

IN CEDAR WE SHINE

CEDAR SUSTAINABLE
DEVELOPMENT REPORT
2018-2019

Guangzhou
Cedar Centre
62F Guangzhou International Finance Centre

Beijing
28F China Central Place

Shanghai
26F Jinmao Tower

Shenzhen
76F Ping An International Finance Centre



TAKE INDUSTRIAL VALUES CREATION
AS CEDAR' S MOST IMPORTANT SOCIAL RESPONSIBILITY



SPEECH BY CHAIRMAN OF THE BOARD

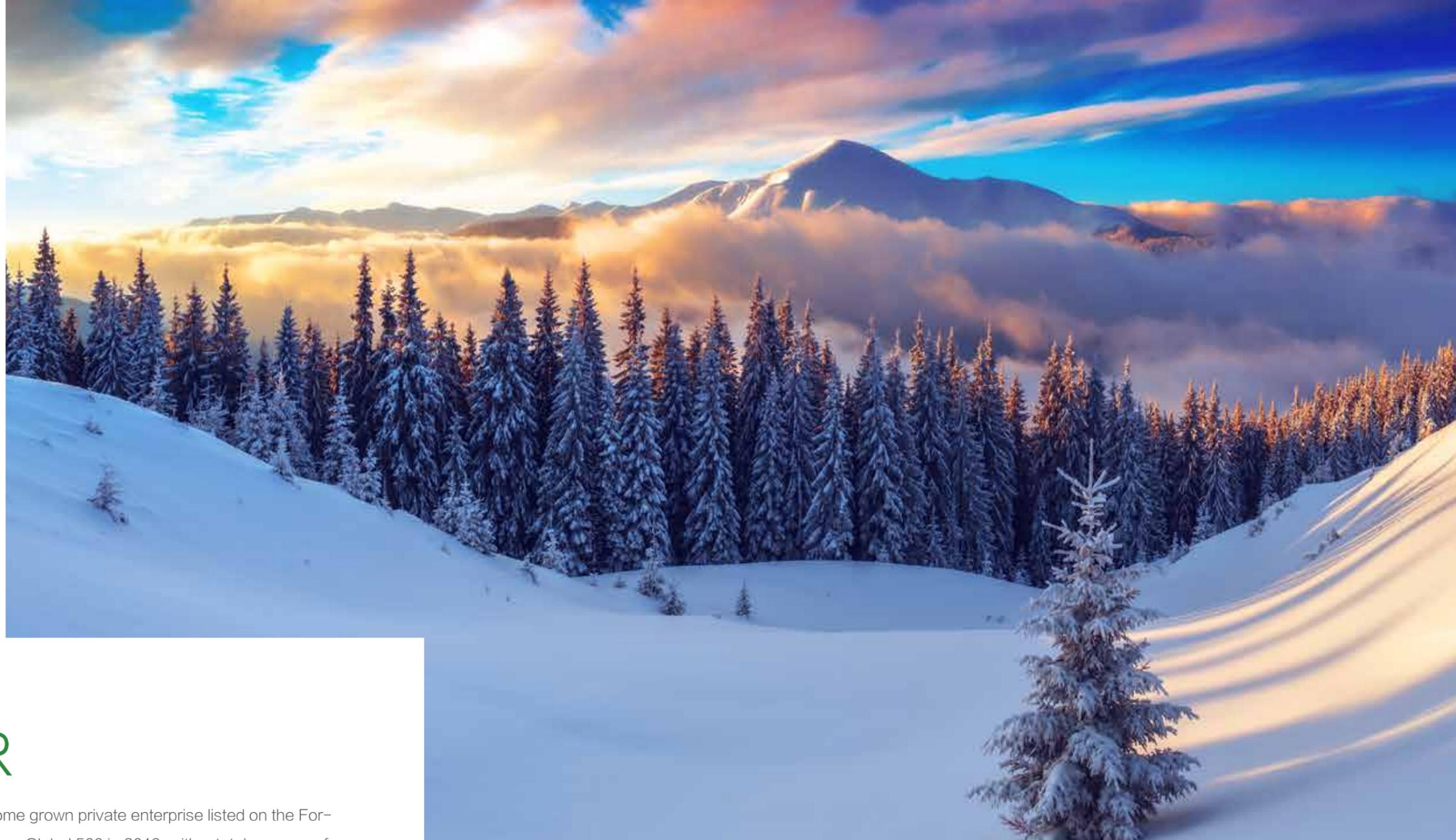
CEDAR STICKS TO GIVING BACK TO THE SOCIETY

