highway. At the beginning of the design, how to create a comfortable community for the airport staff was a question that Wang Zhenjun thought about a lot. More than 30 years of professional experience has made Wang Zhenjun bear a unique philosophical thinking on architecture, that is, the relentless pursuit of the architecture essence. What kind of building is a good construction? Wang Zhenjun believes that the construction’s outside and inside should be unified, which is the essence of architecture.

"For new projects, we must immerse in the site and look for the natural condition," Wang Zhenjun took the team to investigate the environment around the living center, observe these clues from the nature, and analyze the relationship between rivers, villages, and plants. That allows the building to be in harmony with nature, and be organically constructed to achieve the nature of the Taoism, which is also the original intention of the tendril design.

"No room is north-facing and ensure every room be full of sunshine." Wang Zhenjun put forward the basic idea in the design of the dormitory building. The north-facing rooms have poor lighting. Wang Zhenjun and many members of the team deeply comprehended the significance of sunshine in the building design. Through considerate design, none of the 536 rooms in the dormitory building is north-facing. Through the adjustment of the windows and the position of the room, sunshine dorm is realized. In order to reduce direct sunlight from the east and west, Wang Zhenjun designed the room to adjust 15 degrees or 25 degrees. Each window is designed with a large window cover to avoid direct sunlight. More than 10 solutions have been studied for the window cover alone.

In addition to abandoning the traditional layout of the dormitory, the airport living center adopted the layout of the courtyard. "At the airport, all buildings are flat, especially in autumn and winter, the wind is relatively strong." Wang Zhenjun explained that through this courtyard design, the wind can be effectively reduced, which is more suitable for residence. In the courtyard, restaurants, supermarkets, cafes, banks, and various service facilities are in readiness, providing employees with high-quality living space.

In order to let the airport staff get in touch with nature and improve their physical fitness, Wang Zhenjun and his team designed a unique "slow walk" system. At the living center, the staff can take a walk in the public area, walk up the roof unconsciously through the gentle slope sidewalk, and enjoy a new landscape. In addition to large-scale greening on the roof, there are nearly 400 meters of jogging track, and a large number of sports facilities are set up for employees.

These innovations contain Wang Zhenjun’s deep understanding and accumulation of the essence of architecture over the years. His thought on the essential relationship between people and architecture—architecture is ultimately to serve people, and people-oriented—is indeed more than just a slogan.
Serving Major National Strategy

SDIC insists on investing for the country, actively serving the national strategy, and exploring investment opportunities in key areas such as Xiong’an New Area, Beijing-Tianjin-Hebei Region, Yangtze River Delta Region, Guangdong-Hong Kong-Macao Greater Bay Area, Hainan Free Trade Zone, and helping regional coordinated development. The company has implemented the strategy of innovation-driven development, given play to the leading role of state-owned capital, and deepened mass entrepreneurship and innovation; SDIC has actively responded to the targeted poverty alleviation and rural revitalization strategies to advance the mutual promotion and integration of urban and rural development; implementing the Belt and Road Initiative, SDIC benchmarks the leading international enterprises, and strives to build a world-class capital investment company with global competitiveness.

**CASE** Making great effort to help Hainan’s new development

As development of the Hainan Free Trade Zone continues to accelerate, SDIC bases on the needs of Hainan and capitalizes on its own strengths, actively grasping the new opportunities brought by Hainan’s comprehensive reform and opening up, increasing investment efforts, and strengthening cooperation with Hainan.

In 2019, SDIC has actively deployed its businesses in port transportation, eco-environmental protection, sewage treatment, financial services, advanced manufacturing, military-civilian integration, and health care and senior caring, and strived to cultivate a number of long-term sustainable strategic projects to support the Hainan Free Trade Zone with practical actions. SDIC Environment registered in Haikou, and China Water Environment Group Limited won the bid for several sewage treatment projects in Haikou, helping it improve the level of water environment treatment through model innovation and technological innovation. SDIC Trade promoted the Hainan Free Trade Zone. With annual trade settlement of 10 billion RMB yuan, SDIC Trade Hainan Company has become the first registered user of the Hainan Free Trade Account (FT Account). SDIC New Energy, Hainan Tianhui Energy and Xiamen Xinye Group exerted their respective advantages to cooperate in the investment in the electric vehicle charging station projects. SDIC Yangpu Port and Xiamen Port jointly established a tugboat company to promote Port-Industry Integration and explores the LNG tank container transportation business.

**CASE** Building a vibrant Guangdong - Hong Kong - Macao Greater Bay Area

The Guangdong-Hong Kong-Macao Greater Bay Area is a national strategy that General Secretary Xi Jinping personally planned, deployed, and promoted, and is a new measure to promote the formation of a comprehensive and open new pattern in the new era. In 2019, SDIC continued to actively participate in promoting the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and jointly promoted mutually beneficial cooperation between Guangdong, Hong Kong and Macau’s power enterprises with China Southern Power Grid to help the development of regional power basic industries, and to contribute to energy structure adjustment, clean energy, and power system reliability in the Greater Bay Area.

In March, SDIC signed a framework agreement on the strategic cooperation between power enterprises serving the development of the Guangdong-Hong Kong-Macao Greater Bay Area, and jointly promoted mutually beneficial cooperation between Guangdong, Hong Kong and Macau’s power enterprises with China Southern Power Grid to help the development of regional power basic industries, and to contribute to energy structure adjustment, clean energy, and power system reliability in the Greater Bay Area.

In April, SDIC and the Guangzhou Municipal Government established a comprehensive strategic relationship to strengthen cooperation in advanced manufacturing and strategic emerging industries, ecological and environmental protection, health care, inspection and testing, new energy, urban minerals, financial services, infrastructure construction, state-owned enterprises in reform and other fields, helping Guangzhou become the core engine in the Greater Bay Area as an international metropolis.
CASE Integration into the high-quality integrated development of the Yangtze River Delta

Yangtze River Delta is one of the most active areas of economic development, representing the highest degree of openness, and the strongest innovation capability in China. In December 2019, the Outline of the Yangtze River Delta Regional Integration Development Plan was officially released, making it clear that the Yangtze River Delta should be built into a strong and active growth pole and a high-quality development model for the country. The strategic positioning of the Yangtze River Delta is highly consistent with the strategic direction of SDIC. The Company closely follows the two key points of integration and “high quality”, and increases investment in the Yangtze River Delta region, supporting eco-environmental protection, inspection and testing, industrial interconnection, new energy, urban minerals, financial services and other fields, to help the Yangtze River Delta and East China become a high-quality regional cluster.

Shanghai

Shanghai is at the forefront of reform and opening up, and is also the leader in the development of the Yangtze River Economic Belt. Since SDIC and Shanghai have deepened their comprehensive strategic cooperation in 2016, the headquarters of five business sectors, SDIC Capital, SDIC Intelligence, SDIC Health, SDIC Biotech, and SDIC Micro Fluid have successively settled in Shanghai. Shanghai has become the most important place for SDIC’s forward-looking strategic industry and financial business development. As of the end of 2018, more than 30 companies of SDIC had registered and started business in Shanghai. The combined assets of SDIC’s Shanghai companies were approximately 190 billion RMB yuan, accounting for one-third of the Group’s combined assets. In 2019, SDIC Shanghai new office building opened. The Rainbow Bay Elderly Welfare Home in Hongkou District, Shanghai, operated by a subsidiary of SDIC Health, is officially in operation. The Guoxin Chunkan Women and Children Outpatient Clinic jointly established by Guoxin Medical and Chuntian Medical Management, a subsidiary of SDIC Gansu, officially opened. In addition, SDIC has also cooperated with Shanghai in advanced manufacturing, rail transit operation and maintenance, inspection and testing, financial services, industrial interconnection and other fields to cultivate new economic growth points and growth poles and continue to promote high-quality development in Shanghai.

Zhejiang

Zhejiang is a major manufacturing province, where SDIC has invested nearly 10 billion yuan. Among them, the first-phase investment of the Advanced Manufacturing Industry Investment Fund is about 4 billion RMB yuan, driving social capital investment of nearly 5 billion RMB yuan, and helping a large number of advanced manufacturing and high-tech fields of leading enterprises and listed companies. In the field of ecological and environmental protection, in 2019, SDIC Ningbo Municipal Government and China Water Environment Group Limited signed a strategic cooperation agreement. SDIC and China Water Environment Group Limited will use the advantages of brand, capital, technology, talent, operation and other advantages to provide Ningbo with a comprehensive industrial chain with a full life-cycle, and promote the new sewage treatment and sludge recycling in Ningbo, as well as watershed water environment improvement, ecological restoration, smart water construction and others, creating a Ningbo model for water environment governance. In addition, SDIC has strengthened cooperation with Zhejiang Province in areas such as massive health, offshore clean energy, major scientific and technological achievements transformation, and inspection and testing services.

Anhui

The unbalanced regional development in the Yangtze River Delta is still prominent. Anhui Province is different from the other two provinces and one city. Its regional poverty still exists. To help Anhui overcome its shortcomings, as of the end of 2019, two national-level poverty alleviation funds managed by SDIC Chuangyi Fund had invested in a total of 9 projects in Anhui Province, with a total investment of 562 million RMB yuan (including sub-fund investments). In 2019, SDIC Essence Futures signed poverty alleviation and assistance agreements with Xuji County and Taihu County in Anhui Province to provide professional services to agricultural-related enterprises and give priority to recruiting graduates from pairing and helping counties. In addition, SDIC has also deployed urban mineral resource development and utilization projects in Anhui to help sustainable development.

Jiangsu

Jiangsu’s manufacturing industry is also strong. Since the establishment of the Advanced Manufacturing Industry Investment Fund in 2016, Jiangsu has received the largest number of investment projects, injecting new momentum into the development and transformation and upgrading of Jiangsu’s advanced manufacturing industry. SDIC Gansin has built a biomedicine platform in Nanjing District of Yangzhou City. YAPP Automotive Parts has settled its layout in Yangzhou around the new energy industry. SDIC Health has deployed five-star pension apartments in Changzhou. SDIC has also cooperated with relevant cities and counties of Jiangsu in high-tech, financial services, ecological environment and other fields. In September 2019, SDIC Fund and SDIC Zhaoshang held the 2019 Annual Investor Conference in Nanjing, Jiangsu, attracting more investors to pay attention to the development of Jiangsu.
Supply-side Structural Reform

SDIC insists on advancing with strategies, continues to strengthen the adjustment of state-owned capital, continuously adjusts the optimization of traditional industries and accelerates the development of emerging industries, optimizes the investment structure, compresses and eliminates excess and backward production capacity. The company has actively managed the zombie enterprises and those in difficulties and loss, concentrating capital investment in important areas of people’s livelihood, forward-looking strategic industries, and important infrastructure, so that state-owned capital investment and operations can better serve the high-quality development of the real economy and the implementation of national strategic goals. Since the establishment of SDIC, nearly 2,000 projects have been knocked out through a market-oriented mechanism, including nearly 400 holding projects, with a return of 33.1 billion RMB yuan, and all invested in focal industries and regions, focusing on promoting the development of the main industry.

Drive Structural Adjustment

Based on whether the investment project complies with the national development strategy, the strategic direction of the SDIC, and the project’s asset efficiency and prospects, the annual exit plan has been formulated and strictly implemented. At the same time, it focuses on strengthening the revitalization of assets, such as land and building, to concentrate on the main business.

CASE  “4+2” Thermal Power Project Equity Transfer : SDIC Power promotes transformation and upgrade

SDIC Power actively responds to national strategy of deepening the structural reform of the energy supply-side, optimizing and adjusting the asset structure, and promoting the transformation and upgrading of the Company’s business structure. In July 2019, SDIC Power’s “4+2” thermal power project equity transfer project was initiated to reduce installed thermal power capacity and optimize the company’s overall power generation structure. SDIC Power transferred the equity of SDIC Beiwan Power to Guangke Investment Group Co., Ltd., transferred the shares of 5 thermal power companies, including SDIC Xuan Cheng Power, Jingyuan Second Power, SDIC Yili Energy, Zhangye Power, and Huaibei Guoan, to China National Coal Group. The equity transfer of the six companies was successfully completed in just over 8 months. The scale and the efficiency of the transfer are very rare in the power industry, and therefore was awarded the Capital Operation Gold Award by the Shanghai United Property Exchange in 2019. Through the transfers, SDIC Power achieved further optimization of the thermal power industry layout and major strategic adjustment of the production capacity structure.

In this major asset transfer, SDIC Power carefully planned and actively coordinated resources. While realizing the successful withdrawal of shareholders’ rights and related parties’ claims, it also ensured the interests of employees through a reasonable employee placement plan, and realized the smooth handover of various enterprises.

Asset Quality Improvement

SDIC has implemented the requirements for slimming and fitness, and continuously improved the quality and efficiency of assets through methods such as consolidation by merger, M&A, equity transfer, centralized packaging and disposal, and transformation.

- Asset-liability ratio is 69.1%, controlled within a reasonable range
- 115 “stock legal person” have been reduced, with a reduction ratio of 35%
- The management level has been reduced from 7 to 5
- Exit from 26 holding projects and 18 shareholding projects throughout the year, with a recovery of 4 billion yuan
- Finished the effort of managing the zombie enterprises and those in difficulties and loss and passed the on-site inspection and acceptance of SASAC

In 2019

Mixed Ownership Reform

Mixed ownership reform is an important breakthrough in the reform of state-owned enterprises. SDIC continued to deepen reforms and steadily promoted the reform of mixed ownership, firmly grasped the core of maintaining and increasing the value of state-owned assets, actively explored the differentiated management of mixed ownership enterprises, and implemented a more flexible and efficient management system. As of the end of 2019, the number of SDIC’s mixed ownership enterprises accounted for 81% and assets accounted for 63%. In 2019, 106 mixed ownership enterprises have been added, and 5.965 billion yuan of social capital has been introduced.

CASE  New breakthrough in mixed ownership reform

SDIC Gaoxin successfully completed the reform of equity diversification and raised funds of 5.467 billion RMB yuan. Beijing Tongzhihong Company introduced six strategic investors and raised funds of 374.9 million RMB yuan. SDIC Biotech was selected as the fourth batch of pilot reforms of mixed ownership of state-owned enterprises.

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CASE  Exploration of control methods

The Guiding Opinions on the Management of Mixed State-owned Enterprises with Mixed Ownership (Trial) was formulated, which was approved by the State Council’s State-owned Enterprise Reform Leadership Group. The Guiding Opinions on the Management of Mixed State-owned Enterprises with Mixed Ownership (Trial) was piloted in 8 companies including the China High Speed Rail.

Incentive and restriction mechanism reform in the medium and long term

China High Speed Rail implemented stock option incentive plan.

YAPP Automotive Parts implement a restricted stock incentive plan.

Beijing Tongzhihong Company carried out equity incentives for state-owned technology enterprises.

The three fund management companies, SDIC Fund, SDIC Unity Capital, and SDIC Venture Capital, explored and implemented a follow-up investment mechanism.

Deepened the reform of professional managers, revised the management methods for professional managers. SDIC Power selected new professional managers.

CASE  Equity diversification is implemented, strategic investment empowers SDIC Gaoxin to start a new journey

In December 2019, the signing ceremony of the equity diversification project of SDIC Gaoxin was held. SDIC Gaoxin’s reform of equity diversification is an important measure for SDIC to deepen the reform of state-owned capital investment companies.

SDIC Gaoxin is the strategic emerging industry investment platform for SDIC, which is mainly engaged in the holding of direct investment business and equity fund business. The company has taken a stake in many listed companies in emerging industries. Its equity funding business scale has reached 150 billion RMB yuan. It is the largest equity fund management institutions for managing state-level government-guided funds. It is also the earliest, largest and most diversified equity fund business in central enterprises.

Since being selected as a Double Hundred Action enterprise by the SASAC in 2018, SDIC Gaoxin has actively promoted equity diversification and related supporting reforms. SDIC Gaoxin equity diversification project finally introduced 4 strategic investors including OCT Capital, ICBC Investment, Agricultural Bank Investment, and State Reform Double Hundred Fund, with a total investment of nearly 5.5 billion RMB yuan, becoming the largest Double Hundred Action case of state-owned enterprise reform in 2019.
Operation with Ingenious Heart

Our actions

- A-level operation performance assessment of SASAC for 15 consecutive years
- 1.49 billion RMB yuan investment in science and technology, year-on-year growth of 101%
- 16 high-tech enterprises invested by the fund platform went public on Sci-Tech innovation board (STAR Market)
- The Company has 2,957 R&D personnel and 42 high-level scientific and technological talents
Heart Story

Tang Meng’s Ten Years of Ingenuity

In September 2019, Tang Meng, the director of shipping department, in SDIC Jingtang Port, won the title of Model Worker of the Central Enterprise, which was awarded every five years.

“It’s quite happy to get honor. But I think special honor is special pressure, the pressure is greater than the happiness.” Tang Meng said.

“Starting at Pass Line”

Model workers are not born. Tang Meng once talked about one thing he can never forget. During the job interview in 2009, the leader saw that he had just passed in one course on his transcript, and asked, “They must have cut you some slack, right?” Tang Meng thought at the time that the leader understood the business quite well. He joined Jingtang Port as an equipment technician, and was responsible for the equipment management and maintenance. In port companies, equipment needs to be running all the time, which determines that front-line technicians must respond 24 hours a day. As long as there is a problem that needs to be addressed, Tang Meng must rush to the scene to solve it even it’s in the middle of the night. The ringtone in the middle of the night likes the switch to activate the working mode. Under great pressure, many colleagues in the department either went to other departments or simply quitted.

