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CCOOP

Stock code: 000564



2016 ccoop

CORPORATE SOCIAL RESPONSIBILITY REPORT

Coming together for social benefits, and devoting
to a better future

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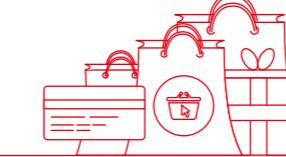
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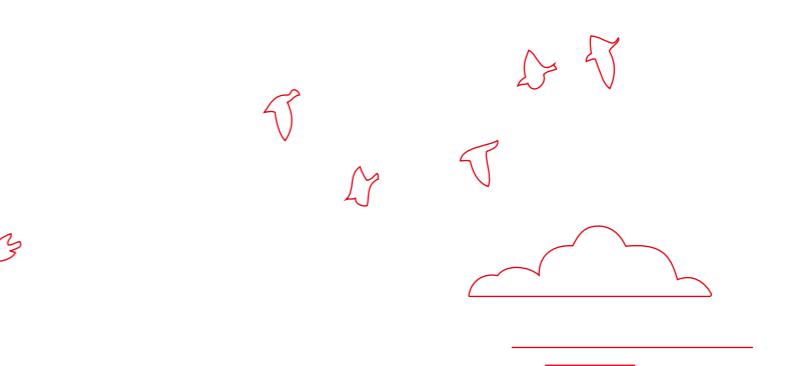
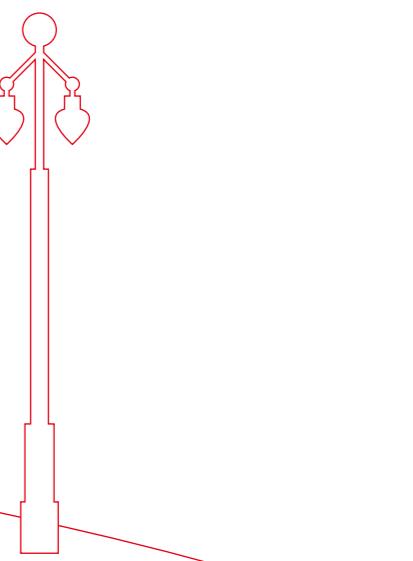
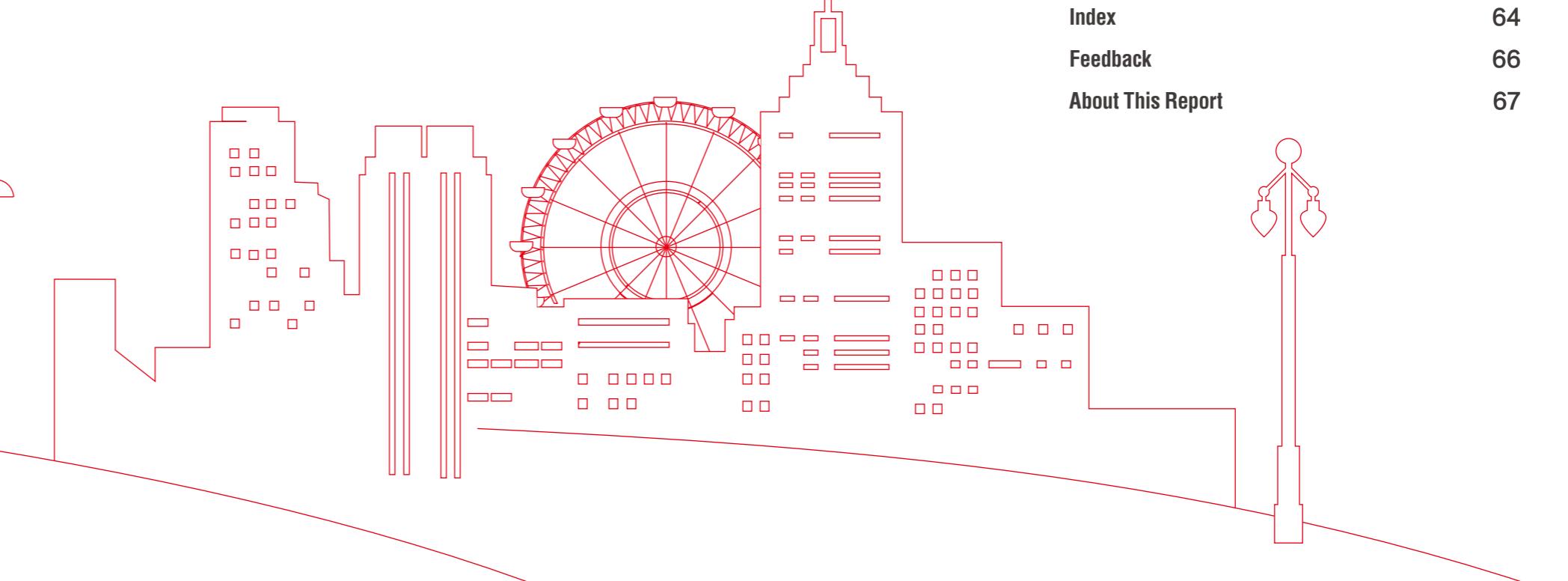
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Chairman's Message



Department Stores, Website, Field, Chains and Investment, our development strategy integrates tradition with innovation, and shows the fusion of speed with technology, For a shared bright future, we will forge ahead in joined hands with the same mission and a shared aspiration in mind. It is for social benefits that we come together, and it is our solidarity that brings us prosperity. All that we are doing is for a better future.