2019 means something special to us, because Cedar Holdings once again became one of the companies listed on the Fortune Global 500 in this year. Since then, we have embarked on a new journey towards a world-leading conglomerate. During 23 years of development, we grow our business while staying true to our original aspiration of giving back to the society.

Ever since the establishment, we have been sticking to our mission – “Insist on Industrial Development and Value Creation for Our Country and Society” . We see creating industrial values as our most important social responsibility, and therefore we deliver the benefits of our business progress to the society and keep our social responsibility in mind for each step we make to expand our business.

An evergreen Cedar is embarking on a love-driven journey. No matter how far we have gone, we shall not forget where we started. Cedar sticks to giving back to the society. We acquired social resources from the society and they ultimately shall come back to its origin. Similarly, our ultimate goal for business is to serve the society and promote the wellbeing of mankind.

King Cheung, Chairman of the Board of Cedar Holdings



ABOUT CEDAR

Founded in 1997, Cedar Holdings is a Guangzhou home grown private enterprise listed on the Fortune Global 500. We ranked 301st on the list of Fortune Global 500 in 2019, with a total revenue of over \$40.6 billion. Today, we are actively driving forward our global expansion while focusing on our core businesses in order to become one of the world's leading conglomerates.

After two decades, our business is booming. As one of the most promising private enterprises that emerged from reform and opening-up in China, we stick to our mission – “Insist on Industrial Development and Value Creation for Our Country and Society” . We firmly hold a positive view of China's economy, put into practice the theory of reshaping industrial values and focus on China's industry transformation and consumption upgrade.

Our business is consisted of commodities, city service, consumption upgrade service and financial service. We own two A-listed companies – Qixiang Tengda (002408.SZ) and Sinoer (002485.SZ). We control a majority of stake of Cedar International Trust and Dalian Financial Assets Exchange. Headquartered in Guangzhou, we have branches covering Hong Kong, Singapore, Switzerland, Germany, and the UK, as well as offices spreading across Asia, Europe and Africa.

We insist on doing business of integrity and giving back to the society through Cedar Foundation. To foster a sustainable life in the future, we are committed ourselves to targeted poverty alleviation, green supply chain, culture preservation, community care and education. We, together with our partners and staff, are well on our way to create a cycle of shared love, making our life greener and better.