The reason why he finally persisted was that the predecessors of the department had a crucial influence on him. In an emergency repairs, the mentor took Tang Meng to deal with equipment problems on the spot. He stayed up all night and checked documents and adjusted equipment. Tang Meng was so tired that he sat on the ground and fell asleep. When he woke up he found that the mentor was still working, and finally solved the equipment problem. That experience deeply influenced Tang Meng’s view of the technical staff. “I was deeply touched. At that time, I felt that the technical staff should be like this.”

After the initial running-in period, Tang Meng grew up step by step. Besides routine work, driven by his personal interests, he gradually joined some small groups of technology enthusiasts, and had a deeper thinking on the theory of various devices. Ship loader, stacker-reclaimer, belt scale... all kinds of equipment and even parts have become his old friends.

In September 2018, Tang Meng became the supervisor of equipment department through competition. With a strong interest in technology, rich on-site work experience, clear working ideas, and a sense of responsibility, Tang Meng completed the transformation in his post in Jingtang Port.

Success Starts with Concentration

In 2014, power plants in East China and South China have increasingly strict requirements on coal sulfur content to promote environmental protection. Mixing low-sulfur and high-sulfur coal according to the ratio has become the important business for the coal logistics operation of SDIC Jingtang Port. In order to provide better coal blending services, SDIC Jingtang Port decided to organize the Electronic Belt Scale Accuracy Improvement Project team led by Tang Meng and independently develop the SDIC Jingtang Port Intelligent Coal Blending System.

Talking about the difficulties encountered in the process of project, Tang Meng said frankly, “Too many. We were actually majoring in on-site equipment and technical management, which were not exactly the project needs. The project involves dynamic weighing, sensor technology, and human-computer interaction, interface development, etc., which were some very new fields, and we were not even clear what effect we should achieve.”

However, with the love for equipment and technology and unremitting research spirit, Tang Meng and his colleagues constantly communicated with various departments, studied and analyzed the solution day after day, repeated debugging and improvement to adapt to production needs. Everyone exchanged their ideas to solve the problems. A group of professional talents were immersed in the technology to carry out in-depth discussions and collision of thinking, which is something that Tang Meng would never forget.

After five years of argumentation and revision, all problems were gradually cracked, and the system was finally established and fully applied in the company. During this period, just to effectively realize belt scale deviation detection and compensation, Tang Meng and the team continued to track for four years, collecting more than 30,000 sets of data, and finally effectively realized ultra-low flow rate accurate weighing in the coal blending business, which also enabled SDIC Jingtang Port to become the only coal port in China that can achieve ultra-low flow precision weighing.

The solution has been praised by customers. In particular, the research and solutions of weighing data related to electronic belt scales have attracted attention in the industry. A customer even invited Tang Meng to visit the scene to help diagnose the weighing problem. Some manufacturers specializing in metering also showed a strong interest.
Innovation Comes from Practice

At the age of 32, he became the first inventor of 8 national utility model patents. His enthusiasm for technological innovation has never declined over the past ten years, behind which is the persistence and dedication. “We are responsible for equipment maintenance and management, and we need to consider how to make the equipment run more smoothly, safer, and more efficiently.” Tang Meng’s definition of equipment maintenance in the shipping department is very simple.

Port enterprises are heavy-asset enterprises. Two-thirds of the company’s assets are under the responsibility of the shipping department. The equipment must be in normal operation all year round, which means great pressure for equipment directors. However, it is the down-to-earth, ground-rooted and cutting-edge working state that brought Tang Meng an endless stream of innovative topics and inspiration.

“Maybe it’s because I pay more attention to spare parts and technology, I like to collect some accessory design drawings to understand which equipment has been localized, and which spare parts can work on our on-site equipment, sometimes I feel more like a product manager.” Tang Meng said with a smile.

It is this kind of careful technical accumulation and in-depth thinking on the scene that makes Tang Meng so good at solving problems.

When the ship loader is in operation, because hatch cover is close to the loader, sometimes ship loader would scratch the ship. Inspired by the reversing radar, Tang Meng raised a similar idea. Through technical research and equipment selection, Tang Meng matched the relevant equipment. Therefore when the slipper was about to hit the ship, the system could send out an alarm for the staff.

Once power is cut off, it would take more than an hour for the workers to restore power supply, which would affect the on-site production efficiency. Tang Meng learned from the technology of electric vehicle charging, and finally found suitable spare parts at a Beijing Hanover Industrial Exhibition. At present, it only takes about 10 minutes to resume production after power off.

Now Tang Meng’s various patents have been successfully transformed and applied on ship loading machines, stacker-reclaimer, etc., directly saving equipment reconstruction funds of more than 3 million yuan. But Tang Meng believed it was just his duty. “This was actually the responsibility of the technical staff. This is my interest. Solving problems or figuring out some things would bring me a sense of accomplishment and satisfaction, and I feel that my personal value is reflected. Moreover, the process of innovation is also a process of learning. It is very helpful for my growth.”

Talking about the honor of labor model, Tang Meng just thought he was lucky; he was just a technical representative from his team. Now, the team has grown to nine members, and the shipping department has become the strongest since its establishment. “I am surrounded by excellent colleagues, who have unique strengths, and I am just one of them.” Tang Meng shows unreserved trust and pride in his partners.
Technological Innovation

Innovation is the primary engine of development. As to the traditional business, SDIC adheres to the concept of innovation and development, and promotes the research and application of innovative technologies, upgrading digital intelligence in traditional basic industries to promote the quality and efficiency. In forward-looking strategic industries, on the one hand, the Company has built an equity investment fund platform that runs through the entire process of technological innovation to promote the development of innovative technology companies; on the other hand, it has conducted direct investment holding business in the fields of advanced manufacturing, information technology, medicine and medical care, environmental protection and new materials. SDIC has also established investment platforms in the fields of health, digital economy, inspection and testing, etc. to guide and support investment in research, transformation of scientific and technological achievements.

Fund Investment

SDIC innovates investment and financing methods, and empowers enterprises in advanced manufacturing and high-tech fields by fund investment. Fund management companies such as SDIC Fund, SDIC Unity Capital, and SDIC Venture Capital, are responsible for managing multiple state-level funds such as advanced manufacturing industry investment funds, emerging industry venture capital guidance funds, and scientific and technological achievement transformation funds, promoting the accelerated development of the industrialization of innovation.

Through fund investment, SDIC focuses on supporting innovative enterprises and high-growth enterprises, investing in a large number of projects with symbolic significance in subdivided industries, and giving full play to the investment-oriented role of state-owned capital.

On July 22, 2019, the Sci-Tech innovation board officially opened. The first batch of 25 stocks were listed on the Shanghai Stock Exchange, including 11 companies invested by SDIC’s funds or sub-funds, namely ArcSoft, Raytron Technology Co, Amac-Inc, Endovascular MedTech Co., Ltd, Ningbo Ronbay New Energy, accounting for 20% of the first batch of listed stocks. As of the end of 2019, thanks to years of accumulated projects and the prospective layout and deep cultivation in the field of strategic emerging industries, a total of 16 companies invested by SDIC’s investment fund have landed on the Sci-Tech innovation board, more than one-fifth of all listed companies.
**Direct Investment**

Forward-looking industries with strategic importance have become an important direction for the transformation and development of SDIC. SDIC has integrated reform and its own transformation and upgrading, actively carrying out the layout of forward-looking industries with strategic importance, investing in important areas and key industries related to national economy and people's livelihood, and supporting the development of high-tech industries.

**Improving Technological Innovation Capabilities**

SDIC continuously improves scientific and technological innovation by strengthening the construction of talents and improving the technological innovation platform, and promotes the transformation and application of scientific research results.

**Scientific Research Team**

Talents are the first driving force for scientific and technological innovation. SDIC attaches great importance to the construction of scientific research talents, continuously strengthens the cultivation and attraction of core talents, and improves the scientific research talent system. We have promoted medium- and long-term incentives for core scientific and technological talents, and fully mobilized the enthusiasm of core talents. In 2019, the Company has 2,957 R&D personnel and 42 high-level scientific and technological talents, including 1 academician of the Academy of Engineering and 21 personnel with special allowances from the State Council.

**Technology Innovation Platform**

SDIC continuously improves and strengthens the construction of technological innovation platforms, creating multiple national and provincial technological innovation platforms, with 4 national certified enterprise technology centers, 3 national technology innovation demonstration enterprises, 1 national quality inspection center, 35 high-tech enterprises and 10 demonstration units of intellectual property rights. We will continue to strengthen the research and development of proprietary property rights to improve core competitiveness.

**Transformation and Application of Scientific and Technological Innovations**

SDIC has continuously increased capital investment in technological innovation, and actively promoted the transformation and application of scientific and technological achievements. In 2019, the Group’s technology investment was 1.49 billion RMB yuan, an increase of 101% year-on-year with 321 authorized patents, including 101 invention patents.

**CASE**

**Yalong River Hydropower and SDIC Yunding Meizhou Bay Power won the highest project quality award - National Quality Engineering Gold Award**

In November 2019, Yalong River Hydropower’s Jinping I & II hydropower stations and SDIC Yunding Meizhou Bay Power’s 2x1000MW green construction demonstration project won the national highest quality award-National Quality Engineering Gold Award separately.

**Yalong River Hydropower overcomes many world-class technical problems**

The Jinping hydropower project adopts a joint development plan of first-level high dam and second-level interception and straight diversion, with a total installed capacity of 6.4 million kilowatts, and is known as Jinping Gemin power station. The Jinping first-level dam is 305 meters high and is the world’s highest dam. The 4 diversion tunnels of Jinping Class II traverse the Jinping Mountain with a maximum burial depth of 2,525 meters. The single tunnel is 16.7 kilometers long and the total length of the tunnel is 120 kilometers. It is the deepest and largest hydraulic tunnel group in the world. During the project construction, Yalong River Hydropower put forward the concept of scientific and technological engineering, green engineering, ecological engineering, and harmonious engineering, and established a multi-level technical quality consulting system of special advisory team + on-site professional consulting agency + special consultation. The project team has overcome many world-class technical problems such as the prediction and treatment of strong rock bursts under the action of ultra-high in-situ stress and ultra-high external water pressure, the treatment of ultra-high pressure and large-flow inrush water, tunnel formation and structural safety, and complex hydraulic transient flow control. The second phase of the SDIC Yunding Meizhou Power Phase II benchmarks international standards, taking the lead in technical field in China.
**Strategic Cooperation**

SDIC took the initiative to strengthen communication and docking with relevant ministries and commissions, local governments, research institutions, and leading enterprises. SDIC strived to expand cooperation areas and achieve complementary advantages. At the same time, SDIC is actively promoting the implementation of strategic cooperation agreements, promoting high-quality integration and development with a view to serving national strategies in better ways.

**SDIC’s strategic cooperation in 2019 (in part)**

- **Ministries**
  - Strengthened the connection with the Ministry of Science and Technology and the Ministry of Industry and Information Technology.
  - In-depth participation in the special investment reform of the National Development and Reform Commission's military production capacity building.

- **Local governments**
  - Signed strategic cooperation agreements with Ningbo, Guangzhou, Xiamen and Haikou.
  - Co-organized a series of activities of Financial Promotion-Enabling Action with the Liaoning Provincial Government.

- **Enterprises**
  - Signed a strategic cooperation agreement with OCT Group, strengthened cooperation with China Reform Holdings, PICC Group, Heilongjiang Forest Industry Group, Sinopac, China Chengtong Holdings Group Ltd., Three Gorges Group, Tiexin Industry Investment and other enterprises.

**CASE**

SDIC and OCT Group signed a strategic cooperation agreement

In October 2019, SDIC and OCT Group signed a strategic cooperation agreement. The two sides will use capital as a link to give play to their respective advantages and carry out all-round cooperation in the fields of equity diversification, environmental protection, medical care and health to achieve complementary advantages and mutual benefit. At the same time, SDIC Gaosen and OCT Capital signed a strategic cooperation framework agreement, marking a new chapter in the cooperation between the two parties in the fields of equity diversification, strategically emerging industries and fund management. China Water Environment Group Limited and OCT Capital signed a cooperation framework agreement. The two sides will take advantage of brand, capital, technology, talent, operation and other advantages, focusing on close cooperation on the ground green comprehensive development project of underground WWTAs, complementing each other's advantages and jointly establishing a green development fund. The two parties have deeply explored the land value upon submerged reclaimed water plants, using equity cooperation, capital cooperation, and business collaboration as links, to help the Water Environment Group’s business innovation in green building and other fields to create an influential new benchmark for green development in China.

**Preventing and Resolving Major Financial Risks**

SDIC has formulated investment guidelines, improved investment decision-making processes, established five lines of defense for major investments, and strictly controlled investment decision-making risks. Adhering to scale control, de-leverage, accounts receivable and inventory control and liability reduction, the Company has explored ways to prevent and resolve major operating risks.

**Improving Risk Prevention and Control Capabilities**

In 2019, SDIC has strictly controlled the growth of the management level and the number of legal entities. The Company has comprehensively sorted out the balance sheet situation of the new legal person, management team that recently joined SDIC, formulated a special work plan, and promoted asset quality and management efficiency. The Company has strictly controlled the growth of the accounts receivable and inventory. At the end of the year, the two assets accounted for 12.9% of current assets, which was at an excellent level in the investment industry. We have organized special governance for key loss-making enterprises. As of the end of 2019, SDIC’s investment-liability ratio was 69.2%. The capital chain was generally stable. Its financial business risks were controllable and high-quality development was resilient.

**Preventing and Controlling Financial Risks**

SDIC has steadily and moderately developed financial businesses, firmly grasped the mission of serving the real economy, put risk prevention and control first, comprehensively strengthened risk management, conducted business in accordance with laws and regulations, and maintained steady development. In 2019, SDIC’s financial control platform, SDIC Capital, combined with the Company’s management positioning and business structure, comprehensively strengthened compliance management, combed the Company’s articles of association and rules and regulations, consolidated the its compliance foundation, and implemented main responsibility of corporate legal construction, strictly controlled business risks.

**SDIC Capital’s measures to prevent financial risks in 2019**

- **Refine sector risk indicators**
  - The original risk indicators increased from more than 20 to more than 140, covering the main financial businesses of the sector, with a view to strengthening monitoring.

- **Comprehensive analysis of sector risks**
  - Actively tried to comprehensively analyze the overall credit risk, market risk and liquidity risk of the sector from different dimensions such as business scale, risk scale and concentration, and strengthened risk management and control.

- **Improve risk reporting mechanism**
  - The risk event reporting mechanism was changed from the quarterly report to the monthly report, and tracking analysis of core elements such as risk exposure was added.

- **Sharing compliance risk control experience in the sector**
  - Organized and convened risk management exchange meeting, rule of law construction exchange meeting, case handling experience sharing meeting and other activities to strengthen the sharing of risk information, management methods and management tools among financial companies.

- **Check hidden troubles in the system**
  - Responsible for the compliance risk control of the companies, and systematically investigate the hidden risks of management.
SDIC’s rule of law construction aims at serving the reform and development. With the objective of effectively preventing and mitigating legal compliance risks, SDIC has improved the compliance management system, and comprehensively promoted the construction of the rule of law to ensure that enterprises operate in accordance with the law.

**Preventing and Controlling Legal Risks**

SDIC has adopted effective legal precautions, in-process controls and legal remedy to effectively prevent corporate system legal risks.

- Legal work has been deeply integrated into the work of the Company’s reform and development. The Company’s major reforms should be ensured based on laws. Legal personnel participated in major special projects such as the registration and issuance of overseas medium-term notes and the diversification of SDIC’s high-tech equity, to effectively guarantee the Company’s strategic objectives.
- Legal Practice Guidelines for Listed Company Share Acquisition was compiled to research and summarize SDIC’s legal practices. We have also organized and compiled research reports on the legal environment of different countries. Business forums on International Project Contracting Legal Risk Management and Special Seminar on Hot Issues of Financial Management Law in the New Situation were successfully organized.
- We have carried out trademark applications for company portfolio trademarks and main trademarks in emerging business areas in the China and overseas market, such as Bangladesh, Jordan and Madrid, and continued to carry out daily trademark monitoring.
- Strengthened legal protection of the Company’s intellectual property rights. On the one hand, the Company has carried out trademark applications for company portfolio trademarks and main trademarks in emerging business areas. On the other hand, the Company has continued to carry out daily trademark monitoring.
- The Company has set up a compliance management committee to build a multi-level system of basic system + special system + manual + work guide + special list.
- By conducting risk investigations, establishing a compliance reporting mechanism, highlighting compliance assessment, and coordinating compliance reporting channels and other measures, the compliance management operation mechanism has been improved.
- Through the establishment of rules and regulations, the creation of databases, and the compilation of short lists of law firms, it is ensured that managers can achieve the compliance standards.
- By preparing guidelines and reminders, we have effectively prevented economic sanctions and anti-corruption risks in our overseas business operations.
- Through carrying out special data protection research and investigation, we also have strengthened data compliance risk prevention.
- Enhancing compliance awareness of corporate executives. Held a special training course on compliance and continued to incorporate compliance content into the integrity talk of executives.
- Strengthening legal remedy for all employees. Continued to set up compliance training courses for new employees, held compliance contests, and provided compliance training for relevant subsidiaries.
- Strengthening compliance training for all employees. Continued to set up compliance training courses for new employees, held compliance contests, and provided compliance training for relevant subsidiaries.
- Strengthening legal framework Organizing activities concern law awareness

**Improving Compliance Capabilities**

SDIC has continuously strengthened the top-level effective organization and leadership of compliance management, closely focusing on the three major tasks—risk prevention, risk monitoring and risk response, and has carried out fruitful work in the work system, special work on compliance, and compliance culture construction.