Jiang Jie, Chairman of the Board of Directors, CCOOP Group Co., Ltd

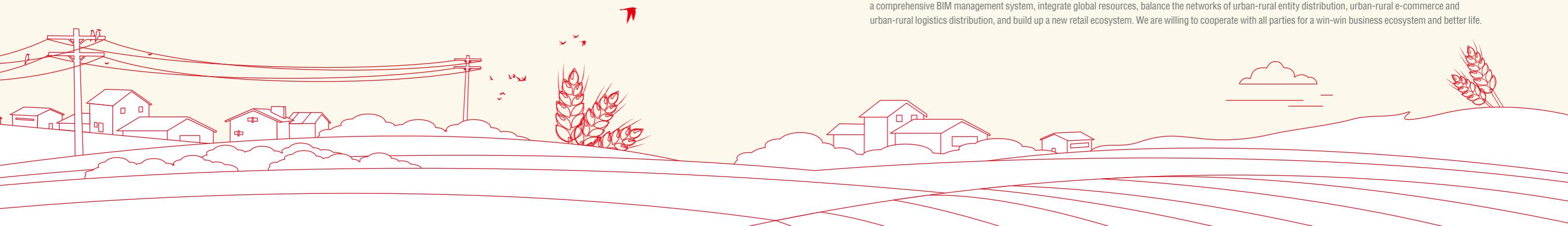
Coming together for social benefits, and devoting to a better future

Undertaking the mission of the times, and creating shared values. A great enterprise not only cares about its own profitability, but also pays great attention to the well-being of the whole society. Since its establishment, CCOOP has been upholding the corporate culture of "do something for the society, and do something for others", and integrated serving national strategies and meeting social demands into its development strategy. Through the facilitation of agricultural modernization, industrialization and professionalization, and construction of new-type cities and towns, CCOOP endeavors to build a sustainable development system that regards meeting social demands as the starting point, and create shared value for the Company and the society through corporate business. With the aim to gradually set up a brand-new open and prosperous retail ecosystem through effective cooperation, we have been upholding the concept of value sharing, integrating partners, power and values by integrating global resources through optimized supply chain, sales chain, investment chain, internet, modernized logistics and financial tools, and full tapping into the potential of all related parties through inclusive cooperation. While seeking the edge in responsibility fulfillment, our business partners have also realized win-win benefits, formed their distinctive sustainable development models, and maximized the economic, social and environmental values for improved livelihood.

"Taking efficient actions through the simplest approaches." To meet the demand of the age, we have been serving urban-rural collaboration and facilitating the completion of an e-commerce system in rural areas, which helped us realize efficient transportation of industrial consumer goods to rural areas, and agricultural products to cities. To encourage innovation and assist entrepreneurs from SMEs and start-ups, we provide them with a complete business model and core competence in terms of capital, product, system, channel and so on. In this way, we spare them the concern over lack of operation support and high marketing cost. They only need to devote themselves wholeheartedly to the creation of quality product experience and customer service, and offer consumers more cost-effective products and experience. With the support of the core competence of five professional companies, we have created core products, and a big data and membership system for CCOOP. By uplifting product scale through the drive of the capital market, and improving industrial chain management through IT system, financial system, logistics system and membership system, we aim to reduce cost, improve profit, and realize the goal of value sharing, through which we will be able to offer excellent customer experience in terms of product, price and service, and set a new industrial benchmark. In 2016, b2b.ccoop.com.cn/ has become a relatively large B2B e-commerce platform of fast moving consumer goods with the business covering nearly 700 cities of 27 provinces, helping many small and medium-sized supermarkets transform their purchasing model.

"The world community is shared by all when the greatest morality prevails". We have been pursuing green development by closely integrating green concepts with corporate business management, constructing green cities and towns, building green logistics, creating green stores and advocating green life to build a clean and beautiful world. In 2016, HNA Minsun Jiale began to recycle used paper packaging boxes for transporting extra or expired goods back to suppliers. 2.7 million paper boxes have been recycled and reused in 2016, and CCOOP Shops have saved 244,8.91 tons of standard coal by replacing all lights with LED ones. Upholding the corporate culture of "do something for the society, and do something for others", we respect employees, and help them to develop. With innovated public welfare awareness, we help the needed and facilitate poverty alleviation. We have built "CCOOP Direct Purchasing Bases in Poverty-Stricken Counties" and included them in CCOOP's nationwide purchasing system through its B2B wholesale platform. By now, the direct purchasing bases in 11 counties have been completed. Besides, we have established a 130-m2 "e-commerce poverty alleviation specialty area" in Hunan Joindoor supermarket of Chaoyang District, where an agricultural product exhibition platform is set to assist poor farmers to sell their produce. In 2016, we have invested RMB 4.989 million in employee training, RMB 324,400 as employee care fund, and attracted 7,160 volunteers.

Coming together for social benefits, and devoting to a better future. 2017 is a milestone for CCOOP's transformation and development. We will keep on fighting for our major goal of "becoming a comprehensive service operator of urban-rural commodity circulation in China", accelerate internationalization, investment and M&A, build a comprehensive BIM management system, integrate global resources, balance the networks of urban-rural entity distribution, urban-rural e-commerce and urban-rural logistics distribution, and build up a new retail ecosystem. We are willing to cooperate with all parties for a win-win business ecosystem and better life.



About Us

Company profile

Founded in 1959, Xi'an Minsheng Group Co., Ltd. has become one of the large-scale commercial enterprises with the longest history in Xi'an. In 1994, Minsun was officially listed at Shenzhen Stock Exchange, and it is in August of the same year that it adopted the new name of Xi'an Minsheng Group Co., Ltd. (formerly known as Xi'an Minsheng Department Store). In 2003, Xi'an Minsheng Group Co., Ltd. was re-constructed with HNA Group, which by then had become the shareholder of Xi'an Minsheng Group Co., Ltd. Holdings. In September 2016, Xi'an Minsheng Group Co., Ltd. acquired Hainan CCOOP Holdings Co., Ltd. and finished the restructuring of material assets. In February 2017, the Company adopted the new name of CCOOP Group Co., Ltd. and the new stock code of 000564, realizing an all-round transformation as a listed company.