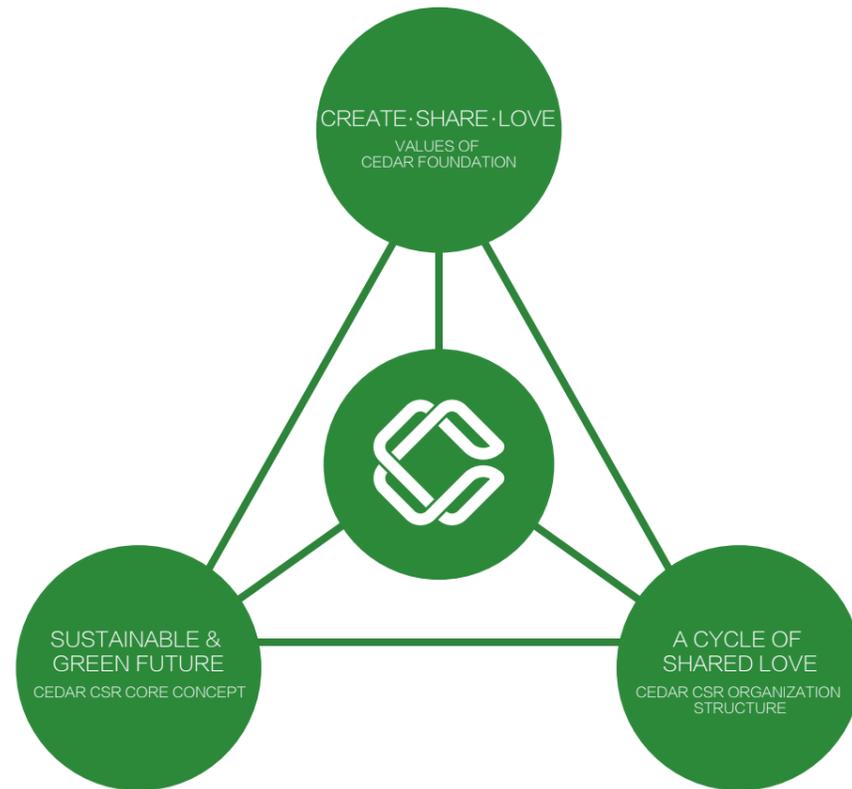
CEDAR'S SPIRITS

VISION

Reconstruct Business Landscape and Create Sustainable Values

VALUE

Create · Share · Love



CORPORATE SOCIAL RESPONSIBILITY

We give top priority to creating industrial value as our most important social responsibility. We insist on doing business of integrity and giving back to the society through Cedar Foundation. We proactively deliver social services while constantly adjusting our CSR system to our development, fostering a sustainable life in the future and making our life even greener and better.

TAKE INDUSTRIAL VALUES CREATION AS CEDAR'S MOST IMPORTANT SOCIAL RESPONSIBILITY

We embed CSR into business operation, uphold public welfare concepts including green industrial chain, lucid water and lush mountains, culture preservation and loving communities to guide our efforts in creating a sustainable future.

· Green Industrial Chain

We work on the commodities resources exploitation and provide comprehensive services in order to build a green industrial chain, help corporations upon upstream and downstream of the industrial chain to lower the cost and improve efficiency, make accurate match of supply and demand possible.

· Lucid Water and Lush Mountains

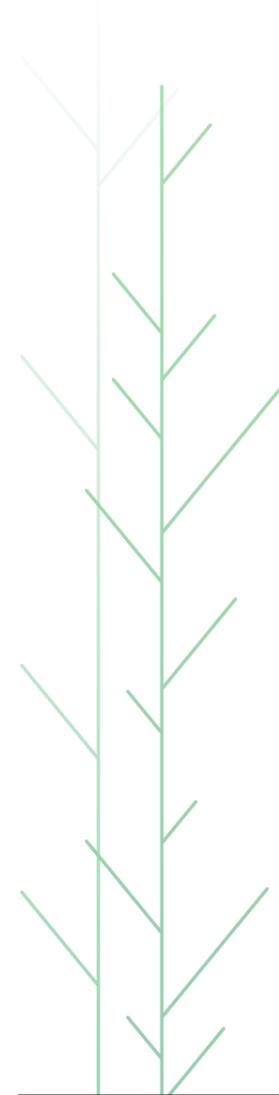
We accelerate the efforts to build a modern industrial system that features optimized structure, cutting-edge technology, well-established industrial chain, and low-carbon & green production. We commit ourselves to doing green and environmentally friendly business.

· Culture Preservation

We tap into the culture nurturing potential, and offer platforms to revitalize traditional culture, preserve culture of characteristics, and promote intangible culture heritage inheritance.

· Loving Communities

We delve deep into smart city services industrial chain, build on advanced, smart and connected community service platforms to help with the construction of new and smart cities. Through improving the community atmosphere, we create a harmonious community environment and build loving communities.



CEDAR FOUNDATION

To foster a sustainable life in the future, we are constantly adjusting our CSR system to our development. We commit ourselves to targeted poverty alleviation, green supply chain, culture preservation, community care and education.

ACTIVE ROLE IN EAST-WEST POVERTY ALLEVIATION COLLABORATION

In 2019, Cedar Holdings built the construction project of Bijie-Guangzhou Human Resources Development Base. Once completed, the base, which can accommodate 3,000 students, provides vocational training and identification that covers 3 categories and 28 sub-categories of skills and techniques.

Furthermore, we signed agreements with four colleges to strengthen our cooperation and set up various classes and departments in these colleges, where about 730 students will be admitted.