- Promoting the Construction of “Rule by Law”

SDIC has effectively promoted the organization and leadership of the rule of law, strengthened the group’s exchange concerning rule of law, broadened the talent development channel, continued to enhance the quality of legal talents, and vigorously carried out law publicity and education.

- In-depth development of member companies to promote the implementation of the first person responsible for the duties of look back to promote the rectification.
- Through holding the Group’s meeting concerning rule of law, the issuance of key points, investigation and follow-up guidance, etc., to ensure the implementation of the annual task.
- Continuing to promote the implementation of the general legal advisory system in member companies, and carry out the qualification assessment of corporate legal advisors.
- Completed the first batch of corporate lawyer applications, and promoted such application in holding companies.
- Released the second batch of outstanding legal cases, held trainings for key legal personnel, and held seminars on the Rule of Law of SDIC. Released the second batch of outstanding legal cases, held trainings for key legal personnel, and held seminars on the Rule of Law of SDIC.
- Made full use of SDIC website, the internal publications of SDIC Group, the WeChat group of SDIC and the Rule of Law etc. to make more people know the research of our legal personnel.
- Organized 12·4 National Constitution Day theme publicity Q&A activity.
Workplace Safety

In 2019, SDIC adheres to the safety first guideline, with the main focus on the Contractor’s Workplace Safety Year, strengthens workplace supervision and inspection, strengthens the implementation of workplace safety responsibilities, and continuously improves the standardization of workplace safety to ensure the steady development of workplace safety throughout the whole Group.

Improving Safety Management System

SDIC has continued to promote workplace safety responsibility system for all employees, perfected the list of responsibilities, formed a responsibility chain, and initially achieved the integration of safety management and business operation.

The Group has newly formulated a fire management system and a standardized system, and revised overseas project management and hidden trouble investigation systems.

Promoting Contractor Safety Management

SDIC has formulated the Safety Supervision and Inspection Standards for Contractors and carried out activities of contractor workplace safety year. The Company has compiled and distributed Contractor’s Safety Management Experience Compilation in the whole group.

Strengthening Safety Supervision and Inspection

SDIC has continuously strengthened safety education and training, and organized training courses to improve the supervisory ability of the leadership.

We continued to promote standardization and 35 member companies have reached first-level standardization.

To promote informatization, SDIC Communications carried out the second phase of the construction of the safety and health informatization, and CEEDI completed the operation of the safety information system and promoted the construction of smart sites.

Consolidating the Foundation for Workplace Safety

SDIC Beijiang Power adheres to the principle of life first, safety first, and implements the principles of guaranteeing safety, strengthening party building, improving performance, and seeking advice to comprehensively improve the level of workplace safety.

SDIC Beijiang Power Coal Transportation System has a total of 48 belt conveyors and 12 Class A equipments, and its total equipment ranks at the leading position in the power industry. The company’s coal transportation system has built a dual prevention mechanism of safety risk grading management and hidden trouble investigation and governance, continued to promote a safe and environmentally-friendly system, and continuously improved the safety management level of the fuel system, creating favorable conditions for the rapid supply and unloading of electricity and coal, and effectively guarantying workplace safety. In 2019, SDIC Beijiang realized a coal loading capacity of 7.0857 million tons for boilers and a loading and unloading capacity of 7.242 million tons, an increase of about 10% year-on-year in 2018, both of which are historical heights since the establishment of the plant.

SDIC Beijiang Power has compared 54 indicators in 13 categories of national evaluation standards, sorted out and summarized excellent experience and innovative achievements, and formed the Safety Construction Manual and Safety Benchmarking Manual and Personal Safety Manual to promote and explore innovation. The Company has effectively consolidated the foundation of workplace safety and created an enterprise safety culture. It has been evaluated as a National Safety Demonstration Enterprise by China Safety Production Association.
Protection with Whole Heart

Our actions

- 849 million RMB yuan invested in energy saving and emission reduction.
- The comprehensive energy consumption per 10,000 yuan output value decreased by 12.92% year-on-year.
"My life is worthwhile because of the Erhai Lake Project!" Speaking of the comprehensive water environment treatment project in Erhai Lake, Meng Jianwei, general manager of China Water Environment Group Limited Dali Company, said, "People cannot experience many earth-shattering things. If someone comes to Dali, I could share with you what we have done here. That would make me so proud."

A few years ago, cyanobacteria grew wildly and the water quality deteriorated sharply in the Erhai Lake. Nowadays, the Erhai Lake is like a sapphire on the ground, and the ecological environment has been greatly improved. The change of Erhai Lake is visible, but the process of making Erhai Lake Clear is arduous.

**Running Race with Erhai Water Quality**

In 2016, the Dali Erhai Lake Interception Treatment Project started construction. Experts rated the entire Erhai Lake Basin as moderately eutrophic, meaning that the quality of the Erhai Lake was already at a critical edge. The investment in capital, manpower and time limit was bound to increase exponentially once the pollution gets across the critical edge. "The goal is forcing, and the schedule is pressing." Meng Jianwei led the team to start a race with Erhai Lake’s water quality deterioration.

In the past, due to weak infrastructure, many household sewage was discharged directly into the Erhai Lake with only simple treatment. Erhai Lake Comprehensive Environmental Water Treatment Project built a sewage interception pipeline that surrounds the Erhai Lake, intercepting household sewage and agricultural non-point source sewage into the Erhai Lake. After the tailwater entering the wetland for purification, it’s used for urban landscape water intercepting household sewage and agricultural non-point source sewage into the Erhai Lake.

Water Treatment Project built a sewage interception pipeline that surrounds the Erhai Lake, into the lake, effectively protecting the Erhai Lake. It seems to be easy, however, the construction of the pipeline was the most difficult part of the project.

"This is the most difficult pipeline construction project I have ever encountered in my work in the past 30 years. There are two sections of construction. We invited structural experts from Yunnan Province and China to hold a special seminar to discuss how to deal with it." Speaking of the construction process of the deadline, Meng Jianwei said that the difficulty of laying the pipeline, the limitation of the capital budget and the coordination with the people live nearby were the three main problems.

The Erhai Lake Basin is a typical graben-shaped lake basin, with steep bank slopes, large depths, and complex terrain. Under such conditions, despite careful geological survey and feasibility study report, the pipeline project encountered more complicated problems in the actual process. In order to ensure the progress of the construction period, Meng Jianwei and his team walked more than 200 kilometers around the Erhai Lake, solving various problems.

"The geological structure around the Erhai Lake is very complex, with mud, quicksand in some places, and a lot of rock-filled and earth-filled structures. We have encountered many technical difficulties and challenges during the construction process. In the process of burying the pipeline network, we have tried every technique except the shield." When talking about the construction difficulties, Meng Jianwei once said to several commanders that you can prepare a stele. "If I could complete this project well, you can put this stele beside Erhai as a monument. If I fail, you can put it on the mountain to build a hall of shame!" Today, the protection of the Erhai Lake has achieved staged results, but Meng Jianwei did not dare to relax. The treatment of the Erhai Lake is a long-term thing. In his view, it is necessary to fully understand the long-term, arduous and complex nature, and not to rejoice for the achievements at the moment. We have to prospect the effect at least in the next 5 years, 10 years, or even more longer.
Resolutely Holding to the Last Line of Defense to Block Sewage and Isolate Viruses

In 2020, the COVID-19 virus spread worldwide. As the last line of defense to block virus, sewage treatment plants are essential for stable and safe operation. The Dali project team is facing greater operating pressure. On the one hand, the treatment of the Erhai Lake must maintain continuity. On the other hand, the sewage treatment plant should focus on pandemic control & prevention, and workplace safety.

"The epidemic is terrible, but we are confident." Facing the operational difficulties caused by the epidemic, Li Jianjun, the chief engineer of the Dali Company, led his colleagues to hold the post together. Compared with the traditional ground sewage treatment plant, the submerged reclaimed water plant adopts a closed-operation mode, which can effectively block the spread of pathogens and isolate aerosol overflow. Li Jianjun actively explained the technological advantages of underground WWTP to operating personnel, carried out psychological counseling, and also actively undertook the tasks of centralized procurement and delivery of materials, so that front-line employees have more confidence and ensure safe and stable operation during the epidemic.

"Sewage treatment plants are the last line of defense to fight against virus. They play a very important role in the fight against the epidemic and cannot be shut down for a day." Yin Yan, general manager of China Water Environment Group Limited Dali Company, said that when she visited her relatives in Hubei, she encountered a provincial closure. She had to play the role of big butler remotely, timely dispatched the materials for front-line employees. She let employees work with the materials to each plant station, and provided strong protective materials for front-line employees. She let employees work with peace of mind, and ensured that all sinking reclaimed water plants would operate safely and steadily.

Recalling the intense and unforgettable experience during the epidemic, Yin Yan said that she really felt the unity and dedication of the employees. Last year, the company hired a villager with inconvenient legs as a cleaner. In his free time, he reclaimed the open space around the factory into a vegetable garden, and provided free vegetables to the canteen. During the epidemic, he also applied to join the frontline work of the water plant epidemic prevention. He said: "The company is affectionate to me, and all I can do is do my best for the company."

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People cannot experience many earth-shattering things. If someone comes to Dali, I could share with you what we have done here. That would make me so proud.
——Meng Jianwei

At present, China Water Environment Group's Erhai Lake Environmental Water Comprehensive Treatment Project is in a stable operation, including 6 submerged reclaimed water plants, 231.9 kilometers of sewage pipes (drains), 11 sewage pumping stations, 3 tailwater pumping stations, and 1 ecological pool. The Erhai Lake Environmental Treatment Project collects the household sewage of local residents. After the natural purification of the ecological ponds and wetlands, the treated water can be used to replenish farmland irrigation and mountain greening, which can reduce the sewage of 20 million tons every year.

Before doing such a huge project, operation and maintenance should be considered as the top priority. "The pollution currently facing the Erhai Lake does not come from a single source. The area of the Erhai Lake is very large, and there are many places where sewage is discharged." When talking about the operation status of pollution control in the Erhai Lake, Li Jianjun said that the pollution source was unstable and the influent index fluctuated greatly. In order to address these challenges, in addition to daily adjustment of water intake indicators, the operation and maintenance team insists on patrolling the pipeline at least twice a month and conducting problem screening, including checking whether the manhole cover are damaged, testing the concentration of toxic gases in the well, judging clogging and water flow, etc. In the future, the operation and maintenance team would also create a smart terminal to continuously improve operational efficiency
Biomass Energy

The development of new energy industry is not only an important measure for environmental treatment and ecological protection, but also an optimal choice for achieving sustainable development. Biomass energy is renewable with low pollution. SDIC focuses on developing the fuel ethanol industry, promoting the industrial layout of fuel ethanol projects, strengthening biotechnology research and development to promote the development of biomass energy.

CASE
Accelerating the layout of fuel ethanol to promote green and low-carbon development

SDIC Biotech is one of the important representative businesses of SDIC Group to implement the five major development concepts, and develop forward-looking strategic industries. After years of planning, SDIC Biotech has achieved actual results in main industries of bio-energy, completed the layout of the main industries, steadily increased the market share of fuel ethanol, and established a leading position in the industry.

In terms of project expansion, in 2019, SDIC Biotech has deployed a 300,000-ton biofuel ethanol project in Caofeidian, Tangshan, which produced 1.36 million tons of ethanol products, of which fuel ethanol sales was 620,000 tons, equivalent to planting 9.5 million trees. SDIC Biotech’s plant beside Honghu Lake, with the annual output of 100,000 tons of biofuel ethanol, located in Honghu Xintan Economic Cooperation Zone of Hubei Province, will become an important logistics hub and regional sales center of SDIC Biotech fuel ethanol in Central China.

In terms of product sales, SDIC Biotech pioneered in the industry and strengthened cooperation with companies such as PetroChina, Sinopec, China Aviation Oil and Sinochem. A fuel ethanol sales network was basically formed. In addition, SDIC Biotech achieved the first export of fuel ethanol to Vietnam, setting a precedent for fuel ethanol export trade between China and ASEAN countries.

The implementation of the Tieling (fuel ethanol) project has very good social and economic benefits in terms of increasing the income of local farmers, transforming aged grains and saving storage costs. It can also drive a large number of related industries such as feed, aquaculture, and transportation and create more employment opportunities.

— Li Xueqi, Head of the Comprehensive Office of Diaobingshan Development and Reform Bureau

The “high-quality sinking reclaimed water system” with independent intellectual property rights conforms to the future development direction of sewage treatment plants.

— Li Jinsong, President of the World Hakka Business Association

The “Technical Guide for Urban Underground Sewage Treatment Plant Engineering" led by China Water Environment Group stipulates the technical requirements for the design, construction, operation and maintenance of submerged urban sewage treatment plants, which fills the gap in China’s standards in this field. This normative development of the country has played a positive guiding role.

— Fan Yuansheng, President of China Environmental Protection Industry Association

There used to be an old sewage plant nearby before. It smelled so bad! All pedestrians quickly bypassed, let alone doing exercise. (After having Ankang Reclaimed Water Plant) Now the air here is so good!

— Wang Caqin, A resident in Ankang City, Shaanxi

SDIC Biotech (Tieling) Company Plant
Wind, Solar, Hydro and Clean Energy

SDIC focuses on developing clean energy and promoting energy mix transformation. In 2019, SDIC transferred the equity of 6 thermal power projects to invest in clean energy fields such as hydropower, wind power, photovoltaics, etc. At the same time, it carried out overseas clean energy resource mergers and acquisitions and investments to contribute green energy to the world.

<table>
<thead>
<tr>
<th>Holding installed capacity of electric power business</th>
<th>Newly installed capacity placed in service</th>
<th>Newly approved installed capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.79 MW</td>
<td>330 MW</td>
<td>200 MW</td>
</tr>
<tr>
<td>Installed capacity of thermal power</td>
<td>Installed capacity of thermal power</td>
<td></td>
</tr>
<tr>
<td>11.85 MW</td>
<td>0 MW</td>
<td></td>
</tr>
<tr>
<td>Installed capacity of hydropower</td>
<td>Installed capacity of hydropower</td>
<td></td>
</tr>
<tr>
<td>16.76 MW</td>
<td>0 MW</td>
<td></td>
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<tr>
<td>Installed capacity of wind power, photovoltaic, biomass</td>
<td>2.18 GW</td>
<td></td>
</tr>
<tr>
<td>Installed capacity of wind power, photovoltaic, biomass</td>
<td>330 MW</td>
<td>200 MW</td>
</tr>
</tbody>
</table>

Proportion of installed capacity of clean energy reached
Proportion of newly approved installed capacity of clean energy reached

Hydropower

SDIC vigorously develops hydropower projects and builds a wind, solar, hydro and clean energy demonstration base in Yalong River. In 2019, after the active promotion of SDIC, the Yalong River midstream DC UHV transmission project was officially approved. It is a solid foundation for the progressive development of the Yalong River midstream.

CASE
Ecological Yalong River, a new benchmark for environmental protection

The Yalong River, known as Ruoshui River in ancient times, originated from the southern foothills of Bayan Har Mountain, flows into Sichuan through Qinghai, rushes all the way in the alpine valley, and merges into the Jinsha River at Sanduizi in Panzhihua. Within the river basin, the river valley is deep and plentiful with good conditions for hydropower resources.

Yalong River Hydropower is only entity that is fully responsible for the construction and development of Yalong River cascade hydropower stations. In accelerating the development in the Yalong River Basin, Yalong River Hydropower Plants always adheres to the concept of coordinated and harmonious development, insists on equal emphasis on development and protection, and pays equal attention to corporate benefits and social responsibilities, so that the project is compatible with the environment.

Introducing advanced environmental management experience and technology

During the construction of the project, Yalong River Hydropower adhered to the environmental protection measures and the main project construction at the same time, vigorously carried out research on a series of major scientific research projects on environmental protection and treatment, introduced foreign environmental management experience and advanced protection technology, and improved the solution of environmental problems. In 2019, Jinping I project and Tongzilin Hydropower Stations were awarded with National Ecological Civilization Project of Soil and Water Conservation. So far, all 5 power stations of Yalong River Hydropower have all won the national ecological protection award.

Optimizing engineering design and reducing construction disturbance

In order to do a good job in environmental protection in plateau, alpine, and high altitude regions, Yalong River Hydropower has increased investment in environmental protection funds for the Lianghekou Hydropower Station. It insisted on simultaneous protection and treatment, introduced foreign environmental management experience and advanced protection technology, and actively carried out relevant research. During the construction, it paid priority to environment, vigorously optimize the project design, and minimize the disturbance of construction in the fragile area. Through fish breeding, fish crossing facilities, fish habitat protection, fish habitat restoration, fish protection research, aquatic ecological monitoring and other measures, the plant fully protected the Yalong River fish resources in the plateau area.