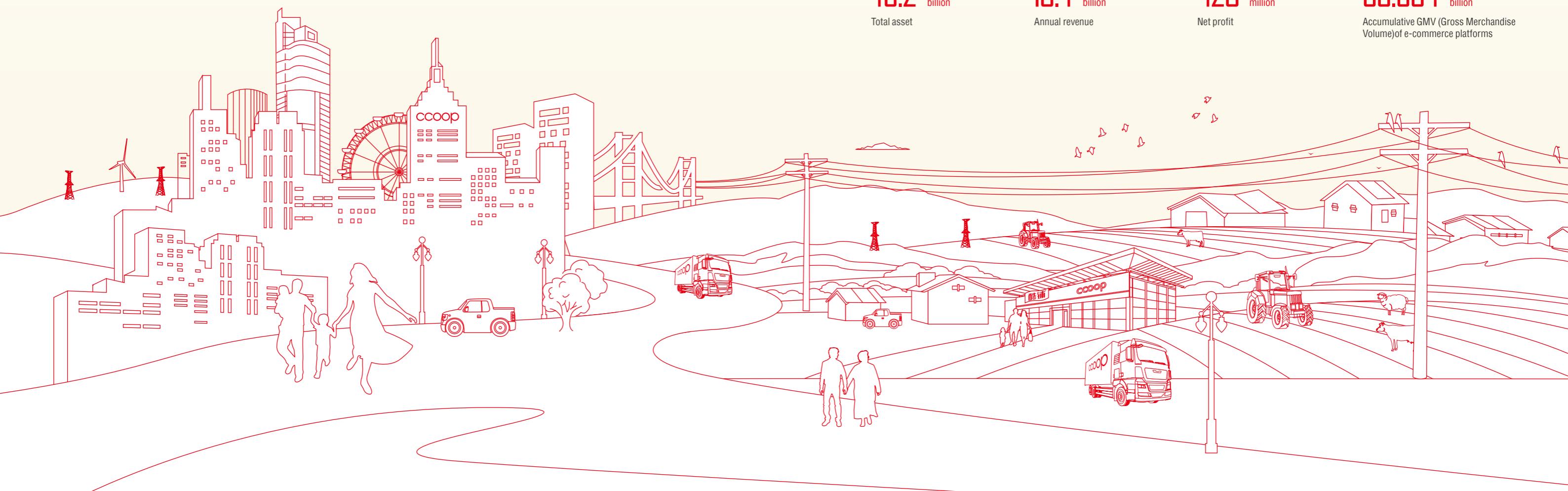
As one of the core enterprises under HNA Group, CCOOP has been following the development strategy of "Department Stores, Website, Field, Chains and Investment", and implementing its business concept with an international vision. By relying on mutually inclusive "Four Industries and One Investment", a brand-new business model of "supply and marketing" has been formed. It integrates the world's superior commodities resources and balances the networks of urban-rural entity distribution, urban-rural e-commerce and urban-rural logistics distribution relying on internet, modern logistics and finance, aiming to "become a comprehensive service operator of urban-rural commodity circulation in China". Major businesses under CCOOP include CCOOP Shop, CCOOP Network Trade, CCOOP Field, CCOOP Finance Solution and Minsun. By the end of 2016, the Company's total asset had reached RMB 45.2 billion, total revenue reached RMB 13.4 billion, and net profit reached RMB 420 million.

RMB
45.2
billion
Total asset

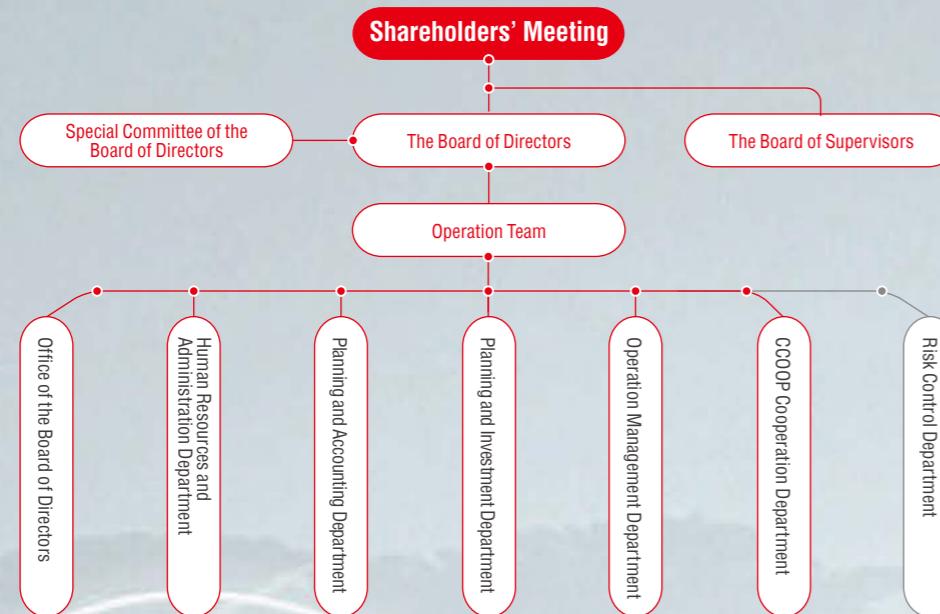
RMB
13.4
billion
Annual revenue

RMB
420
million
Net profit

RMB
56.594
billion
Accumulative GMV (Gross Merchandise Volume) of e-commerce platforms



Organizational structure



Corporate governance

Governance structure

Strictly abiding by laws, regulations and other regulatory documents such as Company Law of the People's Republic of China, Securities Law of the People's Republic of China and Code of Corporate Governance for Listed Companies in China, we have improved corporate governance structure, formulated rules and systems in line with corporate development, optimized decision-making means and mechanism for Shareholders' Meeting and clarified responsibilities of decision-making, executive and supervision personnel. In this way, we try to form an effective mechanism of responsibility distribution as well as check and balance, in order to protect investors' rights and interests properly.

In 2016, CCOOP held 15 important meetings, including 3 shareholders' meetings, 7 meetings of the board of directors, and 5 meetings of the board of supervisors.

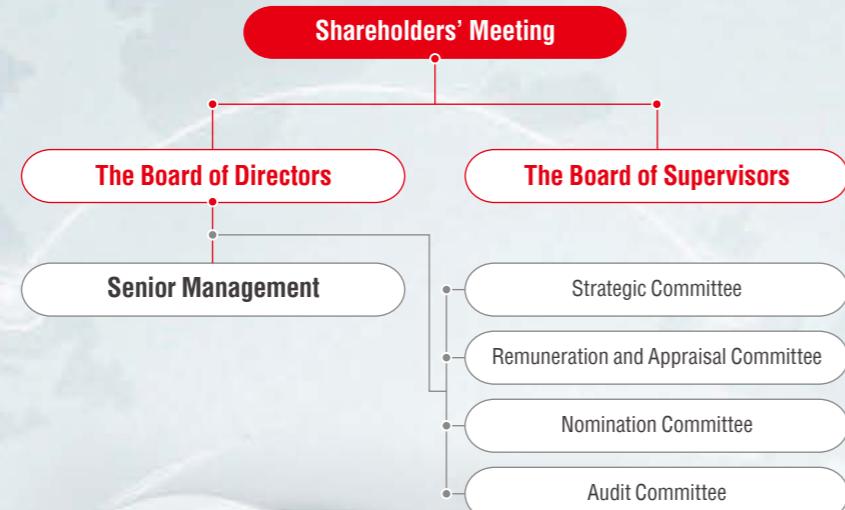
Investor relations management

With special attention to the communication with investors, we have enhanced the analysis of and research into the capital market, and realized all-round information communication through standardized information disclosure and performance reporting. Besides, we hold regular meetings with investors, and have opened a dedicated hotline and an interaction platform at Shenzhen Stock Exchange for investors to further our communication with them, thus ensuring their adequate knowledge of corporate information and engagement into corporate business.