We also supported the construction of Goat City School of Zhijin County in Bijie. The school, covering an area of 25,690 m², has 3 grades and 24 classes for 1200 students in total. It will be open in July, 2020.



EFFORTS OF SAVING UNSALABLE POTATOES

In November 2018, hundreds of tons of potatoes produced in Chongli, Zhangjiakou, Hebei, became unsalable because of bad weather and traffic conditions. Upon learning this news, we, far as though in Guangzhou, immediately initiated CSR response system to handle the unsalable potatoes.

HELP IN RURAL EDUCATION

With increasing enrolment, Southern Weekly Hope Primary School in Yudu County started to suffer from a lack of teaching staff, space to accommodate students and venues for sport activities like campus. Cedar Foundations raised funds for school infrastructure renovation and expansion, teaching skills improvement and all-round development of the teaching staff.

On 5 March 2019, Cedar Foundations worked with Southern Daily again to donate about 20,000 educational books and went to Bijie together with loving clients for a faster delivery of the public welfare project called Southern Weekly Ark – Children Protection Plan.



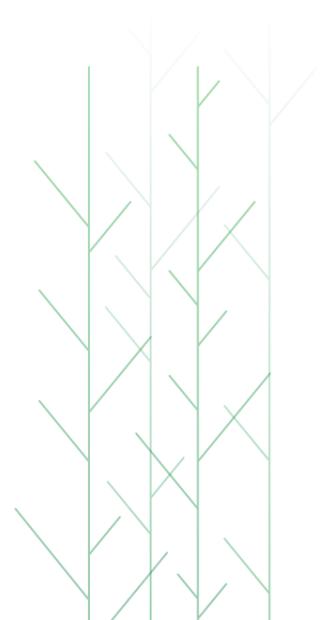


CEDAR PLEDGE 1%

Cedar Pledge 1% is the promise of all of us in Cedar to fulfil our corporate social responsibility and put into practice our perception of corporate values. Cedar Pledge 1% aligns with the philosophy of “one for all and all for one” . Every year, we pledge 1% of our profits, staff time to any charity of our choosing, fulfil our social responsibility and work towards a sustainable future life.

Cedar Pledge 1%

I take the Cedar Pledge 1% with the utmost sincerity.
A glimmer can wipe out the gloom.
A gesture of kindness can turn into a silver lining.
Many a little makes a mickle.
Many convictions make a worldwide transformation.
We love the world and we are loved back.
One for all, so all for one.
Today mirrors yesterday, and the present extends to the future.
From now on, I would strive for a better version of me.
Think about it, do it and make it!
Pass around love and hope, no matter how little it is.
Every bit counts. Every sparkle shimmers.
Hand-in-hand, thousands of us build up enormous power.
It is love!
I would like to pledge 1% of my working time to create a green Earth with heart and soul.
I say it, I mean it.





COMMUNICATIONS BETWEEN STAKEHOLDERS

FULFIL OUR PROMISES TO SHAREHOLDERS AND INVESTORS

We adopt a sustainable business development pattern that generates steady performance growth, protect rights and interests of shareholders and investors so that they can trust us more.



IMPROVE THE INTEGRITY SYSTEM

We have also established a system of reporting malpractice and fraud to enhance reporting efficiency. We have also rolled out a detailed reward plan and well-developed protection measures for the informants. In this way, the informants will receive rewards they deserve and protection against the potential damages for their reporting. The mechanism consisted of problem exposure, investigation and rewards & punishments ensures that rewards for integrity and crackdown on frauds run in our blood.

ACHEVE IMPRESSIVE PERFORMANCES

Key Performance of Cedar Holdings

2018

REVENUE (USD)

40.6 Billion

R&D EXPENSES (USD)

148 Million

STAFF NUMBERS

31,547

2017

REVENUE (USD)

32.7 Billion

R&D EXPENSES (USD)

130 Million

STAFF NUMBERS

31,065

PROTECT CONSUMER'S RIGHTS AND INTERESTS

We focus on every client's consumption experience and their rights and interests. We make it easier for consumers to file complaints. We collect their advices and provide our consumers with better services and products.