Scan QR and watch the documentaries Across China: A New Biography of Yalong River
Wind Power

SDIC has made efforts to achieve large-scale development of wind power. In 2019, SDIC has successively obtained development rights for nearly 3000 MW of new energy installations in Inner Mongolia, Qinghai, Guangxi, Yunnan, Tianjin and Shaanxi.

CASE: SDIC Power layout wind power project development in Western Inner Mongolia

Inner Mongolia has unique advantages in wind power-rich resources, vast land and flat terrain. In 2019, SDIC Power increased the development layout of new energy projects in Inner Mongolia, and signed wind power project development agreements with Hangjin Banner in Erdos and Urad Middle Banner in Bayannur. In October, SDIC Power successfully won the bid for the 150MW wind power project in Hangjin Banner, Inner Mongolia and achieved approval within the year. On this basis, SDIC Power will increase development scale of new energy projects in the Inner Mongolia Autonomous Region. It strives to build a new energy development base in Western Inner Mongolia, enhance the comprehensive competitiveness of new energy, and accelerate transformation and development.

Photovoltaic

Photovoltaic power generation is inexhaustible, safe and reliable with no noise nor pollution or other emissions, which gives it broad development prospects. In recent years, SDIC has seized opportunities in photovoltaic industry. Greenland development and project acquisition have been carried out simultaneously. It has successfully acquired four large-scale centralized photovoltaic power station projects in Yunnan Nanzhuang, Xinjiang Toksun, Zhejiang Huzhou, and Shaanxi Dingbian. The installed capacity has jumped to 818 MW, realizing a good situation of all-round development in the southwest, northwest, east and north China.

Energy Saving, Emission and Carbon Reduction

SDIC strictly abides by environmental laws and regulations, establishes and improves the ecological and environmental treatment system. It makes plans in environmental protection industry, promotes green production and green finance, implements energy conservation, emission reduction and carbon reduction. It actively responds to climate change, reduces the negative impact on environment, and promotes pollution prevention to build a green home. Up to now, SDIC has been awarded Outstanding Contribution for Energy Conservation and Emission Reduction for three consecutive terms.

In 2019, SDIC further strengthened ecological and environmental protection management, formulated resource conservation and environmental protection management regulations, supervision and inspection management measures and accountability measures, and promoted the standardization of environmental protection work. The Company has carried out on-site supervision and inspection on resource conservation and ecological environmental protection in 6 holding enterprises, and promptly reported problems. The Company has revised and published the 13th Five-Year Plan for resource conservation and environmental protection, and systematically carried out environmental protection work. We have also summarized the energy-saving and environmental protection assessment in the fifth term and estimated the goals of the sixth term. SDIC organized the 2019 energy efficiency benchmarking meeting for SASAC, set up an internal expert database for resource conservation and environmental protection; organized and carried out the 2019 Energy Conservation Publicity Week and National Low Carbon Day thematic activities to enhance the environmental protection awareness and ability of all employees. There were no major environmental protection incidents throughout the year.

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2019 Environmental Responsibility Performance

- 8.47 million RMB yuan was invested in energy conservation and emission reduction, among which, 3.46 million RMB yuan was invested in environmental protection facilities. 92 million RMB yuan was invested in energy-saving technological transformation, and 40,900 RMB yuan was invested in pollution-control technological transformation projects.
- The average coal consumption of thermal power supply decreased by 0.09 g standard coal/kWh year-on-year.
- The comprehensive energy consumption per 10,000 yuan output value decreased by 12.92% year-on-year.
- Comprehensive energy consumption per 10,000 yuan output value is 1.85 tons of standard coal/10,000 yuan.
- Utilization rate of flue gas desulphurisation (FGD) of coal-fired units is 90%.
- Utilization rate of flue gas denitrification of coal-fired units is 100%.
- Sulphur dioxide emissions decreased by 10% year-on-year.
- Nitrogen oxide emissions increased by 4.13% year-on-year.
- Coal consumption was 302.13 g standard coal/kWh year-on-year for a reduction of 0.09 g standard coal/kWh year-on-year.
- Equivalent to saving 65,500 tons of standard coal and reducing carbon dioxide emissions by about 17,400 tons.

4.47 million RMB yuan was invested in energy conservation and emission reduction, among which, 3.46 million RMB yuan was invested in environmental protection facilities. 92 million RMB yuan was invested in energy-saving technological transformation, and 40,900 RMB yuan was invested in pollution-control technological transformation projects.
Plan in Environmental Protection Industry

The development of energy-saving and environmental protection industry is an inevitable requirement and an effective way for the construction of ecological civilization. In 2019, SDIC established SDIC Eco-Environmental Investment Development Co., Ltd. to accelerate the planning in environmental protection industry.

CASE  Ankang Jiangnan Reclaimed Water Plant officially put into operation

As a professional water environment business platform under the SDIC Group, China Water Environment Group is a leader in China’s comprehensive water treatment industry. Ankang, Jiangnan Reclaimed Water Plant is one of Ankang Water Environment PPP sub-projects implemented by China Water Environment Group Limited, with a total investment of 580 million RMB yuan. In the spirit of environmental friendliness, land intensiveness and resource utilization, the project adopts the fifth generation reclaimed water technology independently developed by China Water Environment Group, which not only has less impact on the surrounding environment, but also has a good water purification effect. The main indicators have reached the surface water class IV standard.

In October 2019, the Jiangnan underground WWTP officially entered the commercial operation stage, with a treatment capacity of 80,000 tons/day. The reclaimed water is mainly used for urban landscape. In addition to producing recycled water, the project uses green low-carbon sewage source heat pump technology to make full use of the thermal energy in sewage. It can provide cooling and heating for surrounding buildings.

Adhering to Green Production

SDIC has promoted green production methods, actively explored the application of high-efficiency environmental protection technologies in production, reduced three wastes emissions, and effectively reduced the environmental impact. In 2019, SDIC carried out 42 energy-saving and emission-reduction technical renovation projects throughout the year.

SDIC’s Total Installed Power Generation Structure

<table>
<thead>
<tr>
<th>Index</th>
<th>2017 (%)</th>
<th>2018 (%)</th>
<th>2019 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thermal power (%)</td>
<td>43.5</td>
<td>46.23</td>
<td>38.35</td>
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<tr>
<td>Hydropower (%)</td>
<td>52.88</td>
<td>49.13</td>
<td>54.26</td>
</tr>
<tr>
<td>Wind power (%)</td>
<td>3.12</td>
<td>3.23</td>
<td>4.63</td>
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<tr>
<td>Photovoltaic (%)</td>
<td>0.5</td>
<td>1.40</td>
<td>2.65</td>
</tr>
<tr>
<td>Biomass (%)</td>
<td>0</td>
<td>0</td>
<td>0.11</td>
</tr>
</tbody>
</table>

Innovative Green Finance

In conjunction with the green finance policy, SDIC continued to explore green financing, actively carried out green finance, continuously improved the benefits of green investment and helped environmental protection. In 2019, SDIC issued USD 500 million 5-year green bonds at a fixed price, becoming the first central SOE to issue USD denominated green bonds in the international market.

CASE  Developing green finance and preventing air pollution

In 2019, the ADB loan “China I&G’s Investment and Financing Promotion Project in Beijing-Tianjin-Hebei Regional Air Pollution Prevention and Control” (referred to as the “ADB Project”) was included as a typical example of financial support for green development, and was included in the Case Compilation of Nature-based Solution.

China I&G officially launched the ADB project in October 2017. As an innovative global quasi-public product, the ADB project uses quasi-policy funds to establish a sustainable green financial platform, provide customized financial services for qualified air pollution control subprojects, and mobilize more social capital to invest in green industries. As of the end of June 2019, ADB projects had accumulatively approved 37 loan sub-projects and completed loan support for 33 of these sub-projects, with a total loan of 1.96 billion RMB yuan, and a total of 7.98 billion RMB yuan in social investment through loans and guarantees. When these sub-projects are completed and put into operation, the annual coal consumption will be reduced by 1.126 million tons, corresponding to a reduction of 2.155 million tons of carbon dioxide, 28,000 tons of sulfur dioxide, 74,000 tons of particulate matter, and 6,624 tons of nitrogen oxides.

Biodiversity Protection

SDIC has always insisted on equal emphasis on development and protection, with equal emphasis on corporate benefits and social responsibilities. It has actively maintained biodiversity and biological habitats, maintained ecological balance, and promoting the healthy development of the environment.

CASE  Breaking through the key technology of proliferation and release, protecting the fish resources of the Yangtze River

Artificial proliferation and release can effectively reduce the impact of hydropower development on aquatic ecology in the river basin, and scientifically and rationally supplement fish resources in the river reach. It can effectively increase the amount of natural fish resources, increase water productivity, improve the structure of biological communities. The ecological environment of the waters will be eventually restored and maintained and so will the fish resources and species diversity.

The largest fish breeding and release station in China is invested and built by the Yalong River Hydropower. Through artificial breeding and scientific research, the station has effectively improved the population of rare fish, and increased the diversity and population of fish in the Yangtze River. At present, the four fish breeding stations constructed in the Yalong River Basin have covered all the hydropower stations built or under construction along the Yalong River. Since 2011, the company has accumulatively released more than 10 million fish species unique to the upper reaches of the Yangtze River.
Serving with Sincere Heart

Our actions

- Total donations: 76.4 million RMB yuan
- 10.5 million yuan for headquarters training
- Assisted 6,169 poor students

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“Robust youth brings a prosperous country. If the younger generation has ideals, skills, and responsibilities, the country will have a future and hope.”

“Targeted poverty alleviation has written the Greatest Story anti-poverty struggle in the history.”

When youth is rooted in the countryside, when youth and poverty alleviation are in resonance, what a moving story will it be?

Southern Guizhou is mountainous. Surrounded by mountains, there are 9 natural villages. Belonging to the same village, the residents are separated by kilometers. It is normal to travel across the village to cross a few hills and cross a river. This is Bayi Village, Luodian County, Guizhou Province. There are 337 households with 1601 people in the village, but there are 201 poor households with 948 people. In 2018, the account manager Liu Cheng from SDIC Essence Futures came to this deeply impoverished village to serve as the first secretary of the village. It became his second hometown of work and life ever since then.

“The First is to Integrate”

In July 2018, Liu Cheng took the initiative of SDIC, headed south in the hot summer, to the mountains in southern Guizhou. He opened a road of poverty alleviation full of expectations and challenges.

In all new to him. It’s not so easy to start from scratch. There were always some bugs lying on his face in the early morning when he woke up. He stung by bees when he was simply cleaning up his office. If these natural difficulties were relatively easy to overcome, how to integrate into the communities and start work as soon as possible was the real difficulty he had to face.

In the beginning, the villagers instinctively distrusted this city guy in a white suit, with a mandarin accent, who always gave a business card with smile. What can a newcomer from the city do?

However, Liu Cheng still dragged the village cadres to visit the villagers’ homes. He listened, asked, and handed the villagers his contact cards. “I think it is similar to being a futures client manager. I need to be more proactive, let the folks know who I am and how I can help them. They will gradually become familiar with me. The poverty alleviation work will be easy to carry out later.”

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An old party member in Bayi Village passed away. Liu Cheng expressed condolences on behalf of the party branch. Poor villager Luo Xiaotu was seriously ill and Liu Cheng visited his home four times to help resolve difficulties. Villager Huang Yong wanted to cultivate navel orange, Liu Cheng went to the orchard to help survey the site. Some students in the village dropped out of school. He went to their homes and patiently persuaded the children and their parents.

Over time, Liu Cheng measured the village with his feet and draw the first hand-drawn map of the village.

The villagers also gradually discovered that this post-90s guy, who understands dialects and policies, is really reliable. Only sincerity can arouse genuineness. Now, when the villagers meet him, they always greet and say, “Come and sit, GengLao (Buyi dialect, meaning Have a drink!)”

These two years dedicated to poverty alleviation gives me a new understanding of the people. How fortunate that my personal experience can be integrated into the development of the country and society, and can bring more benefit to people!

— Liu Cheng

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“Solve the Most Basic Problems First”

Poverty alleviation has never been as simple as point-to-point. The demands of the recipients vary widely. The demands of moderate households should also be considered. Things that are done with good intentions may not be totally accepted by others. “What you do should meet my demand, or else why should I accept your assistance?” The villager’s words became one of the most important experience that Liu Cheng learned from the work of the grassroots.

Inadequacy should be addressed first. Bayi Village is a remote village, which is short of access to transportation and infrastructure. Through careful investigation, Liu Cheng decided to start with the construction of roads and toilets first, which can bring tangible changes to the village and the villagers. He formulated a detailed report, which received strong support from SDIC. SDIC allocated 1.8 million RMB yuan to enhance the living standards. Subsequently, he held a mass meeting with the two village committees and the resident team to plan the route of connecting villages, changing the kitchen and toilet, pigger, and garbage point. He communicated with the villagers from time to time. The demolition compensation was agreed, and the excavator drove into the village. However, one villager took back his word. This villager had sentiment, and the excavator drove into the village. The clean appearance of the village is tidy, the kitchen is bright. There is clean water flushing the toilet...

The clear appearance of the village not only brings about improvement of the environment, but also provides conditions for the villagers to improve their hygiene habits. Located in the same place, Bayi Village looks more promising and prosperous, which can be seen and felt anywhere. This is how the beautiful countryside is born.

Before and after farm house renovation

29 households changed kitchens, 26 changed piggens, 32 changed toilets, 60 wheeled garbage bins were placed, and 1 garbage incineration pond was built, 4354 m2 main streets, 2640 35 m2 small streets and 1183 65 m2 yards were reconstructed. A set of actual data released in the public documents of the village committee in 2019 could prove the achievement, and the villagers themselves have a more intuitive feeling the road is no longer muddy, the village is tidy, the kitchen is bright. The clean appearance of the village and the fields improve the villagers’ living standards.

The clean appearance of the village is more than just the result of the physical environment, but also provides conditions for villagers to improve their hygiene habits. Located in the same place, Bayi Village looks more promising and prosperous, which can be seen and felt anywhere. This is how the beautiful countryside is born.

“Party Building is the Primary Job”

As the first secretary in the village, it is an important part of Liu Cheng’s work to find ways to strengthen the party building in Bayi Village and promote targeted poverty alleviation through it. Before 2018, the party organization in Bayi Village was deconcentrated. The village has more poverty-striken households can also increase their income through land transfer, industrial dividends and local labor. Through the efforts of two years, the party branch of Bayi Village was selected as the Advanced Party Organization to Fight Poverty at the 2019 July 1st Commendation Conference in Luodian County. During the National Day in 2019, Liu Cheng and his parents watched the celebrating parade at home. When the vehicle carrying 13 representatives of the poverty alleviation slowly drove across Tiananmen Square, his eyes were wet. He did not want to let his parents see his tears and hid himself in the bathroom. "It was a mixed feeling at that moment. These two years dedicated to poverty alleviation gives me a new understanding of the people. How fortunate that my personal experience can be integrated into the development of the country and society, and can bring more benefits to people." Liu Cheng said.

Liu Cheng’s party meeting
Caring for Employees

In accordance with relevant laws and regulations on the protection of the rights and interests of workers, in respect of the basic rights and interests of employees, SDIC have continuously improved the training system and career promotion mechanism to help employees grow. SDIC has also strengthened corporate culture, organized cultural and sports activities, cared about employees, and enhanced employees’ sense of belonging, happiness, and sense of gain.

Protect the Rights of Employees

- SDIC adhered to equal treatment to employees of different nationalities, races, genders, religious beliefs and cultural backgrounds. It prohibited the use of child labor and forced labor.
- SDIC implements a labor contract system for all employees in accordance with various national labor laws and regulations.
- SDIC establishes confidential information management, file management and other systems to protect employees’ personal information and privacy.
- SDIC promotes the establishment of a salary system in 16 entity subsidiaries and optimizes the salary mechanism.
- SDIC builds a multi-level security system, establishes an enterprise annuity system to further ensure employees’ retirement life.
- SDIC puts emphasis on employees’ health management. The headquarters organized physical checkup for 1972 person-time throughout the year and help employees in reviewing or further treatment.
- SDIC prepares emergency medicines. It provides employees with medical consultation and assistance in hospital registration.
- SDIC carries out the HEAP employee care activities, and provides employees with psychological and physiological counseling, health classes, health news and other services.

Indicator | 2017  | 2018  | 2019  |
--- | --- | --- | --- |
Number of newly recruited employees | 3,197 | 7,220 | 8,868 |
Number of newly employed college graduates | 1,087 | 1,082 | 901 |
Number of resettled veterans | 35 | 15 | 6 |
Number of member companies joining the annuity plan | 40 | 46 | 47 |
Ratio of member companies joining the annuity plan to the total member companies (%) | 60 | 60.53 | 61.84 |
Number of employees joining the annuity system | 22,000 | 23,500 | 24,087 |
Ratio of employees joining the annuity system to the number of employees in the Group (%) | 55 | 53 | 49 |
Annuity scale (100 million RMB yuan) | 21.62 | 24.65 | 29.97 |
Annuity earning (100 million RMB yuan) | 1.56 | 0.74 | 2.27 |
Annuity investment return rate (%) | 5.33 | 3.26 | 8.8 |

Industrial exploration and research (conducted by SDIC Health, CEEDI) in the field of health and elderly care are worthy of recognition.