- Care about investors' feelings and carry out daily receptions in a proper manner
- Ensure continuous and standard information disclosure to convey good news about corporate governance standardization, organization improvement and information transparency
- Pay investors interest of corporate bonds and stock dividends, and reveal information related to the release of restricted stocks in a timely manner, so as to share with investors the profits of corporate development

Compliance operation

Sticking to the compliance operation idea that "Integrity lays the foundation for the Great Wall of compliance", we promote compliance working style and enhanced compliance management with the purpose of creating a compliant atmosphere and healthier corporate development.



Enhanced training

Enhance trainings on internal systems to improve the capacity of compliance operation and risk prevention

Standard management

Publish related announcements to emphasize standards and precautions

Improved system

Improve the management and control system to adapt to business transformation and huge increase of asset scale

Compliance operation measures

Responsibility Management

By integrating the corporate concept of “do something for the society, and do something for others” into our corporate development strategy, decision-making process and employee routine behavior, we endeavor to meet the expectations of our stakeholders including shareholders, governments, customers, partners along the value chain, employees and communities, and maximize the values created with and shared among stakeholders.

Responsibility concept

By adhering to the corporate concept of “do something for the society, and do something for others”, CCOOP has been actively serving national strategies, economic and social transformation, and ecological civilization construction. We have developed integrated business solutions with comprehensive consideration of corporate and social benefits, in order to realize all-win cooperation and created shared values with stakeholders.

Material issue management

To better understand expectations and demands of stakeholders, and to improve the relevance and responsiveness of our report, CCOOP has optimized the analysis of material issues by benchmarking against social responsibility guides, standards and major counterparts at home and abroad. After dynamically identifying sustainable development material issues, and screening out key ones with great significance, we disclose them specifically in our report, so as to better respond to stakeholders and provide strong bases for corporate sustainable development.

1 Issue identification
<ul style="list-style-type: none"> Development environment at home and abroad Social responsibility standards such as ISO 26000, G4, CASS3.0, and GB/T 36001 Highlights in corporate development strategies and operation Concerns of stakeholders
2 Prioritization
<ul style="list-style-type: none"> Issues that influence corporate sustainability Issues that corporate strategies intend to solve Issues that are of great concern to stakeholders

3 Review and determination
<ul style="list-style-type: none"> Review of corporate leadership Review of functional departments and business system Review of social responsibility experts



Stakeholder communication

We pay great attention to building up a routine communication mechanism with stakeholders, and seek to learn about their requirements, expectations and suggestions through diversified channels and forms. Based on such communication, we formulate sustainable development strategies and action plans, analyze material issues, and disclose relevant information.

Stakeholders	Expectations	Communication channels and forms	Our responses
Shareholders and investors	<ul style="list-style-type: none"> Transparent financial information disclosure Clean operation and governance Creating economic values 	<ul style="list-style-type: none"> Information disclosure Shareholders' meetings Visits and interviews 	<ul style="list-style-type: none"> Improving corporate governance Maintaining the improvement of business capacity and profitability Improving transparency and investor relations management
Governments and regulatory authorities	<ul style="list-style-type: none"> Lawful and compliant operation Supporting local development 	<ul style="list-style-type: none"> Routine reporting and communication Forums and exchange activities 	<ul style="list-style-type: none"> Practicing supervision policies and paying taxes according to law Undertaking social responsibility with the support of professional edges
Customers	<ul style="list-style-type: none"> Ensuring product quality Optimizing customer service Reliable privacy protection 	<ul style="list-style-type: none"> Information disclosure Related activities Satisfaction degree surveys 	<ul style="list-style-type: none"> Establishing a comprehensive quality management and control system Innovating service forms and contents
Partners	<ul style="list-style-type: none"> Honest cooperation Win-win development 	<ul style="list-style-type: none"> Purchasing Routine communication Cooperation and communication 	<ul style="list-style-type: none"> Creating a responsible supply chain Providing equal opportunities, and facilitating mutual assistance and win-win
Employees	<ul style="list-style-type: none"> Protecting basic rights and interests Providing a platform for development Balanced work and life 	<ul style="list-style-type: none"> Staff congress Regular trainings Exchange activities 	<ul style="list-style-type: none"> Seeking satisfactory remuneration and benefits, providing good learning and training opportunities, and creating a favorable working environment
Environment	<ul style="list-style-type: none"> Reducing the impact on environment caused by business operation Driving energy saving and emission reduction of upstream and downstream sectors 	<ul style="list-style-type: none"> Environmental information disclosure Communication with NGOs 	<ul style="list-style-type: none"> Practicing green concepts Creating green business Guiding public participation in environmental protection
Society	<ul style="list-style-type: none"> Promoting local development and creating harmonious relations Supporting public welfare 	<ul style="list-style-type: none"> Public welfare activities Volunteer service Information disclosure 	<ul style="list-style-type: none"> Supporting projects for livelihood improvement Public welfare by all



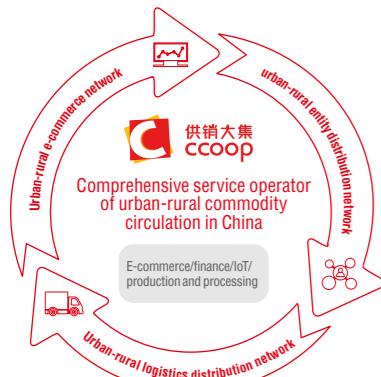
Be Patriotic and Undertake Responsibilities

Agriculture, rural areas and farmers (Three Rural Issues) are of top priority in China's socialist modernization drive. With strong patriotism, CCOOP has served the development concepts of "innovation, coordination, green development, opening up and sharing" as well as the "Belt and Road" initiative with great efforts. With a focus on meeting social demands, CCOOP has endeavored to address the Three Rural Issues, support mass entrepreneurship and innovation, promote urban-rural coordinated development, and facilitate the construction of an all-round well-off society, showing a great awareness of corporate social responsibility.