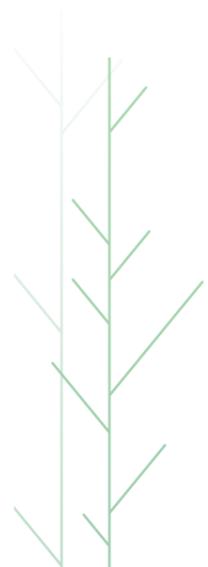
HELP OUR STAFF TO BECOME BETTER

• The Essence of Cedar Culture

Cedar culture features optimism, openness and equality, which communicates an encouraging energy.

• STAFF TRAINING AND DEVELOPMENT

We select talents internally, recruit coaches internally, and organize trainings for our staff. In doing so, we have built an effective management echelon and backup talents pool, offering our staff a broader space to grow.



RESPECT AND PROTECT THE RIGHTS AND INTERESTS OF OUR STAFF

• SIGN LABOUR CONTRACTS IN ACCORDANCE WITH THE LAWS

We strictly abide by the Labour Law, protect the lawful rights and interests of employees, sign labour contracts with all employees, establish and improve the employment system including the compensation system and incentive mechanism to ensure that employees enjoy labour rights and perform labour obligations according to laws.

• ESTABLISH AN EFFECTIVE WORK SAFETY & WELFARE SYSTEM

We respect our staff's personality and protect their lawful rights and interests, care for our staff, promote harmonious and stable labour relations.

• KEEP IMPROVING THE STANDARDIZED OPERATION OF TRADE UNION

Take Qixiang Tengda as an example, the company protects the lawful rights and interests of each one of the staff and adheres to the management system of the staff representative meeting. The trade union regularly organizes employee representative meetings every year to review the company's annual work report, financial work report, use of benefits fee and next year's benefits plan.



HELP VETERANS WITH THE EMPLOYMENT AND ENTREPRENEURSHIP

We tap into our advantages as a platform while responding to the government's plan of building a new type of smart city and campus as well as the consequent needs for security & protection. We have taken the initiative to fulfil our corporate social responsibility, explore the possibility of training veterans and finding them jobs after that. This is us endeavouring to help veterans with employment in the new era.



OUR GREEN HEADQUARTER

Our headquarters is consisted of two large office towers, one annex buildings and a sunken plaza. Our headquarters has a gross floor area of 22,110 m², with 68,659 m² above the ground and 37,212 m² below the ground. Both office towers are 80m high with 17 floors.

1. Modern and elegant decor goes hand in hand with a focus on the environmental protection and sustainable development.
2. Double-glazed silver Low-e glass curtain wall reduces the solar heat gain, filters out ultra-violet rays, and insulates the noises so that it is energy efficient and quiet.
3. Central air conditioning system combines VAV system for the purpose of quietness, energy efficiency and comfort in a forest-like indoors environment.
4. The two-star Green Building Label requires low-carbon construction and operation, which is a great contribution to the environment.

UNDERTAKE GREATER SOCIAL RESPONSIBILITY



INTENSIVE EFFORTS IN PROMOTING GLOBAL MINING INDUSTRY DEVELOPMENT

On 3 May 2019, the 3rd World Mineral Industry Leaders Dialogue organized by Roman Curia was held in Vatican. The meeting focused on global mineral industry development and issues about public interests. Pope Francis joined over 40 global mineral industry leaders in dialogues and made a speech. Cedar Holdings attended the meeting at the invitation of the organizer, which marks the first time that a Chinese company was seen among the dialogue between the world mineral industry leaders.

King Cheung, Chairman of the Board of Cedar Holdings, attended the meeting and gave a speech in the welcome banquet. He said the values of Cedar Holdings was well aligned with the meeting. Cedar Holdings sees creating industrial values as its most important social responsibility. Cedar Holdings has provided more than 8,000 corporations around the globe with quality and safe commodities industrial chain service. Cedar actively promotes the mineral industry development and accelerates the improvement of the overall efficiency of the industrial chain.