—Zhang Hong, Deputy Inspector of Beijing Municipal Science and Technology Commission

When I was holding the wish gift for the children, I felt that this small gift was really heavy. This was not only a wish, but also a confidence, a hope, and it passed me a heavy sense of responsibility and mission sense.

—SDIC Young Volunteer

It allows me to fully understand SDIC’s history, and every little gain this year has increased my pride and sense of belonging. I am very proud in such a big family.

—Employee from SDIC Zhonglu Fruit Juice

It (SDIC Health Changzhou Senior Apartment) is a fruit of the cooperation between SDIC and Changzhou. It is also a practical matter that benefits the people of Changzhou and promotes the development of Changzhou’s elderly care.

—Ding Chun, Mayor of Changzhou City

The 8th, 9th, and 10th sessions of the Fifth Congress of Workers were convened, and employee proposals were collected twice throughout the year to ensure employees’ rights to know, participate, express and supervise.

Voice from Stakeholders

Innermost Words
Boosting Employees’ Career Development

Based on strategic development needs and business reality, SDIC has formed a three-level talent management structure in which the headquarters guides, subsidiary promotes, and invested-in company implements. The Company has clarified the types and standards of talents, and continued to build a team of three types of talents: the composite talent, the leading talent, and the skilled talent. Then we carried out talent training in layers and categories, improved the professional quality and ability of various talents in multiple dimensions, built a reasonable job promotion system, and encouraged outstanding talents to stand out.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters training investment (ten thousand RMB yuan)</td>
<td>714</td>
<td>755</td>
<td>1,050</td>
</tr>
<tr>
<td>Leadership training (person time)</td>
<td>9</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Other management personnel training (person time)</td>
<td>28,767</td>
<td>27,900</td>
<td>36,733</td>
</tr>
<tr>
<td>Total number of trainings within the Group (person time)</td>
<td>124,370</td>
<td>105,555</td>
<td>170,722</td>
</tr>
<tr>
<td>Training of professional technicians (person time)</td>
<td>25,367</td>
<td>22,898</td>
<td>55,212</td>
</tr>
<tr>
<td>Skilled personnel training (person time)</td>
<td>70,227</td>
<td>54,749</td>
<td>78,777</td>
</tr>
</tbody>
</table>

Innovation Promotes Team Building

The grassroot team is an important cornerstone for promoting the reform and development of SDIC. As the final year of the second 3-year plan for the construction of the Group, the team’s construction work in the previous stage was summarized and commended. The Company has newly formulated Guiding Opinions on the Construction of Teams of SDIC Group and Working Plan of Teams Construction of 2020-2022. We have successfully held the SDIC Group Maintenance Electrician Skill Competition. In the Beijing Oilfield, the Company has for the first time held a ready-made learning and training classes for the team construction standards of SDIC in 2019 to inherit the Iron Man Spirit. We also participated in the National Short Video Contest hosted by Workers Daily and shortlisted for outstanding works. In 2019, we ushered in the 100th anniversary of the May 4th Movement. SDIC’s Youth League Committee organized a series of celebration inspired employees’ entrepreneurship.

Strengthening Corporate Culture

SDIC strives to build a people-oriented corporate culture and gathers a wide range of development forces. In 2019, SDIC organized a series of cultural activities in conjunction with the 70th anniversary of the founding of the People’s Republic of China and the May 4th Youth Festival and other festival events. We organized Inspiring SDIC-2019 Top 10 Highlights annual major event selection, carried out The Most Beautiful SDIC personnel report meeting and other brand cultural activities. Organizing song creation, creative short video collection and other series of celebration inspired employees’ entrepreneurship.

Leading the Young to Make Contributions

In 2019, we ushered in the 100th anniversary of the May 4th Movement. SDIC’s Youth League Committee organized a series of speech competition, and a commendation conference. We also led the youth to visit the revolutionary education base, cultivating the patriotic sentiment of young employees, and encouraging the growth of young employees.

Enriching Employees’ Life

SDIC cares about employees by carrying out “Happiness+” project. We also promoted various employee care projects, organized major festival condolences and staff assistance. We organized special events for female employees celebrating the Women’s Day held special cultural and sports activities such as Spring Festival Gala, basketball games, and various employee cultural and sports events to balance employees’ work and life, mobilize the enthusiasm of work, and continue to enhance employee cohesion.
**Serving the Community**

SDIC has always insisted on giving back to society and sharing development fruit with society. We have carried out investment in the old-age health industry to provide old-age services to the community, guided member companies to combine community needs, give full play to their own strengths, engage in community building.

### SDIC practice in universal senior care

Since 2016, SDIC Health has actively explored the development of a healthy old-age care industry, done its best to address the needs of the elderly population in the country, broken the rigid needs of the elderly incapacitated and demented groups, and helped to solve the problem of social old-age care. After nearly 4 years of operation, SDIC Health has deployed health care projects in Beijing, Guangzhou, Shanghai, Changzhou, Guizhou and other places, operating and constructing about 3,000 old-age care beds.

In February 2019, the Rainbow Bay Welfare Home in Hongkou District, Shanghai opened for operation. This is the first SDIC project in Shanghai to solve the problem of caring for the elderly with disability and dementia.

#### Depositing time for service

Welfare home uses the time bank model to attract volunteers with nursing ability to take care of the elderly. At the same time, the volunteers’ service time would be like money saved in the bank, and then they can be exchanged for services when they are old or they can enjoy other benefits in the welfare home.

#### Sharing canteens, serving neighborhoods

The canteen of the welfare home is also open to surrounding communities. After paying a certain expense, the seniors around the community can enjoy lunch in the canteen. The canteen dietitian also carefully matches the dishes according to the common health problems of the elderly, such as high blood sugar and high blood fat, so that the elderly can eat healthily. The canteen also opened special windows to provide personalized meals based on the eating habits of some elderly people.

#### Free rehabilitation facility

The rehabilitation facility are also open to the community. In addition to providing rehabilitation guidance for the elderly in welfare homes, rehabilitation teachers also provide guidance for the elderly in the community on how to use equipments.

#### Shanghai style, intimate customization

Rainbow Bay Elderly Welfare Home has built an old Shanghai style street, full of Shanghai Stone gate, old-time-honored brands, cheongsam decoration, old-style street lamps, movie posters, etc. Shanghai style “old objects” let the people relive “Shanghai Fairy”, more sense of belonging.

**Volunteer Service**

SDIC encourages employees to practice the spirit of volunteer service of dedication, friendship, mutual assistance and progress, and guides member companies to actively carry out volunteer activities such as caring for the youth, loving donations, blood donation, and environmental protection publicity. In 2019, SDIC organized volunteers to go to targeted poverty alleviation counties and Hu’ao Elementary School to carry out volunteer education activities such as SDIC May in Primary School and Little Lark Reading.

### Coming for Love, reading aloud-volunteer service of "SDIC Little Lark"

In 2019, SDIC launched the Little Lark Reading volunteer service. This is a reading service team with love and respect for the elderly. The little lark volunteers are full of enthusiasm, reading classics with the old people, boating the ocean of literature, or tracing back the precious memories of life with the old people, or giving the old people a performance, playing the piano with the old people. All these practices let the old people feel the warmth of home.

### Love like running water, Yalong River Hydropower has been sticking to it for 18 years

The Yalong River Hydropower Volunteer Service Project Love like Running Water sets out to care about the learning and growth of children in poverty-stricken ethnic areas, and contributes to the development of education in ethnic areas, which was awarded with Top 10 Volunteer Project in Sichuan Province. The project has been going on for 18 years. With the continuous advancement of hydropower resources in the Yalong River Basin, it has expanded to 17 impoverished mountain schools in Ganzi Prefecture, Lianzhong Prefecture, and Panzhihua County, Sichuan. With a capital of more than 1.2 million RMB yuan, it has paired with more than 1,000 poor students.

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CASE: SDIC practice in universal senior care

CASE: Coming for Love, reading aloud-volunteer service of "SDIC Little Lark"

CASE: Love like running water, Yalong River Hydropower has been sticking to it for 18 years
Connectivity of Hearts

Our actions

- Donated money and materials to support global anti-epidemic
- UK offshore wind power project provides clean energy to 450,000 local households
- Operation of Thailand’s waste-to-energy project to help environmental protection
In 2016, SDIC Power acquired Repsol Nuevas Energias SA (predecessor of Redrock Power Ltd), a wholly-owned British subsidiary of Repsol SA (Spain’s largest oil company), and obtained the Beatrice Offshore Wind Farm 25% equity and 100% equity of InchCape Offshore Wind Farm project. At the beginning of 2018, in order to better promote the development of the InchCape offshore wind power project and CFD (contract for difference) bidding, Chen Xiaomeng, the youngest member of the overseas project team, set off for the UK.

Upon departure, the leaders of SDIC Power gave Chen Xiaomeng three job options: project director assistant, project manager, and deputy manager. Facing this multiple choice, Chen Xiaomeng hesitated for a while and chose the deputy manager, the lowest position. "Building a house needs a strong foundation." Although Chen Xiaomeng had worked and lived in Europe before, he knew what he was about to face, and the road ahead would be bumpy.

The Conference Recording Archived on the Phone

Language is always the first challenge faced by expatriates. In fact, before coming to the United Kingdom, Chen Xiaomeng did not pay much attention to language issues. Although he graduated with a master’s degree in engineering in power generation, his English is quite good and he also has some European work experience. Communication, he thought, cannot be an obstacle. After arriving in Edinburgh, he was convinced that Scottish accent was worthy of the fame as the most difficult English in the world. In the beginning days, he was confused by the high-intensity meetings every day. "Scottish English has a heavy accent. It is better when talking about professional issues, but conversations beyond my profession is very difficult for a foreigner like me whose mother tongue is not English." Chen Xiaomeng said.

In order to adapt to the working environment as soon as possible, its became a routine for Chen Xiaomeng at that time to record meetings by mobile phone and listen to the recordings time and time again afterwards. “It took me a whole day listening to a meeting at the beginning and I listened to it repeatedly,” Chen Xiaomeng recalled. “This lasted for almost a year!” Now, although there is no longer any need to rely on recording “replay”, Chen Xiaomeng’s habit of keeping recordings for each meeting has never changed. The file archived most in the mobile phone is still the meeting recording.

Being Recognized by the Team

Chen Xiaomeng clearly remembers so far, when he first hosted the project meeting, he said “Let’s crack on!” Several colleagues sitting opposite frowned, and some people smiled secretly. "At that time, I realized that I might have used the wrong words, and I was so embarrassed... Later I learned that I used slang regardless of the context.” Chen Xiaomeng said, "Now I am more tougher, since embarrassment doesn’t make much sense."

Language and embarrassment are just the small part of the challenge. The real problem is integration and the recognition of the team. Chen Xiaomeng was faced with a multinational force. Most of Redstone’s employees come from Scotland and England, and the others come from more than ten different countries and regions such as Denmark, the Netherlands and Ireland. Among them, there were veterans working in the industry for twenty or thirty years, and gifted graduates. How could it be easy for a western team to recognize a young manager from the East?

“Actually, my thought was very simple, that is, paying more efforts, adhering to their standards and their industry rules, and completing a better job and being admired by them. —— Chen Xiaomeng

Chen Xiaomeng at the site of the booster station of Beatrice Offshore Wind Farm Project.
Chen Xiaomeng and his colleagues

In various professional meetings such as project development, bidding, and financing, negotiated with suppliers, recruited personnel, etc. He built his own UK offshore wind farm knowledge framework as soon as possible. "Many policies in the UK are very complicated, such as CfD. I spent a long time to understand the dozens of scenarios that may occur in the bidding, including the selection of different target delivery periods, multi-period bidding, downsizing bidding, etc. In fact, the meaning of CfD is no longer subsidy, which is essentially a precondition for developers to obtain non-recourse project financing." Chen Xiaomeng said.

Dealing with a lot of mails and information every day, he often had to contact the domestic team at midnight and get to bed at about 2 am and kept the work routine next day. This is the normal state of Chen Xiaomeng. For more than two years, from a green hand to the backbone of the team, Chen Xiaomeng has paid too much to integrate into the team. "Sometimes it really feels overwhelming, like someone is constantly stuffing your head." Chen Xiaomeng said. "Actually, my thought was very simple, that is, paying more efforts, adhering to their standards and their industry roles, and completing a better job and being admired by them." Xiao Meng is a typical guy with soft outer and rigid inner.

Gradually, colleagues began to recognize Chen Xiaomeng’s effort. At an employee farewell party, the colleague who was about to leave said to him: "Thank you for joining us, you can really understand our ideas. Although I am leaving the team, I hope you can stay in the company and help this team", the he hug Chen. In this hug, Chen Xiaomeng clearly felt the trust and recognition.

In August 2019, the CfD bidding of the InchCape project would start in a few weeks. When Chen Xiaomeng reviewed the materials, he found that the bidding price had some changes from the previous one. With his sensitivity to data, he re-examined the financial model sent by the team and found a hypothesis omission. The financial analysis manager said that the data in this model has been confirmed by several consultant teams and professional managers, and it was impossible to go wrong. Holding a computer, Chen Xiaomeng explained the position of the problem and the cause of the deviation to him one by one. The financial analysis manager had to admit that this was indeed a major data omission.

"The InchCape project can power more than 600,000 households in the UK (one-quarter of households in Scotland) and will reduce the UK’s annual consumption by about 600,000 tons of coal or 400,000 tons of gas. At the same time, it can reduce the UK’s carbon dioxide emissions by 1.36 million tons, equivalent to 3% of the total carbon dioxide emissions of various industries in Scotland in 2014."

— Chen Xiaomeng

The InchCape Project

A Interlude in InchCape Project

When applying for the development of offshore wind farm projects in the UK, the Environmental Impact Report is one of the most critical documents. The Environmental Impact Report of the InchCape Project has more than 6,000 pages and was prepared by hundreds of professionals. The assessment involves impact on natural fish and shellfish, marine mammals, birds, fisheries, noise, landscape, shipping, aviation, society and economy. The project development team communicated with different social bodies, groups, organizations, and individuals, and submitted the report to the Scottish Ornatic Bureau for review, waiting for the approval by the Scottish Minister.

Even so, under the British judicial system, if some environmental NGOs raise objections to the project proposed by the government, they can sue the Scottish government. The InchCape project and other projects surrounding have encountered such a turbulence. The Royal Society for the Protection of Birds (RSPB) lodged appeal against the Scottish government that the offshore wind power project affects the seabirds’ living environment. This also affected the InchCape project to participate in the second round of CfD bidding.

"During project development, ecological and environmental protection is always the top priority. We provided the government with all kinds of data and certificates needed to respond to the complaint, helping to prove that the offshore project development is of reason and compliance." Chen Xiaomeng said, “Previously we assessed the potential impact of wind farms on seabird species (including gannets, gulls, puffins, saurel puffins and sea pigeons), including strike risk, barrier effect, etc. The methods and models used in the evaluation are both the best practice in the industry. As a responsible renewable energy developer investing in the UK, we have an obligation to ensure that our offshore wind power projects will not affect seabird species in the UK. "The Scottish government finally won, but the InchCape project regrettably missed the second round of CfD bidding.

The United Kingdom is the first major economy in the world to pass a legislation to achieve net zero emissions of greenhouse gases by 2050, while Scotland has promised to achieve net zero emissions by 2045 at the latest. "The InchCape project can power more than 600,000 households in the UK (one-quarter of households in Scotland) and will reduce the UK’s annual consumption by about 600,000 tons of coal or 400,000 tons of gas. At the same time, it can reduce the UK’s carbon dioxide emissions by 1.36 million tons, equivalent to 3% of the total carbon dioxide emissions of various industries in Scotland in 2014." Chen Xiaomeng said.

In the next step, Chen Xiaomeng is still actively working with the team on how to maximize the potential value of the InchCape project and make the greatest contribution to the local economic and social development.
On March 11th, 2020, WHO characterized the COVID-19 as a pandemic. Faced with the urgent situation of overseas pandemic prevention and control, SDIC and its subsidiaries, investment companies actively carried out material donations, strived to maintain production and operation to fulfill its corporate social responsibilities, and help to prevent and control the global pandemic.

Donation for Overseas Disease Prevention

As of March 2020, SDIC donated 144,650 masks, 5,500 pairs of goggles, 5,000 sets of medical protective garments, 5,000 medical masks, 1 ventilator, 1 temperature measurement door and 1 infrared thermal imaging to overseas local governments, partners and subordinate enterprises, worthing 2.7732 million RMB yuan.

CASE  SDIC Mining and APC overcome difficulties together

Since the outbreak of the pandemic in the world, as the largest shareholder of Jordanian Arab Potash Company (APC), SDIC Mining has closely followed the situation of the Jordan outbreak and communicated with APC to introduce Chinese experience. When outbreak in Jordan worsened, the Company sent a letter to APC, expressing sympathy to APC and the Jordanian people, and expressed their willingness to provide APC with anti-epidemic materials to fight against the epidemic.

In April 2020, SDIC Mining’s medical and anti-epidemic materials donated to Jordan’s Ministry of Health and APC successfully arrived in Amman, Jordan’s capital. SDIC Mining donated 60,000 surgical masks, 5,000 sets of medical protective garments, 5,000 medical masks and 5,000 medical goggles to the Ministry of Health of Jordan, worthing 2 million RMB yuan. SDIC Mining also assisted APC in purchasing 40,000 medical N95 masks for the Jordanian Ministry of Health, and 25,000 medical garments, 25,000 goggles, and 25,000 protective masks. At the same time, SDIC Mining supported APC to donate to the Jordanian government to better cope with the epidemic and economic difficulties.