Serve urban-rural collaboration for an all-round well-off society

Coordinated rural-urban development is an intrinsic requirement in the construction of an all-round well-off society. CCOOP facilitates rural supply-side reform and urban-rural integration, and makes contribution to the construction of an all-round well-off society by facilitating urban-rural commodity circulation and advancing new urbanization.



Three networks of urban-rural commodity circulation

Create a new dimension of rural-urban commodity circulation through innovation and integration

A safe, convenient, open and efficient two-way flow of urban-rural commodities is of practical significance to rural-urban integrated development, and new socialist countryside construction. After introducing “Internet Plus” to serve the Three Rural Issues, CCOOP has created the networks of urban-rural e-commerce, urban-rural entity distribution, and urban-rural logistics distribution relying on the internet and the Internet of Things (IoT). To promote agricultural supply-side structural reform, and raise the comprehensive efficiency and competitiveness of agriculture, CCOOP has endeavored to improve rural access to industrial products and urban access to rural products, and clear the two-way circulation channels.

Build an e-commerce platform

To effectively serve the “Internet Power” strategy, we try to build up an e-commerce platform to advance “Internet + Agriculture” based on the Guideline on Development of E-Commerce in Rural Areas. The three core products are CCOOP B2C online mart, CCOOP B2B wholesale market and O2O CCOOP Home. They serve businesses and customers both online and offline with the functions and business covering the complete industrial chain. Through such platforms, the internet is put to better use to serve the people and the Three Rural Issues.

Technologies like mobile internet and big data help infiltrate the internet into the whole process of agricultural production. With online trading platforms, farmers can purchase means of production directly from manufacturers with less intermediate links. These platforms not only decrease the production cost, but also help promotes their agricultural products across the world. Customized agricultural products, and direct supply and selling become possible, hence increasing farmers' income, promote agricultural innovation, narrow the urban-rural gap and bring more benefits to the people.

Case: [ccoop.com.cn - serve urban-rural commodity circulation](http://ccoop.com.cn)

ccoop.com.cn was officially launched in October 2015. With local specialties and self-run business as the main targets, and “internet, members and service” as the development focus, CCOOP provides a wider scope for commodity trade among members related to agriculture, farmers and rural areas. To facilitate urban-rural commodity circulation, we help rural members to distribute local specialties to other regions, provide them with quality agricultural materials and implements, and offer them products of reliable brands at the same prices as of those in cities. For urban consumers, we provide them with farm products with local features and daily consumer products and services.

By the end of 2016, CCOOP e-commerce platforms

RMB

56.594 billion

had realized an aggregate GMV of





Establish urban-rural trade networks

Closely following the Party Central Committee's steps and the Decision of the CPC Central Committee and the State Council on Deepening Comprehensive Reform of the Supply and Marketing Cooperatives, we have formulated the development strategy of "10 Minsun stores, 1,000 CCOOP Network Trade platforms and 100,000 CCOOP Shops". The objective is to establish urban-rural trade networks providing core products of "CCOOP Field", "CCOOP Network Trade" and "CCOOP Shop", unblock channels for urban-rural commodity circulation, and promote urban-rural coordinated socio-economic development.

We build product wholesale markets and cooperation platforms with supermarkets to improve circulation efficiency and reduce cost. In this way, farmers can gain higher income and be better motivated to carry out agricultural production by selling more of their produce. At the same time, we establish a rural consumer product market, and open farm product supermarkets, chain stores and convenience stores to provide farmers with daily consumer products for production and living. This helps stimulate farmer consumption, increase rural demand, and promote local economic growth.

27

Provinces, autonomous regions and municipalities covered



Distribution of CCOOP business

Provide efficient logistics service

We have established the "urban-rural logistics distribution network" for a better logistics service system, and cost-efficient smart services for urban and rural residents. Through the integration of logistics resources and improved management of the logistics system, we try to create diversified logistics products and customize high-end services to support the e-commerce platform and finish "the last kilometer" toward two-way commodity flow.

When we reform, integrate and upgrade the traditional business network of the national supply and selling cooperative system, we first set up direct sales stores and distribution centers in towns and cities to irradiate and spur other outlets under the county level to join in, and form a "new cooperation" chain operation network throughout urban and rural areas as well as online and offline businesses. By improving the layout of offline channels, facilitating logistics network construction, bettering delivery service, launching infrastructural projects related to logistics distribution and storage, shortening transportation distance, saving social transport capacity, reducing cost, providing highly efficient online purchasing agency service, consignment sales and delivery, we can send commodities to residents more quickly, achieve urban-rural integration, infiltrate rural products into cities by clearing the circulation channels, and sell them in cities more conveniently.



Case: Urban-rural logistics distribution service at Xiangzhong International Logistics Park of Loudi

Xiangzhong International Logistics Park of Loudi covers around 2,400 mu with a floorage of about three million square meters. The RMB-eight-billion project is an important part of CCOOP's strategic arrangement in central and western China, and a critical platform to respond the "Belt and Road" initiative and the "Yangtze River Economic Belt" strategy. By combining CCOOP's competitive urban-rural network and Loudi's advantages in location, transportation, industry, market and inland port, and with the support of technologies like the internet, big data and cloud computing, it aims to build a large regional base of smart logistics distribution and business distributing center that integrates e-commerce, storage, logistics, commodity exhibition and trade, logistics information service, railroad port, customs, commodity inspection, administration and life services.