CEDAR ORGANIZED GUANGZHOU NIGHT OF SUMMER DAVOS FORUM

Cedar Holdings organized Guangzhou Night during Summer Davos Forum in two consecutive years. Business leaders, government officials, experts & scholars, and social celebrities from all around the world attended the event by invitation. This is a visual and cultural feast. We gave the world a bit of flavour of Cantonese culture, as well as the creativity and power of Guangzhou.



CEDAR TOOK THE TITLE SPONSORSHIP OF HUANGPU MARATHON

As the title sponsor of the 2018 Guangzhou Huangpu Marathon, we served the marathon game all the way through in a way unique to our culture. On 23 December 2018, over 15,000 runners from 12 countries and regions started from Huangpu District, ran up north and experienced how Huangpu's natural beauty merged with the technological innovation on the way. A total of 318 of our staff formed a group called Walk towards Canaan to participate in the Games.



CEDAR HIGHLIGHTED THE GREATER BAY AREA OPPORTUNITIES ON 2019 CHINA DEVELOPMENT FORUM

On 23-25 March 2019, the China Development Forum 2019, organized by the State Council Development Research Center, was held at the Diaoyutai State Guesthouse in Beijing.

In his speech, King Cheung believed, thanks to Guangzhou's new achievements of the open and innovative development over the last few years, Cedar continued to make breakthroughs. The Outline of the Greater Bay Area Development brought to the Greater Bay area and Guangzhou a strategic opportunity period of historical importance. Guangzhou is expected to become the next New York, Los Angeles or Tokyo, and to be the frontrunner of the Greater Bay Area in terms of comprehensive strength.

CEDAR SHARES GUANGZHOU STORIES ON BOAO FORUM FOR ASIA

On 27 March 2019, Guangzhou stories were told in Boao Forum of Asia. As a representative of Guangzhou entrepreneur, King Cheung reminisced about his years of striving for business growth in twists and turns. He thought that Cedar became one of the Fortune Global 500 companies because of a business landscape well-aligned with Guangzhou's development plan. "The more a solid foundation we lay here, the more confident we will be to expand our businesses overseas" said King Cheung.

On the next day, Guangzhou Municipal Government Luncheon & City Promotion Event was held as a session of the forum. King Cheung said in his speech that Cedar Holdings is one of the Guangzhou homegrown company listed on the Fortune Global 500. With 23 years of history, it witnessed, experienced and contributed to the reform and opening-up. Cedar's growth is closely related to Guangzhou's urban development.

GREAT GUANGZHOU EMERGED IN THE GOLDEN ERA AND LARGE CORPORATIONS ARISE FROM THE GREAT GUANGZHOU

On 2-3 April 2019, the Guangzhou Annual Investment Conference was held in Guangzhou with the theme of "Guangzhou: New Vitality of Old Cities" .

King Cheung said in his keynote speech that Guangzhou had rode the sound momentum of the Greater Bay Area to embrace a strategic period of historical importance. The city also saw building a top-tier Bay Area as an honour and mission. Cedar Holdings is devoted itself to building a global commodities industrial chain as part of its overseas expansion plan.

BUILDING AN OPEN SUPPLY CHAIN WITH GLOBAL COMPETITIVENESS

The opening ceremony of Understanding China Guangzhou Conference was held in Guangzhou on 26 October 2019. President Xi Jinping sent a congratulation letter to the conference. Altogether 600 or so people including more than 30 world well-known politicians, strategists, scholars and entrepreneurs attended the conference.

King Cheung called for more companies to join Cedar in building an open supply chain system with global competitiveness, and safeguard the world's free trade system featuring openness, equality, mutual benefit and win-win result. He thought that the world economy was entering into an era driven by the global supply chain. China is a main driver of global free trade, and a key guardian of global supply chain order. Chinese corporations specifically put in most of the efforts.



ABOUT THIS REPORT

PURPOSE OF THE REPORT

This report is mainly used to report to stakeholders about the concepts, systems and specific measures and performances of corporate social responsibility fulfillment of Cedar Holdings Group in 2018. Cedar Holdings accepts the supervision from stakeholders.

STANDARD OF THE REPORT

Chinese Academy of Social Sciences: CASS-CSR 4.0

Global Reporting Initiative: GRI Standards

Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Listed Companies

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