Earlier, during the severe epidemic in China, Chairman of APC Jamal Sarahella sent a letter of sympathy, expressing the willingness to work together with China and SDIC to overcome difficulties. After learning that China’s masks, garments and other materials were in short supply, APC actively deployed medical materials and applied for a purchase permit for temporary medical devices and supplies to the Ministry of Health in Jordan. 34,000 N95 masks, 1800 sets of medical protective garments, and 1,000 pairs of goggles were delivered to SDIC by the end of February 2020. All these materials strongly supported SDIC’s resumption of business and personal protection.

As written in the anti-epidemic materials, "Take care of each other and fight side by side." In the face of this pandemic, the friendship and cooperation between SDIC Mining and APC have consolidated mutual trust for the cooperation between the two parties and even the two countries.
Response to Overseas Outbreaks

SDIC’s overseas institutions and subsidiaries with a large number of projects attach great importance to epidemic prevention and control work, by combining the prevention and control requirements in resident area, drawing on domestic anti-epidemic experience, and preparing for timely response to new situation. They did a good job in epidemic prevention and production.

**CASE** COMPLANT actively responds to overseas epidemics

There are more than 20 overseas institutions and project teams in COMPLANT. The overseas institutions are widely distributed and have numerous personnel stationed abroad. All overseas agencies designated emergency plans, clarified emergency responding team and management, carried out anti-epidemic publicity, did well in monitoring and prevention.

**Formulating Emergency Plans**

Under the guidance of the Enterprise Epidemic Prevention Office, the "COVID-19 Prevention and Emergency Plan" was formulated according to the actual situation in the resident country, and the prevention and control of the epidemic was proactively publicized to increase the awareness of on-site personnel.

**Clarifying Emergency Organization**

The company has set up an emergency agency according to its own situation, clarified the person in charge, paid attention to the prevention and control measures in a timely manner, and summarized emergency information such as the Chinese embassy, medical team, and hospital near the site.

**Specifying Anti-pandemic Measures**

On-site personnel were required to reduce unnecessary travel and gathering, equip with adequate masks, sanitizing alcohol, disinfection tablets and other PPEs, and ventilate, clean and disinfect public areas such as dormitory, office, canteen, etc. every day.

**Monitoring and Screening**

The Company has formulated on-site personnel health record ledger, monitored on-site personnel’s temperature and health condition and practiced individual serving portion.

Overcoming Difficulties and Performing Contracts with Integrity

Under the COVID-19 pandemic, all countries have adopted restrictive measures for entry and exit of materials and personnel, which has brought various difficulties to overseas production and operation. All SDIC subsidiaries and investment companies have taken emergency measures, actively communicated and coordinated with the owners and partners, and tried their best to find feasible solutions, adjust construction plans to solve production problems to ensure integrity.

**CASE** The medical waste disposal project in Bangkok undertaken by Xinyuan (China) was successfully completed during the epidemic

Xinyuan (China) Environmental Technology Co., Ltd held by SDIC Power signed a contract with Thailand's general contractor for a 30-ton/day medical waste harmless treatment project in 2018, responsible for process system design, equipment supply and installation and commissioning. Two parties agreed that the project would be commissioned in early May 2020 and handed over to the Bangkok Municipal Government.

Due to the global outbreak of COVID-19 after the Spring Festival, the Thai epidemic prevention department issued emergency measures, and Xinyuan (China) installation technicians could not enter Thailand. In order to fulfill the contract on time, Xinyuan (China) overcame the difficulties by organizing local construction teams to enter the site, while the Chinese technical personnel conducting remote guidance by video and telephone. The project was completed on time. At the same time, Xinyuan (China) had zero confirmed cases of COVID-19 among construction workers, which was highly praised by the Bangkok Municipal Government.

British Offshore Wind Farms Benefit the Local

Beatrice offshore wind farm project has the characteristics of long offshore distance (more than 13.5 kilometers away from the shore at the nearest), deep sea depth (maximum water depth of 58 meters), and large unit capacity (7 MW offshore wind turbine). Many cutting-edge technologies were applied in construction. After the project is put into operation, it would provide clean energy for 450,000 local households, so as to reduce carbon emissions, and provide strong support for local environmental protection. During the development and construction of the project, through economic cooperation with local enterprises, the cumulative expenditure in the UK reached 1.1 billion pounds, of which half of the expenditure was spent in Scotland. In addition, the project has created a large number of jobs, which is conducive to promoting local economic development.

Thailand's Waste-to-Energy Project was Well Received

In July 2019, the Scottish Beatrice offshore wind farm project invested by SDIC Power was officially put into commercial operation. The project has a total investment of 2.6 billion pounds and took three years to complete its construction. The total installed capacity is 588,000 kilowatts. It is the largest offshore wind farm project in Scotland invested by Chinese companies and one of the first batch of wind farms granted with CID by the British government. The project is also a symbol of SDIC Power’s first entry into the offshore wind power sector and its first investment in the developed European countries with mature power industry.

SDIC Power actively implements the Belt and Road initiative by expanding its international business in the field of waste-to-energy project, and promoting comprehensive energy services. It strives to build a first-class integrated energy company with international competitiveness with "limited yet diversified" development strategy. In July 2019, SDIC Power successfully acquired Xinyuan (China) Environmental Technology Co., Ltd., entered the field of recycled energy, and deployed the waste-to-energy industry in Southeast Asia.

In August, SDIC Power successfully won the bid for two waste incineration power generation projects with a total processing capacity of not less than 2,000 tons per day in Bangkok, Thailand, achieving a major breakthrough in the company's waste incineration power generation business. When the new project completes, SDIC will operate three waste-to-energy projects in Bangkok with total capacity of 3,000 tons per day, ranking the first in Thailand.

In January 2020, Xinyuan (China) Bangkok Farm Reclamation Waste Incineration Power Plant in Thailand held by SDIC Power was entrusted by the Thai Customs and adopted a harmless treatment to dispose 18,190 kilograms of clothes, belts, shoes, leather bags and other smuggled goods, generating about 10,000 kWh of electricity to the local community. This operation was recognized by the Thai Customs, and were awarded the “Special Government Contribution Award”.

In July 2019, the Scottish Beatrice offshore wind farm project invested by SDIC Power was officially put into commercial operation. The project has a total investment of 2.6 billion pounds and took three years to complete its construction. The total installed capacity is 588,000 kilowatts. It is the largest offshore wind farm project in Scotland invested by Chinese companies and one of the first batch of wind farms granted with CID by the British government. The project is also a symbol of SDIC Power’s first entry into the offshore wind power sector and its first investment in the developed European countries with mature power industry.
In May 2019, SDIC successfully issued a second overseas bond of 1 billion US dollars, another innovative financing since 2017.

**Innovative Financing Model**

In order to complement SDIC’s Going Global Strategy, SDIC has innovatively adopted a financing model of setting up a medium-term note plan overseas while flexibly withdrawing funds according to capital needs. The Company announced on April 30, 2019 that it would establish a medium-term note plan worth US$3 billion. On May 14th, London time, SDIC issued two initial guideline prices of five-year and ten-year bonds to the market. In only half an hour, the issuance attracted US$1 billion. A number of well-known international investment institutions such as GIC, BlackRock and Fidelity Capital poured in with peak orders exceeding US$6.4 billion. In the end, the pricing of the two bonds successfully broke through the secondary market yield curve of existing corporate bonds, setting the lowest yield for the same-year bond issuance of Chinese non-financial state-owned enterprises since 2019. The proportion of European orders for the two bonds reached 21% and 19% respectively, reflecting the international market’s recognition of SDIC and the international community’s confidence in the future development of Chinese companies.

**The First Introduction of Green Bonds**

In this bond issuance, SDIC introduced the concept of green bonds for the first time to promote the company’s transformation and upgrading, and innovative development concepts to the global market, and to show the company’s tangible results in investment in clean energy, environmental protection and sustainable development. In this regard, Bluebay, Amundi and other well-known European green bond investors have highly recognized and expanded the follow-up green bond financing channels of SDIC. In early 2020, the well-known international financial media The Asset rated the US$500 million 5-year green bond issued by SDIC in 2019 as the Best Green Bond Award in the quasi-sovereign category.

In 2017, SDIC Mining became a shareholder of APC. Both parties are committed to developing potash fertilizer and related resources in Jordan to promote Jordan’s economic growth, employment growth and social prosperity. SDIC Mining and APC will regard the support for education as a long-term social responsibility for cooperation in Jordan. Both parties will jointly carry out public welfare activities to drive all sectors of society to devote more love and care to children and education.
Responsibility Management

Responsibility Model

SDIC actively implements the concepts of innovation, coordination, green, openness, and sharing and the Company's development strategy. Around the Heart Actions, (Starting from Heart, Operation with Ingenious Heart, Protection with Whole Heart, Serving with Sincere Heart, Connectivity of Hearts), SDIC hands together with stakeholders to promote social responsibility practices and create the comprehensive values of the economy, society and environment.

Responsibility Capacity

SDIC supported the preparation of the Corporate Social Responsibility Basic Textbook (Second Edition) through the implementation of the Social Responsibility Management Improvement project, and participated in the social responsibility training and research organized by the State-owned Assets Supervision and Administration Commission of the State Council, the State Council's Poverty Alleviation Office, and industry organizations. Excellent social responsibility management and practices in advanced enterprises are introduced to improve and help the development of corporate social responsibility of Chinese enterprises.

Responsibility Communication

SDIC attaches great importance to communication with stakeholders, sincerely studies the requirements and expectations of them, and translates relevant appeals into corporate social responsibility goals and programs, effectively strengthens its own capacity building, and establishes all-round communication channels to governments, partners, customers, employees, creditors, communities and other stakeholders to spread the concept of corporate responsibility and respond to the concerns of stakeholders.

In 2019, SDIC teamed up with representatives from the Chinese Academy of Social Sciences, the CSR Cloud Research Institute and other enterprises, jointly published Corporate Social Responsibility Basic Textbook (Second Edition) to promote the development of responsibility education and corporate social responsibility in China. The textbook is the only systematic, localized series of social responsibility teaching achievements in China. The case of SDIC’s Exploring New Paths for Poverty Alleviation with Industrial Funds was incorporated into the textbook, and won the Excellent Case Certificate.
In July 2019, SDIC Records written by over 360 part-time editors from 40 units in 4 years was officially published. It is the first comprehensive book that reflects the history of China’s state-owned investment company. The writers extensively interviewed in-persons in depth, consulted historical archives, searched for first-hand materials, repeatedly revised, made every effort to pursue objectiveness, and took into account the detailed stories of the characters, challenges, experiences and lessons. The book recalls the political space in which SDIC exists, the policy environment for strategic choices, and the market conditions for business development. It also demonstrates the whole process of the earthshaking changes since the establishment of SDIC, answering questions such as “What is SDIC, where does SDIC come from, and where will it go?” It records the history of SDIC from a angle of state funders and earliest state-owned investment practitioner. It is an objective record of change and development over the past 20 years, which opens up new ways for researchers, readers, and stakeholders to fully understand SDIC and China’s investment business reform and development process.

In August 2019, the SOEs Corporate Social Responsibility Blue Book (2019) press conference and release ceremony was held in Beijing. This conference was sponsored by SASAC, China Social Responsibility 100 Forum and SDIC. Peng Huagang, Secretary General of SASAC, Li Yang, member of the Chinese Academy of Social Sciences, and other officials and experts, as well as more than 280 guests from 96 central and local SOEs and mainstream media attended the forum. SDIC’s “Happy Life of Old People with Cognitive Disorders in the Greater Bay Area” was selected into the blue book.

SDIC has organized a series of publicity activities to celebrate the 70th anniversary of the founding of People’s Republic of China, reform and opening-up, high-quality development, targeted poverty alleviation, etc. by means of paper media, online media, TV, broadcasting and others. These improve stakeholder’s awareness and understanding of the unique role of SDIC in investment orientation, structural adjustment, and capital management, and enhance its brand image. In 2019, the Company’s news publicity and poverty alleviation work received a total of 9 awards.

In 2019, the Company’s business and projects were reported by 20,795 times by the state and local mainstream media, 142,594 released on new media, and 267,820 on omnimedia. Among them, the People’s Daily published 6 reports including New Economic Position: How to Do This Year’s Work; Xinhua News Agency published 6 reports including “SDIC: New Industries accounted for more than half of the total and accelerated the shift to ‘capital management’” CCTV’s comprehensive, financial, international and other 6 channels broadcasted 7 video reports including “Cross-Border Capital Targets Senior Care Industry”, and 8 documentaries including “Innovation in Progress: Erhai” and “Across China: A New Biography of Yalong River”.

Diversified Communication Channels

- Published Chinese version of CSR reports for 12 consecutive years
- Published English-version CSR reports for 8 consecutive years
- First releasing of SDIC Records
- SDIC-Online Official WeChat Account, SDIC Group’s Official Weibo Account
- Accounts of Official APP, Toutiao, Facebook, Xueqiu Qiangguo, etc.
- SDIC extranet, intranet, micro official website
- Internal Journal of SDIC
- Supported the SOEs Corporate Social Responsibility Blue Book (2019) press conference and release ceremony
- Participated in CSR forum or activities to strengthen the exchange of experience in social responsibility with all walks of life
Established on May 5, 1995, State Development & Investment Corp. (SDIC) is a state-owned investment holding company approved by the State Council. It is the only investment holding company among the central SOEs, and the first batch of state-owned capital pilot unit for investment company reform. The registered capital of SDIC is 33.8 billion yuan. As of the end of 2019, the total assets are 631.9 billion yuan and there are about 50,000 employees. In 2019, the Group generated revenue of 155.6 billion yuan and total profit of 20.1 billion yuan. Since 2003, it has been awarded A-level in the performance assessment of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) for 15 consecutive years, and has been awarded “Excellent Performance Enterprise” for 8 consecutive terms. SDIC plays a unique role in investment orientation, structural adjustment and capital management in the development of the national economy.

Since the establishment of SDIC, it has continuously improved its development strategy, optimized its asset structure, and gradually built four strategic business units: infrastructure-related industry, forward-looking strategic industry, finance and service industry, and international business. After more than 20 years of exploration and practice, SDIC has gradually formed a unique operation model of equity investment-equity management-to enhance corporate value, equity transfers or equity management-equity operation and combination of capital management and asset management, that is, make capital investment to obtain equity, equity management to enhance corporate value, equity transfers or equity dividends to gain income, thereby realizing the preservation and appreciation of state-owned assets.

The Company has 25 second-level wholly-owned and controlled subsidiaries, and 145 third-level wholly-owned and controlled companies, of which 9 are listed companies. It has formed the “SDIC” brand with certain influence in the capital market.

SDIC will embrace the future, always serve the national strategy, give full play to the leading role of state-owned capital in key industries, vigorously optimize the layout of state-owned capital, and actively promote the pilot reform, strive to build the Company into a world-class capital investment company with global competitiveness.

### Corporate Strategy

- **First-class Strategy**
  - Building first-class enterprise, reaching first-class level, and achieving first-class performance

- **Talent Strategy**
  - Centering on corporate strategies and development mechanism, promoting the building of talent team and implementation of key talent projects in a planned and focused manner

- **Coordinated Development Strategy**
  - Enhancing overall corporate competitiveness by coordinating businesses, resources, and management of different business sectors, projects, and regions

- **Energy Strategy**
  - Increasing investment in fields of energy conservation, environmental protection, and new energy, fostering industrial advantages, and developing new growth points

- **Going Global Strategy**
  - Promoting internationalization process in accordance with business mix of overseas direct investment, international engineering contracting, and international trade
Corporate Governance

Management Team

Bai Tao  Chairman
Qian Meng  Director
Du Wenmin  Deputy General Manager
Hu Changyuan  Chief of Discipline Inspection and Supervision
Lee Cheng  Deputy General Manager
Shi Hongxiang  General Manager, Director
Li Ruge  CFO
Yang Xiaohui  Deputy General Manager
Zhong Guodong  Deputy General Manager

Organization Management

SDIC is a state-owned enterprise funded by the Central Government. SASAC performs the role of investor on behalf of the state. SDIC has a standardized board of directors consists of 8 directors, of whom 4 are external directors, 4 are non-external directors, including 1 employee director. The board of directors is the highest decision-making body of the company, and the chairman is the legal representative of the company. The company has established a parent-subsidiary management system with capital as the link, and implemented a three-level management of headquarters-subsidiaries-investment companies.

The Group's headquarters focuses on strengthening the core functions of strategic decision-making, resource allocation, capital operation, supervision and evaluation.

As a professional management platform, subsidiaries are responsible for the management of investment enterprises, looking for investment opportunities, advancing business development, and promoting investment enterprises to improve performance.

As a business operation unit, an investment enterprise is responsible for the direct operation and management of specific businesses and is the company’s profit center.