Statistics of CCOOP Field by the end of 2016:

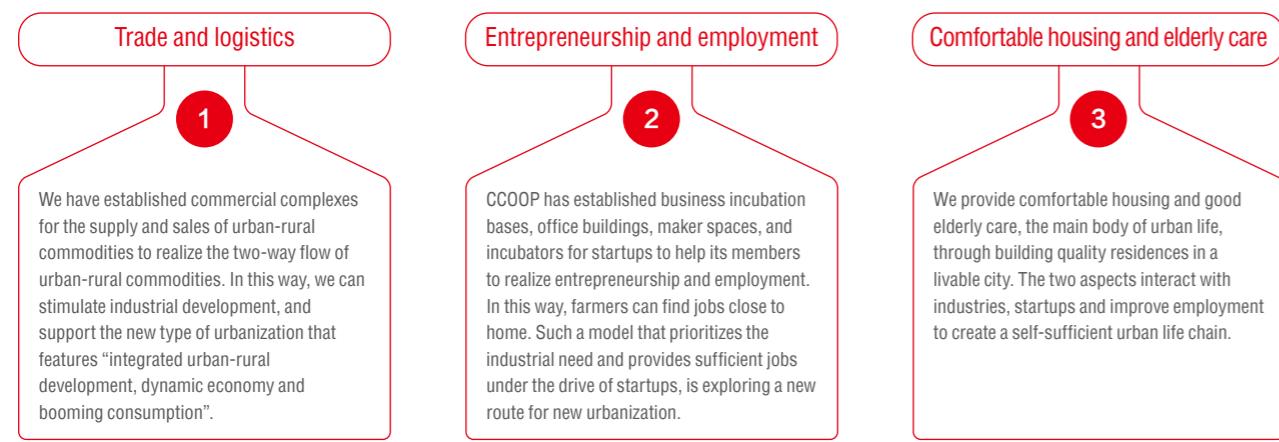
10
extended projects

8.218 million square meters
of floorage

3.124 billion
An output value of

Benefit the people and promote the sustainable and healthy development of new urbanization

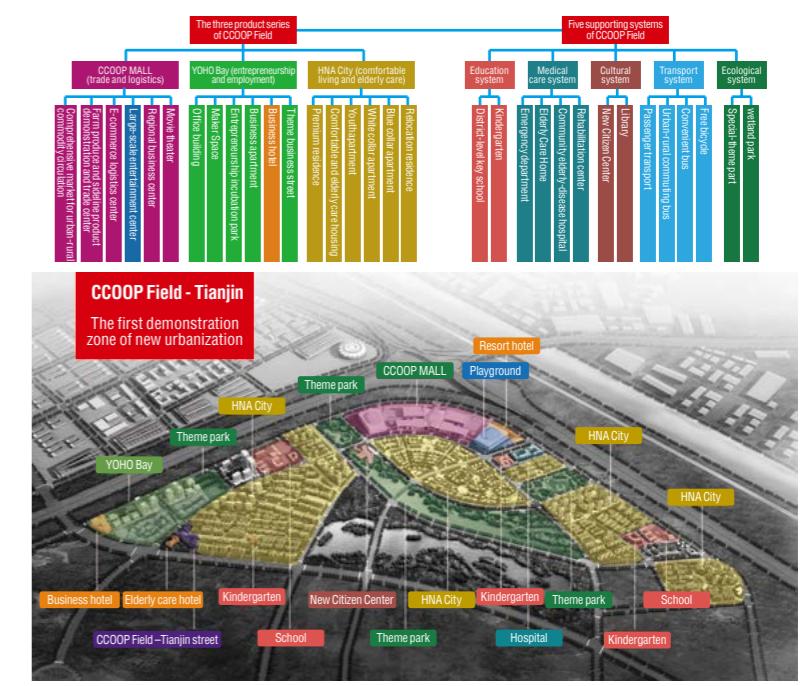
In the national drive towards agricultural modernization and a new urbanization, we are building the CCOOP Field of “China’s new-type urbanization • demonstration zone for urban-rural commodity supply and marketing”. With the purposes of “urban-rural integration, model innovation, resources concentration, leading consumption, value creation and benefiting the people, and dedicated to become a comprehensive service operator of urban and rural commodity circulation in China, CCOOP sets its outlets mainly in urban-rural transition zones. Its business integrates housing, business, trade and hotels. By establishing the five supporting social service systems of health care, education, culture, transportation and environment, including hospitals, schools, parks, cultural facilities and transport facilities, CCOOP helps “new urbanites” start their business, find jobs, live comfortably and seek for elderly care. Urban and rural areas will be homogenized and equal to guarantee enough existence and ample development room for new urbanization, thus advancing urban-rural coordinated development.



Three product systems of CCOOP Field

Case: CCOOP Field - Tianjin supports new urbanization

As the first demonstration project of CCOOP Field, CCOOP Field – Tianjin, located in Ninghe Industrial Park, is 20 kilometers away from the downtown and covers an area of about 3,000 mu with a floorage of around two million square meters. It's comprised of three product systems — commerce and trade, business office and housing. It's projected to be able to accommodate 35,000 people, and provide them with opportunities of trade, logistics, establishing startups, seeking for jobs, comfortable housing and elderly care after completion. It will become Tianjin's new hub of urban functions, a complex of modern services, a distribution center of large merchandise, and an incubator of urban reemployment projects, thus serving Tianjin's urbanization.



CCOOP Field - Tianjin

Serve innovation and entrepreneurship for the realization of colorful dreams

Advancing mass entrepreneurship and innovation is a fundamental measure to increase employment and enrich the people. CCOOP coordinates superior resources in various fields, and uses its own business platform to stimulate the potential of innovation and the vitality of entrepreneurship. We endeavor to build a platform for small and medium-sized entrepreneurs to realize their colorful dreams.

Build a platform of innovation and entrepreneurship to provide more equal opportunities

With our business advantages, we try to integrate various resources including capital, commodities, systems and channels. Based on the O2O business model, we aim to build a CCOOP Shop-centered offline platform and a Zhanghe Tianxia-centered online platform to create more opportunities for entrepreneurs.

Offline platform—“Opening a CCOOP shop leads to prosperity”

As the core of our entity network, CCOOP Shops spread across urban and rural regions in the form of community supermarkets, convenience stores and stores in towns and villages. They mainly sell daily consumer products and agricultural products, and integrate online-offline functions of commodity sales and distribution. Adhering to the idea of openness and sharing, all physical business stores can become CCOOP Shops through franchising, cooperating, cross-industry partnership and institutional alliance.

We visit schools, the countryside and communities to call for university students, young people returning to their hometown, and the disabled to join CCOOP Shops for shared benefits and common prosperity. Commodities of CCOOP Shops are well arranged, service rationally configured, products carefully selected, goods properly distributed, and gross benefit well structured. All shops have the same trademark, VI (visual identity), interior decoration, facilities and equipment. We provide franchisees with online platforms, commodities, and operation guidance, as well as supply chain services such as commodities and logistics distribution.