All investment companies of SDIC shall establish a standardized corporate governance structure. In accordance with the provisions of the “Company Law”, SDIC appoints or removes directors and supervisors in investment companies, and conducts comprehensive economic, social and environmental performance assessment and supervision of the management team by the financial year and term of office.
Prospects

Hold original intention to set sail for a new journey. 2020 is the year to realize the goal of building a well-off society in an all-round way. SDIC will continue to follow the guidance of Xi Jinping’s socialist ideology with Chinese characteristics in the new era, implement the new development concept, adhere to transformation and innovation, deepen reform, optimize resource allocation, and continuously serve as the pilot of SOE reform. SDIC will improve its industry cultivation, structural adjustment, investment performance to enable quality development and empowerment to better serve national strategy, make new and bigger contributions for a well-off society in an all-round way an achievement of the first centenary goal.
## Financial Statements

### Balance Sheet

<table>
<thead>
<tr>
<th>Item</th>
<th>Ending Balance</th>
<th>Opening Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money funds</td>
<td>65,081,203,467.82</td>
<td>48,234,928,009.53</td>
</tr>
<tr>
<td>△ Settlement reserve funds</td>
<td>12,889,164,542.29</td>
<td>12,143,124,290.49</td>
</tr>
<tr>
<td>△ Swap funds</td>
<td>38,603,200,054.91</td>
<td>21,046,006,549.06</td>
</tr>
<tr>
<td>☆ Trading financial assets</td>
<td>52,175,940,231.13</td>
<td>51,033,723,264.62</td>
</tr>
<tr>
<td>Financial assets measured at fair value and their changes are included in the current profit and loss</td>
<td>5,815,011,791.77</td>
<td>4,330,045,334.32</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>124,786,103.33</td>
<td>153,051,198.53</td>
</tr>
<tr>
<td>Bill receivable</td>
<td>2,845,701,406.25</td>
<td>1,902,373,747.25</td>
</tr>
<tr>
<td>accounts receivable</td>
<td>14,162,274,862.73</td>
<td>11,986,979,939.78</td>
</tr>
<tr>
<td>☆ Receivables financing</td>
<td>174,317,766.71</td>
<td>225,204,915.94</td>
</tr>
<tr>
<td>Prepayments</td>
<td>7,339,000,001.73</td>
<td>6,195,104,066.09</td>
</tr>
<tr>
<td>☆ Premium receivable</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>△ Reinsurance accounts receivable</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>△ Receivables for reinsurance contract</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other receivables</td>
<td>4,645,675,518.61</td>
<td>4,324,084,146.42</td>
</tr>
<tr>
<td>△ Buy resale financial assets</td>
<td>18,383,854,122.29</td>
<td>13,335,484,321.62</td>
</tr>
<tr>
<td>△ Stock goods (finished products)</td>
<td>4,383,464,205.67</td>
<td>7,380,914,246.60</td>
</tr>
<tr>
<td>△ Stock goods (finished products)</td>
<td>11,810,365,580.85</td>
<td>10,706,896,878.84</td>
</tr>
<tr>
<td>Development expenditure</td>
<td>122,448,903.40</td>
<td>35,250,693.10</td>
</tr>
<tr>
<td>Goodwill</td>
<td>9,509,062,341.40</td>
<td>7,736,013,688.44</td>
</tr>
<tr>
<td>Long-term prepaid expenses</td>
<td>725,124,760.67</td>
<td>789,165,514.93</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>2,862,697,108.19</td>
<td>2,371,369,292.34</td>
</tr>
<tr>
<td>△ Other non-current assets</td>
<td>3,704,553,404.95</td>
<td>2,630,051,864.30</td>
</tr>
<tr>
<td>Including: Special reserve materials</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total current assets</td>
<td>245,468,299,693.91</td>
<td>196,875,032,389.65</td>
</tr>
</tbody>
</table>

### Balance Sheet

<table>
<thead>
<tr>
<th>Item</th>
<th>Ending Balance</th>
<th>Opening Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>△ Holding assets for sale</td>
<td>7,461,108,852.84</td>
<td>47,100,165.99</td>
</tr>
<tr>
<td>Non-current assets due within one year</td>
<td>2,656,205,051.23</td>
<td>235,313,558.82</td>
</tr>
<tr>
<td>Other current assets</td>
<td>4,028,599,991.15</td>
<td>3,425,937,067.57</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>196,875,032,389.65</td>
<td>196,875,032,389.65</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Ending Balance</th>
<th>Opening Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>△ Loan and advance payment</td>
<td>422,231,151.95</td>
<td>458,590,851.34</td>
</tr>
<tr>
<td>△ Debt investment</td>
<td>2,643,226,709.59</td>
<td>4,771,933,055.37</td>
</tr>
<tr>
<td>Available for sale financial assets</td>
<td>16,560,600,714.69</td>
<td>16,461,737,413.66</td>
</tr>
<tr>
<td>△ Other debt investment</td>
<td>17,607,464,776.07</td>
<td>22,223,589,455.97</td>
</tr>
</tbody>
</table>

Note: The item with * in the table are only for consolidated accounting statements; The △ item is for financial enterprises only; The # item is exclusively for foreign-invested enterprises; The ☆ item is applicable to enterprises implementing new income/new lease/new financial instrument standards.
## Balance Sheet

<table>
<thead>
<tr>
<th>Item</th>
<th>Ending balance</th>
<th>Opening Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance receipt</td>
<td>7,703,022,916.25</td>
<td>7,704,074,431.98</td>
</tr>
<tr>
<td>Financial assets sold for repurchase</td>
<td>19,171,890,537.75</td>
<td>22,292,972,381.75</td>
</tr>
<tr>
<td>Account deposits and interbank deposits</td>
<td>362,073,454.51</td>
<td>183,846,732.08</td>
</tr>
<tr>
<td>Acting for securities trading</td>
<td>44,942,840,345.38</td>
<td>31,926,387,500.38</td>
</tr>
<tr>
<td>Agency underwriting securities</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Staff payable</td>
<td>4,114,695,209.53</td>
<td>3,258,067,779.43</td>
</tr>
<tr>
<td>Of which: Wages payable</td>
<td>3,428,131,937.43</td>
<td>2,660,396,711.35</td>
</tr>
<tr>
<td>Welfare payable</td>
<td>2,661,479.19</td>
<td>6,436,204.01</td>
</tr>
<tr>
<td>#Among them: Staff incentives and welfare Fund</td>
<td>0.00</td>
<td>5,030,481.71</td>
</tr>
<tr>
<td>Taxes payable</td>
<td>2,359,719,514.00</td>
<td>2,954,103,522.95</td>
</tr>
<tr>
<td>Of which: taxes payable</td>
<td>2,014,952,322.70</td>
<td>2,609,564,939.33</td>
</tr>
<tr>
<td>Other payables</td>
<td>24,191,020,040.00</td>
<td>23,475,013,763.06</td>
</tr>
<tr>
<td>#Among them: #Wages payable</td>
<td>0.00</td>
<td>224,026.13</td>
</tr>
<tr>
<td>#Among them: #Wages payable</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Holding liabilities for sale</td>
<td>4,888,007,299.91</td>
<td>0.00</td>
</tr>
<tr>
<td>Non-current liabilities due within one year</td>
<td>17,750,251,183.40</td>
<td>0.00</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>4,108,446,464.00</td>
<td>2,163,763,373.16</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>194,140,353,343.97</td>
<td>177,066,906,390.75</td>
</tr>
</tbody>
</table>

### Non-current liabilities:

<table>
<thead>
<tr>
<th>Item</th>
<th>Ending balance</th>
<th>Opening Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance contract reserve</td>
<td>——</td>
<td>——</td>
</tr>
<tr>
<td>Long-term loan</td>
<td>133,404,058,899.93</td>
<td>139,947,841,302.09</td>
</tr>
<tr>
<td>Bond payable</td>
<td>100,548,377,068.53</td>
<td>75,864,346,455.31</td>
</tr>
<tr>
<td>Of which: Preferred stock</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Perpetual debt</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Lease liability</td>
<td>15,430,662.34</td>
<td>0.00</td>
</tr>
<tr>
<td>Long-term payables</td>
<td>3,327,359,769.40</td>
<td>2,317,816,364.42</td>
</tr>
<tr>
<td>Long-term payable employee compensation</td>
<td>1,250,701.66</td>
<td>0.00</td>
</tr>
<tr>
<td>Estimated liabilities</td>
<td>598,346,101.39</td>
<td>646,588,508.57</td>
</tr>
<tr>
<td>Deferred income</td>
<td>593,851,180.10</td>
<td>527,234,123.80</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>1,494,338,422.76</td>
<td>1,652,386,684.87</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>113,305,329.48</td>
<td>86,681,837.23</td>
</tr>
<tr>
<td>Of which: Special reserve fund</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Note: The item with * in the table are only for consolidated accounting statements; The △ item is for financial enterprises only; The # item is exclusively for foreign-invested enterprises; The ☆ item is applicable to enterprises implementing new income/new lease/new financial instrument standards.

## Balance Sheet

<table>
<thead>
<tr>
<th>Item</th>
<th>Ending balance</th>
<th>Opening Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total non-current liabilities</td>
<td>343,672,305,579.59</td>
<td>397,409,789,667.94</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>436,827,305,579.59</td>
<td>397,409,789,667.94</td>
</tr>
<tr>
<td>Owner’s equity (or shareholders’ equity)</td>
<td>——</td>
<td>——</td>
</tr>
<tr>
<td>Paid-in capital (or share capital)</td>
<td>33,800,000,000.00</td>
<td>33,800,000,000.00</td>
</tr>
<tr>
<td>State capital</td>
<td>33,800,000,000.00</td>
<td>33,800,000,000.00</td>
</tr>
<tr>
<td>State-owned legal person capital</td>
<td>——</td>
<td>——</td>
</tr>
<tr>
<td>Collective capital</td>
<td>——</td>
<td>——</td>
</tr>
<tr>
<td>Private capital</td>
<td>——</td>
<td>——</td>
</tr>
<tr>
<td>Foreign capital</td>
<td>——</td>
<td>——</td>
</tr>
<tr>
<td>#Minus: Investment returned</td>
<td>——</td>
<td>——</td>
</tr>
<tr>
<td>Long-term loan</td>
<td>133,404,058,899.93</td>
<td>139,947,841,302.09</td>
</tr>
<tr>
<td>Other equity instruments</td>
<td>2,984,655,000.00</td>
<td>2,984,655,000.00</td>
</tr>
<tr>
<td>Of which: Preferred stock</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Perpetual debt</td>
<td>2,984,655,000.00</td>
<td>2,984,655,000.00</td>
</tr>
<tr>
<td>Capital reserve</td>
<td>16,980,150,748.87</td>
<td>16,260,854,008.65</td>
</tr>
<tr>
<td>#Minus: Treasury shares</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>2,960,401,255.60</td>
<td>1,189,565,023.06</td>
</tr>
<tr>
<td>Of which: Foreign currency statement conversion difference</td>
<td>-98,394,397.05</td>
<td>-116,774,790.65</td>
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<tr>
<td>Special reserves</td>
<td>4,675,975.97</td>
<td>33,760,524.47</td>
</tr>
<tr>
<td>Surplus reserve</td>
<td>1,318,239,341.07</td>
<td>957,022,063.62</td>
</tr>
<tr>
<td>Of which: Statutory provident fund</td>
<td>1,318,239,341.07</td>
<td>957,022,063.62</td>
</tr>
<tr>
<td>Any provident fund</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>#Reserve fund</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>#Business development fund</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>#Profit return for investment</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>General risk preparation</td>
<td>1,571,414,985.92</td>
<td>1,873,390,714.13</td>
</tr>
<tr>
<td>Undistributed profit</td>
<td>29,391,902,613.93</td>
<td>27,345,695,529.98</td>
</tr>
<tr>
<td>Total attributable to parent company’s owner’s equity (or shareholders’ equity)</td>
<td>89,804,613,661.36</td>
<td>84,442,942,463.01</td>
</tr>
<tr>
<td>#Minority shareholders’ equity</td>
<td>105,222,913,887.70</td>
<td>97,433,543,770.23</td>
</tr>
<tr>
<td>Total owner’s equity (or shareholders’ equity)</td>
<td>195,027,526,559.15</td>
<td>181,886,475,233.24</td>
</tr>
<tr>
<td>Total liabilities and owner’s equity (or shareholders’ equity)</td>
<td>631,854,832,136.71</td>
<td>579,296,264,901.18</td>
</tr>
</tbody>
</table>
## Income Statement

### Unit: RMB yuan

<table>
<thead>
<tr>
<th>Item</th>
<th>Current Amount</th>
<th>Amount of last period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Total operating income</strong></td>
<td>141,945,523,680.96</td>
<td>121,380,437,741.61</td>
</tr>
<tr>
<td>Of which: Operating income</td>
<td>131,138,139,073.49</td>
<td>112,903,855,055.00</td>
</tr>
<tr>
<td>△Interest income</td>
<td>5,064,296,254.57</td>
<td>4,714,515,355.46</td>
</tr>
<tr>
<td>△Premium earned</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>△Handling fee and commission income</td>
<td>5,743,088,352.90</td>
<td>4,758,046,700.73</td>
</tr>
<tr>
<td><strong>2. Total operating cost</strong></td>
<td>133,623,076,338.69</td>
<td>112,664,515,994.54</td>
</tr>
<tr>
<td>Of which: Operating costs</td>
<td>101,125,562,432.79</td>
<td>86,588,816,299.67</td>
</tr>
<tr>
<td>△Interest expense</td>
<td>2,982,974,880.04</td>
<td>2,923,721,806.92</td>
</tr>
<tr>
<td>△Handling fee and commission expense</td>
<td>701,846,325.02</td>
<td>583,663,907.25</td>
</tr>
<tr>
<td>△Surrender</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>△Net compensation expenses</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>△Withdrawal of insurance liability reserve net</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>△Policy bonus expenditure</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>△Reinsurance expenses</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Taxes and surcharges</td>
<td>2,020,097,794.50</td>
<td>1,960,599,906.09</td>
</tr>
<tr>
<td>Sales expense</td>
<td>2,476,616,241.53</td>
<td>1,901,699,522.98</td>
</tr>
<tr>
<td>Management costs</td>
<td>11,269,105,740.40</td>
<td>9,082,194,355.31</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>889,329,742.71</td>
<td>373,168,615.58</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>10,156,738,231.70</td>
<td>9,250,451,400.84</td>
</tr>
<tr>
<td>Of which: Interest expense</td>
<td>10,249,785,251.57</td>
<td>9,280,883,933.77</td>
</tr>
<tr>
<td>Interest income</td>
<td>256,913,796.04</td>
<td>198,962,104.38</td>
</tr>
<tr>
<td>Net interest income</td>
<td>18,101,621.21</td>
<td>55,125,226.25</td>
</tr>
<tr>
<td>Other</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Plus: other income</td>
<td>395,185,482.15</td>
<td>577,719,751.58</td>
</tr>
<tr>
<td>Investment income (losses are listed with “△”)</td>
<td>10,181,051,235.64</td>
<td>11,278,079,219.60</td>
</tr>
<tr>
<td>Of which: Investment income from associates and joint ventures</td>
<td>5,618,602,161.87</td>
<td>3,897,433,839.86</td>
</tr>
<tr>
<td>△Financial income assets measured at amortized cost termination of recognition</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>△Exchange gains (losses are listed with “△”)</td>
<td>5,577,595.84</td>
<td>9,765,009.27</td>
</tr>
<tr>
<td>△Net exposure hedging gains (losses are listed with “△”)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Gain from changes in fair value (losses are listed with “△”)</td>
<td>3,047,120,104.34</td>
<td>3,329,887,600.66</td>
</tr>
<tr>
<td>△Credit impairment losses (losses are listed with “△”)</td>
<td>672,769,948.07</td>
<td>0.00</td>
</tr>
<tr>
<td>Asset impairment losses (losses are listed with “△”)</td>
<td>-1,388,299,995.67</td>
<td>-1,992,975,607.46</td>
</tr>
<tr>
<td>Asset disposal gains (losses are listed with “△”)</td>
<td>99,517,065.85</td>
<td>85,123,717.97</td>
</tr>
<tr>
<td><strong>3. Operating profit (losses are listed with “△”)</strong></td>
<td>19,399,628,923.15</td>
<td>18,347,746,141.13</td>
</tr>
<tr>
<td>Plus: non-operating income</td>
<td>347,165,045.97</td>
<td>1,238,356,872.29</td>
</tr>
<tr>
<td>Including: government subsidies</td>
<td>73,636,259.73</td>
<td>52,580,651.83</td>
</tr>
<tr>
<td>Minus: non-operating expenses</td>
<td>256,136,589.48</td>
<td>255,654,166.10</td>
</tr>
<tr>
<td><strong>4. Total profit (total loss is listed with “△”)</strong></td>
<td>20,081,309,400.14</td>
<td>19,341,730,567.49</td>
</tr>
</tbody>
</table>

Note: The item with * in the table are only for consolidated accounting statements. The △item is for financial enterprises only. The ◇item is applicable to enterprises implementing new income/new financial instrument standards.
### Cash Flow Statement