Case: Wide attention to the launching ceremony of CCOOP Shops and O2O

In the morning of March 5, 2016 in Changsha Hunan, CCOOP held the launching ceremony of CCOOP Shops and O2O, and the opening ceremony of CCOOP Shop training class for ten thousand seed managers. Over 300 people attended the ceremony, including the CCOOP operation team, representatives from CCOOP's 48 subsidiary companies, franchisees, startup teams of farmers and university students, and media like people.com.cn and xinhuanet.com.

Case: CCOOP Shops – where university students realize their entrepreneurial dreams

Cao Lu, a university student in Hunan, was employed by Joindoor through campus recruitment. When she just joined Joindoor, Joindoor Hunan was carrying out pilot programs of contractual transformation of CCOOP shops. Together with another newly employed university graduate, she got contracted to manage the CCOOP Shop in Siji Meijing of Changsha, and became one of the ten thousand seed managers. After joining CCOOP Shop, the headquarters provided them with a business-opening subsidy and operation guidance in an all-round way. After a short period, sales of the shop increased approximately 50%. The achievement gave the two fresh graduate managers hope for a better future, and they appreciated CCOOP's help in realizing their startup dream.



CCOOP Shop



Progress of the CCOOP Shop project

Online platform—“City Partner” Zhanghe Tianxia

CCOOP wholesale, or Zhanghe Tianxia, is China's leading e-commerce platform for fast moving consumer goods. We uphold the idea of “City Partner” for “building channels and gathering together businesses for win-win cooperation”. Through establishing a cost-efficient and safe supply chain system covering the whole industry, we use supplier resources, both online and offline, to provide franchisees with high-quality, safe and traceable commodities at low prices. CCOOP Shop owners can have access to comprehensive services of one-stop commodity purchase, smart cloud storage and logistics, shop operation, and other comprehensive services.





Provide comprehensive solutions for improving operation and management capacity

We provide entrepreneurs with all-round intellectual support, such as comprehensive solutions and think tanks for shop opening, site selection, purchase, operation and management, and commodity sales. We have set up CCOOP Shop Business School to offer franchisees professional training and establish a standardized system of operation guidance and training to help entrepreneurs acquire the knowledge and techniques of modern retail operation and management in a short time. Such help can improve their operation and management capacity, thus providing a strong support for common prosperity.

The CCOOP Shop Business School provides six training systems of idea, organization, course, faculty, certification and support to give franchisees all-round training support. By creating an excellent training team, improving the curriculum and building a knowledge-sharing platform, we aim to improve franchisees' operation capacity and raise benefits.



The training system of CCOOP Shop Business School

Case:

CCOOP Shop Business School's internal trainer certification training

In July 2016, the CCOOP Shop Business School opened its first internal trainer certification training session, which was joined by 38 internal trainer candidates from various CCOOP regions and subsidiary companies. During this session, we built the first internal trainer team and the preliminary curriculum. The School later started the internal trainer class tour of 2016, and carried out internal trainer certification in different batches to enlarge the internal trainer team, and stimulate the training for ten thousand seed shop managers.



CCOOP Shop

In 2016, Statistics of the CCOOP Shop Business School:

410

Trained franchisees

3,930

hours

Provided training

7

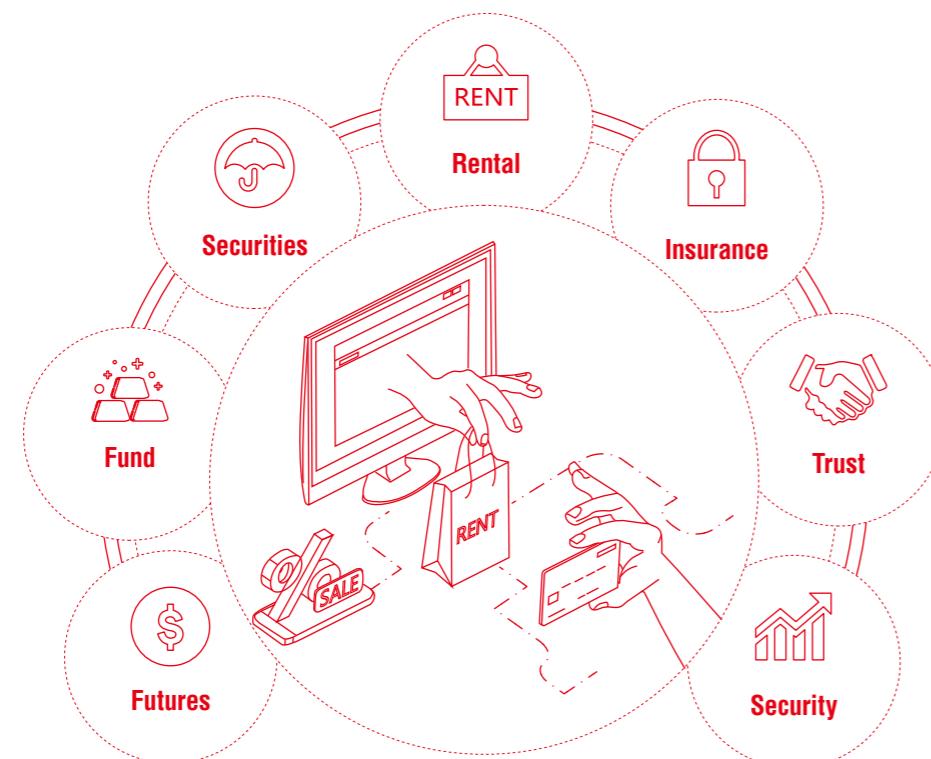
Launched training sessions

Improve internet financial services to facilitate financing

To address issues like restricted rural economic development due to supply shortage in the rural financial market, we have created the financial service platform CCOOP Finance Solution Based on HNA Group's all-round financial license resources, we have integrated multiple payment methods through online platforms and built a perfect supply chain financial system to provide entrepreneurs with diversified, autonomous and flexible internet financial services.