**Unit: RMB yuan**

<table>
<thead>
<tr>
<th>Item</th>
<th>Current Amount</th>
<th>Amount of last period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Cash flow from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from sales of goods and services</td>
<td>143,694,541,093.32</td>
<td>121,453,252,027.25</td>
</tr>
<tr>
<td>△Net increase in customer deposits and interbank deposits</td>
<td>-20,875,277.57</td>
<td>-235,150,855.68</td>
</tr>
<tr>
<td>△Net increase in loans from the central bank</td>
<td>-42,920,608.88</td>
<td>-422,920,608.88</td>
</tr>
<tr>
<td>△Net increase in funds borrowed from other financial institutions</td>
<td>-2,300,000,000.00</td>
<td>2,100,000,000.00</td>
</tr>
<tr>
<td>△Cash received from the original insurance contract premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>△Net increase of deposits and investment funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>△Disposal of net increase in financial assets measured at fair value and whose changes are included in the current profit and loss</td>
<td>0.00</td>
<td>-9,866,673,767.49</td>
</tr>
<tr>
<td>△Cash charged for interest, handling fee and commission</td>
<td>10,694,961,807.15</td>
<td>8,940,760,669.36</td>
</tr>
<tr>
<td>△Net increase in dismantling funds</td>
<td>-3,289,473,945.04</td>
<td>-1,279,300,416.67</td>
</tr>
<tr>
<td>△Net increase in repurchase funds</td>
<td>-4,490,951,837.94</td>
<td>3,420,649,308.25</td>
</tr>
<tr>
<td>△Net cash received by agent trading securities</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>△Tax refund</td>
<td>353,008,071.02</td>
<td>406,671,712.04</td>
</tr>
<tr>
<td>△Other income</td>
<td>24,510,325,581.33</td>
<td>13,650,535,967.60</td>
</tr>
<tr>
<td><strong>Subtotal of cash inflow from operating activities</strong></td>
<td>164,831,724,883.55</td>
<td>139,012,557,253.48</td>
</tr>
<tr>
<td><strong>2. Cash flow from investment activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash investment in cash, cash equivalent and short-term investments</td>
<td>117,479,749,961.57</td>
<td>97,142,506,377.90</td>
</tr>
<tr>
<td>△Net increase of pledged loans</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>△Obtain net cash paid by subsidiaries and other business units</td>
<td>3,176,265,156.97</td>
<td>4,454,676,676.48</td>
</tr>
<tr>
<td>△Other cash paid relating to investing activities</td>
<td>51,380,557.79</td>
<td>842,047,364.75</td>
</tr>
<tr>
<td>△Net increase of depositors’ deposits and investment funds</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>△Net increase in repurchase funds</td>
<td>-722,095,239.59</td>
<td>790,805,924.05</td>
</tr>
<tr>
<td>△Cash received from the original insurance contract premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>△Cash received from investment income</td>
<td>4,146,492,567.01</td>
<td>2,685,806,973.63</td>
</tr>
<tr>
<td>△Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets</td>
<td>75,098,225.59</td>
<td>280,020,190.46</td>
</tr>
<tr>
<td>△Net cash recovered from disposal of subsidiaries and other business units</td>
<td>1,932,699,861.39</td>
<td>96,667,556.43</td>
</tr>
<tr>
<td>△Other cash received relating to investing activities</td>
<td>722,095,239.59</td>
<td>790,805,924.05</td>
</tr>
<tr>
<td><strong>Subtotal of cash inflow from investment activities</strong></td>
<td>118,075,235,764.52</td>
<td>73,845,867,484.03</td>
</tr>
<tr>
<td><strong>3. Cash flow from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>△Net cash received from issuing bonds</td>
<td>20,199,353,838.21</td>
<td>12,499,669,811.34</td>
</tr>
<tr>
<td>△Other cash paid relating to financing activities</td>
<td>126,630,186,495.27</td>
<td>89,781,759,729.71</td>
</tr>
<tr>
<td>△Cash paid for distribution of dividends, profits or interest payments</td>
<td>21,421,955,044.04</td>
<td>16,526,269,599.57</td>
</tr>
<tr>
<td>△Other cash paid relating to financing activities</td>
<td>2,352,100,191.22</td>
<td>1,113,950,054.18</td>
</tr>
<tr>
<td>△Other cash received relating to financing activities</td>
<td>722,095,239.59</td>
<td>842,047,364.75</td>
</tr>
<tr>
<td>△Net cash paid for debt repayment</td>
<td>102,985,131,260.01</td>
<td>72,141,460,586.89</td>
</tr>
<tr>
<td>△Net cash from financing activities</td>
<td>14,254,825,055.10</td>
<td>35,351,685,150.70</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td>140,865,011,550.37</td>
<td>125,133,374,131.42</td>
</tr>
</tbody>
</table>

**Note:** The △ Italics project is exclusively for financial enterprises.
Key Performance

Economic Performance

<table>
<thead>
<tr>
<th>Index</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (100 million yuan)</td>
<td>4,935.52</td>
<td>5,822.83</td>
<td>6,318.55</td>
</tr>
<tr>
<td>Owner’s equity (100 million yuan)</td>
<td>1,557.03</td>
<td>1,848.74</td>
<td>1,950.28</td>
</tr>
<tr>
<td>Total operating income (100 million yuan)</td>
<td>894.03</td>
<td>1,213.80</td>
<td>1,419.46</td>
</tr>
<tr>
<td>Total profit (100 million yuan)</td>
<td>182.36</td>
<td>193.38</td>
<td>200.81</td>
</tr>
<tr>
<td>Total tax payment (100 million yuan)</td>
<td>111.38</td>
<td>100.03</td>
<td>113.82</td>
</tr>
<tr>
<td>Economic value added (100 million yuan)</td>
<td>60.4</td>
<td>61.3</td>
<td>43.6</td>
</tr>
<tr>
<td>Asset preservation and appreciation rate (%)</td>
<td>116.44</td>
<td>103.88</td>
<td>109.46</td>
</tr>
<tr>
<td>Electricity sector realized profit (100 million yuan)</td>
<td>75</td>
<td>97.29</td>
<td>100.17</td>
</tr>
<tr>
<td>Realized profits in the transportation sector (100 million yuan)</td>
<td>5.23</td>
<td>21.61</td>
<td>7.47</td>
</tr>
<tr>
<td>Financial and service industry profits (100 million yuan)</td>
<td>59.37</td>
<td>53.92</td>
<td>60.01</td>
</tr>
<tr>
<td>International business operating income (100 million yuan)</td>
<td>333.03</td>
<td>376</td>
<td>483.52</td>
</tr>
<tr>
<td>Capital construction investment (100 million yuan)</td>
<td>116</td>
<td>130</td>
<td>113</td>
</tr>
<tr>
<td>Electricity business controlled installed capacity (ten thousand kilowatts)</td>
<td>3,162</td>
<td>3,408</td>
<td>3,079</td>
</tr>
<tr>
<td>Annual power generation of the power sector (100 million kWh)</td>
<td>1,289</td>
<td>1,517</td>
<td>1,618.87</td>
</tr>
<tr>
<td>Transportation sector completed handling capacity (100 million tons)</td>
<td>1.8</td>
<td>2.4</td>
<td>1.43</td>
</tr>
<tr>
<td>Funds for scientific and technological activities (ten thousand yuan)</td>
<td>64,144</td>
<td>74,208</td>
<td>149,158</td>
</tr>
<tr>
<td>Authorized patents (piece)</td>
<td>367</td>
<td>312</td>
<td></td>
</tr>
<tr>
<td>Invention patent (piece)</td>
<td>29</td>
<td>37</td>
<td>101</td>
</tr>
</tbody>
</table>

Social Performance

<table>
<thead>
<tr>
<th>Index</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy consumption (10,000 tons of standard coal)</td>
<td>836</td>
<td>1,273.5</td>
<td>1,375</td>
</tr>
<tr>
<td>Comprehensive energy consumption per 10,000 yuan output value (tons of standard coal per 10,000 yuan, comparable prices)</td>
<td>1.86</td>
<td>2.12</td>
<td>1.85</td>
</tr>
<tr>
<td>Year-on-year change in comprehensive energy consumption per 10,000 yuan output value (%)</td>
<td>+1.97</td>
<td>+13.75</td>
<td>-12.92</td>
</tr>
<tr>
<td>Proportion of clean energy installed in power business (%)</td>
<td>56.48</td>
<td>53.77</td>
<td>62</td>
</tr>
<tr>
<td>Coal consumption of coal-fired units (gram standard coal/kwh)</td>
<td>307.1</td>
<td>302.22</td>
<td>302.13</td>
</tr>
<tr>
<td>Coal consumption of coal-fired units (gram standard coal/kwh)</td>
<td>30.71</td>
<td>30</td>
<td>65</td>
</tr>
<tr>
<td>Equivalent to carbon dioxide emissions reduced (10,000 tons)</td>
<td>79.83</td>
<td>81</td>
<td>1.74</td>
</tr>
<tr>
<td>Flue gas desulfurization device rate of coal-fired unit (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Rate of flue gas denitration device of coal-fired unit (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>Sulfur dioxide emissions (10,000 tons)</td>
<td>0.46</td>
<td>0.54</td>
<td>0.65</td>
</tr>
<tr>
<td>Chemical oxygen demand (tons)</td>
<td>219</td>
<td>124.6</td>
<td>376</td>
</tr>
<tr>
<td>Nitrogen oxide emissions (100 tons)</td>
<td>0.64</td>
<td>0.91</td>
<td>1.12</td>
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Environmental Performance

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<td>Capital investment in energy saving and emission reduction (ten thousand yuan)</td>
<td>100,419</td>
<td>97,820.40</td>
<td>84,880.57</td>
</tr>
<tr>
<td>&quot;Three Simultaneous&quot; investment in environmental protection facilities (ten thousand yuan)</td>
<td>33,245</td>
<td>58,888.74</td>
<td>34,812.28</td>
</tr>
<tr>
<td>Capital investment in energy-saving technological upgrading projects (ten thousand yuan)</td>
<td>24,860</td>
<td>24,181.00</td>
<td>9,207.11</td>
</tr>
<tr>
<td>Investment in pollution control technical upgrading projects (ten thousand yuan)</td>
<td>42,314</td>
<td>14,750.00</td>
<td>40,861.18</td>
</tr>
</tbody>
</table>
2019 Corporate Social Responsibility Report of SDIC comprehensively elaborates the latest achievements in building the "Heart Action" CSR brand, and systematically disclosed SDIC's political, economic, environmental, social, and overseas actions and performance. Through the detailed narrative of the report, we can feel the responsibility of SDIC investing for China and serving the people.

Serving the national strategy and fulfilling the responsibility of investing for China. SDIC adheres to the strategy of serving the country, continuously deepening reforms and optimizing its business structure. In implementing major national strategies such as innovation-driven strategy, regionally coordinated development, the "Belt and Road" initiative, etc., SDIC always acts first. SDIC has successfully implemented the transformation strategy, continuously optimized basic industries, made new progress in strategic emerging industries, steadily developed the financial and service industries, and promoted international business. The Company has achieved a total profit of 20.1 billion RMB yuan throughout the year. This is an important manifestation of SDIC's steady and innovation development over the years, and it is also the achievements and rewards of SDIC's strategy of echoing the national development and serving the country.

Serving the society and people's livelihood, and keeping in mind the original intention. SDIC invests in the fields of medicine, testing and certification, health care, and environmental protection that people care about most, and serves the needs of the people for a better life. At the same time, it pays attention to the development of green energy, practices clean production, develops green finance, contributes to the construction of ecological civilization, and actively participates in targeted poverty alleviation, shares development achievements with the people, and has achieved remarkable results. It has received the attention of many media and wide recognition from all walks of life. In face of the unexpected outbreak of COVID-19 in early 2020, SDIC donated money and materials to stabilize the market, resume work, and work together with the people to overcome the difficulties. All these efforts embodies its patriotism and its dedication to society.

Strengthening communication and responding through multiple channels. Through this report, we can see that SDIC is constantly innovating communication methods and channels, disseminating the concept of responsibility and the dynamics of performing duties to relevant parties, and trying to respond to the concerns of stakeholders. Through the setting of Focus, Heart Story, Innermost words, etc., SDIC's performance of responsibility are displayed in many aspects, which makes us feel the full sincerity of communication between SDIC and stakeholders. By reporting the production and use of peripheral products, the functions of promotional materials and daily necessities are combined to strengthen communication effects and spread awareness of responsibility.

Looking forward to the future, I hope that SDIC will continue to uphold the enterprise spirit of innovative development and pursuit of excellence, strengthen its original mission on the road of transformation and development, practice social responsibility, and continue to contribute to national development, social progress and people's happiness.

Vice President of China Academy of Macroeconomics
Wu Xiaohua

Director, Institute of Economics, Chinese Academy of Social Sciences
Huang Qunhui
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<td>———</td>
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Report Rating
Rating report of 2019 SDIC Corporate Social Responsibility Report

Entrusted by SDIC, the China Corporate Social Responsibility Report Rating Expert Committee selected a rating team to evaluate the 2019 SDIC Corporate Social Responsibility Report (hereinafter referred to as "the Report").

1. Rating Goals

2. Rating Process
1. The rating team reviewed and confirmed the "Confirmation of Corporate Social Responsibility Process Reports" and other supporting materials submitted by SDIC.
2. The rating team evaluates the process and content of the Report and prepares the report.
3. The Vice Chairman of the Rating Expert Committee, the chief and members of the rating team, jointly reviewed and confirmed the report.

3. Rating Conclusion
Process (★★★★☆)
The News Center of SDIC took the lead in setting up a report writing group to coordinate the specific preparation work. The chairman was in charge of the direction and key nodes and the final review of the report. The report is positioned as an important tool to strengthen communication between stakeholders, improve the level of social responsibility management, and promote the image of CSR of SDIC, with clear value positioning. Substantive issues are identified based on international and domestic social responsibility standards, national macro policies, major company strategies, and stakeholder interviews. SDIC has actively promoted the preparation and release of reports by subordinate enterprises, and built a multi-level reporting system. A special press conference is planned to be held, and the report will be presented in Chinese and English versions both in print and online, with excellent process performance.

Content (★★★★★)
The Report systematically discloses key issues such as product quality management, technological innovation, occupational health management, work safety, clean energy promotion, environmental protection, technology investment, energy conservation, and biodiversity protection.

Completeness (★★★★★)
The Report systematically discloses 88.83% of the core indicators of the industry from the perspectives of "Heart Action", demonstrating high-level completeness.

Balance (★★★★★)
The Report discloses negative information such as "anti-corruption case", "death toll caused by work safety accidents", "number of major ecological and environmental protection incidents", "asset impairment losses", and "credit impairment losses", showcasing great balance of report.

Comparability (★★★★★)
The Report discloses 10 key indicators such as "total operating income", "scientific and technological activity expenditures", "total energy consumption", "comprehensive energy consumption per 10,000 yuan output", "work safety input" and "job creation" for three consecutive years. It also makes a comparison of "A-level performance assessment of SASAC". Comparability is excellent.

Readability (★★★★★)
The Report builds a framework around the five "Heart Story" social brands, which systematically discloses the enterprise's responsible actions and results in the economic, environmental and social dimensions, with clear logic and focused context. In the beginning of each chapter, a special section of "Heart Story" and "Innovator's words" vividly describe the company's responsibility actions under key issues with character stories, and use third-party appraisal to corroborate the fulfillment, which improves the readability and credibility of the report. The cover design creatively outlines the characteristic and business elements, which strengthens the communication effect of the responsible brand and has excellent readability performance.

Innovation (★★★★★)
The Report starts with "15A! High-quality Development Takes a New Level", "Decisive Battle against Poverty ", "Combating COVID-19" topics, actively responds to poverty reduction, COVID-19 and other current hot spots, highlighting the responsibility of central enterprises. The last part of each chapter responds to the United Nations Sustainable Development Goals (SDGs), highlighting the report's progress with the trend and the leadership of corporate responsibility. The "SDIC Records" was compiled and released for the first time, which systematically presents the entire process of the 20-year development and change of SDIC, which not only enriches the communication channels, but also enhances the company's popularity and influence. The innovativeness is excellent.

Comprehensive Rating (★★★★★)
After evaluation by the rating team, the 2019 SDIC Corporate Social Responsibility Report is rated five-star with excellent report.

SDIC's CSR Report has received an A-stars rating for the fourth consecutive year.

4. Improvement Suggestions
1. The disclosure of industrial indicators would further improve the completeness of the report.
2. More disclosure of the unfulfillment of CSR would improve the balance score of the report.

Dear readers,

Thank you very much for reading this report. For continuously improving the corporate social responsibility reporting work, we are looking forward to your opinions and suggestions. Please help us fill the following feedback form, and feel free to contact us by the following means:

Mailing Address: State Development & Investment Corp., Ltd.
Building A, International Investment Plaza, No. 6-6 Fuchengmen North Street, Xichang District, Beijing, China (100036)

Your Information
Name:
Company/Organization:
Tel.:
E-mail:

Multiple Choice Questions (Please mark "✓" in the appropriate position)

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<th>Very Good</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
<th>Very Poor</th>
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<td>1. Does this report fully and accurately reflect the major impacts of SDIC on economy, society and environment?</td>
<td>✓</td>
<td></td>
<td></td>
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<tr>
<td>2. Does this report respond to the issues and disclose the information concerned by stakeholders?</td>
<td>✓</td>
<td></td>
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<td>3. Does this report disclose clear, accurate and complete information, indicators, and data?</td>
<td>✓</td>
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<td>4. What is your opinion on the readability of this report, i.e., the logics, content design, wording, and layout design?</td>
<td>✓</td>
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Open-Ended Questions
1. What is the most satisfying part of this report?
2. What kinds of information do you think is not disclosed in this report?
3. What are your suggestions for our future corporate social responsibility reports?
International Investment Plaza, No. 6-6 Fuchengmen North Street,
Xicheng District, Beijing, China (100034)

State Development & Investment Corp., Ltd.