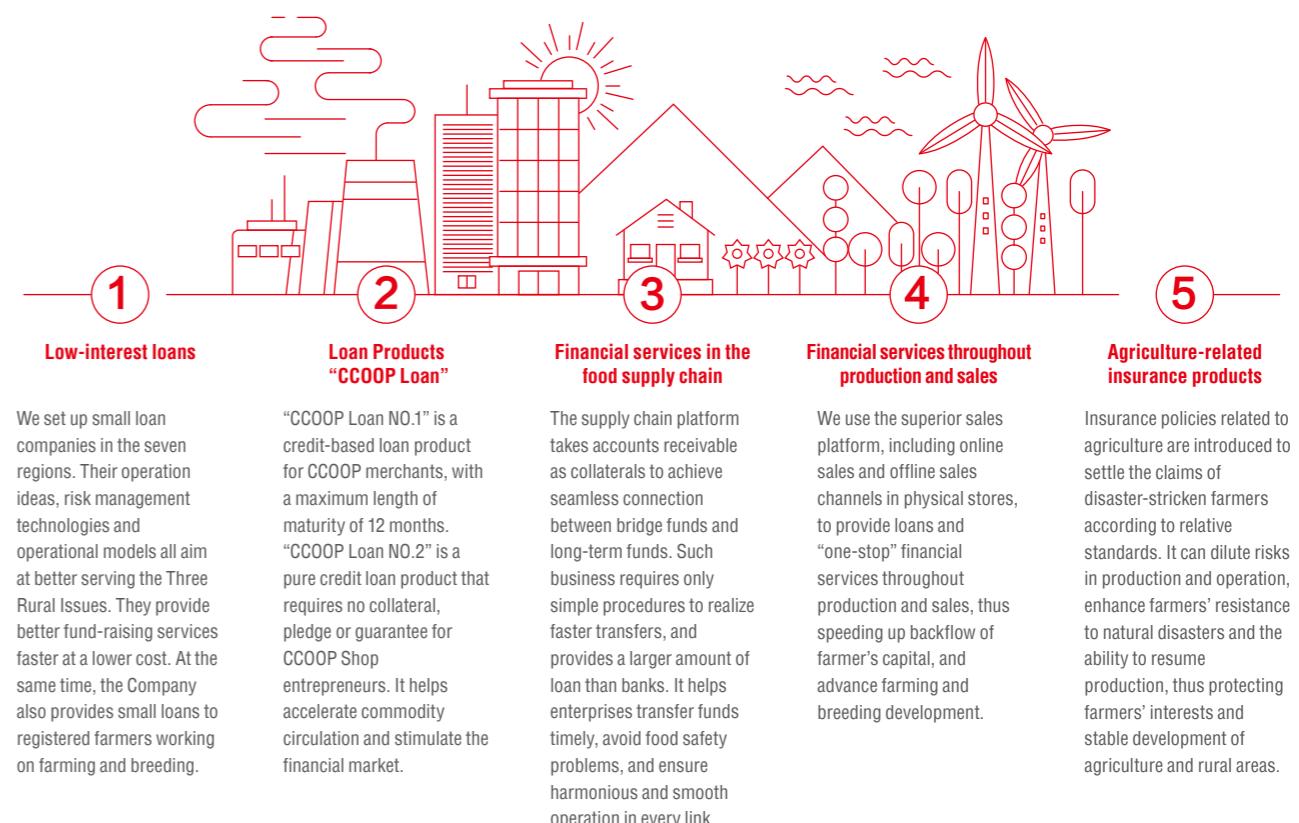
In rural areas, CCOOP Finance Solution is a comprehensive rural service platform. In cities, it is a platform of business consulting and financial services for university students and entrepreneurs. It not only effectively helps farmers sell their agricultural products and reduce prices of agricultural products sold to urban areas, helps farmers take out loans more easily and receive higher deposit yields, but also gives university students more financial support to start a business.

In 2016, the CCOOP Finance Solution provides convenient, fast and low-cost fund-raising services for manufacturers and agents both from upstream and downstream sectors as well as CCOOP shop franchisees.



CCOOP Finance Solution

CCOOP Finance Solution's five major product systems



Serve the “Belt and Road” initiative for regional prosperity

CCOOP adheres to the national development strategy of the “Belt and Road”, follows the trend of economic globalization, and steadily advances internationalization. By participating in M&As of quality resources both at home and abroad, strengthening the coordination of the global industrial chain, and promoting industrial cooperation, transformation and upgrade at home and abroad, we aim to realize mutual benefits, shared development and regional prosperity.

Create the Funsens cross-border direct purchase center

On October 1, 2016, Minsun joined hands with the “Funsens Cross-border Direct Purchase” in Guangdong free trade zone, and set up its store on West Avenue into Xi'an's first large and comprehensive cross-border direct purchase center, covering an operational area of over 5,000 square meters. Approximately 20 merchants moved in and provided over 100,000 kinds of imported commodities for which over 6,000 consumers made a reservation. The entry of Funsens Cross-border Direct Purchase allows consumers to directly purchase imported commodities that are sold simultaneously on the global market. It's our active response to implementing the national “Belt and Road” initiative.



Funsens Cross-border Direct Purchase in Minsun Store on West Avenue

Acquire “Simple Kind Life” through investment

In December 2016, CCOOP acquired “Simple Kind Life” through investment, providing strong support to its expansion of the entity network, offline distribution and e-commerce service in the Pearl River Delta Region. Such an acquisition also helps establish a foreign capital operating platform, and widens the strategic space for internationalization.



“Simple Kind Life” acquired through investment

Open an experience store of imported commodities

On August 13, 2016, the southern China branch of CCOOP opened its experience store “Sample Shop” in HNA Tower, Guangzhou. As CCOOP's first experience store of imported commodities in southern China, it provides over 100 products from over 10 countries. It is a platform to exhibit overseas commodities on the B2B platform in southern China, and exemplifies the implementation of our “going global” international development strategy.



“Sample Shop” Experience Store

Participate in the China Western Commodity Fair in Baoji

On September 2, 2016, CCOOP went to the 25th China Western Commodity Fair and the China Baoji “Belt and Road” Tourism and Culture Festival. Our B2B wholesale platform is the only online trading platform at the fair, and attracted many exhibitors and buyers to consult and register online. At the fair, CCOOP specially set up a “CCOOP Shop” concept store in the exhibition hall to show how we provide every customer with quality commodities and services. The exhibition popularized the innovative urban-rural commodity trade platform of “CCOOP Shop + Internet”, and pushed forward our economic development along the “Belt and Road”.



China Western Commodity Fair in Baoji



Share Values and Set a Benchmark for Win-Win

China is undergoing great economic structural reforms and increasing market competition. Under the background, CCOOP has consolidated its foundation of sustainable development through honest, stable, efficient, and transparent operations, and comprehensively adjusted the business model for accelerated service transformation and upgrade. While improving the economic performance, CCOOP has also actively performed its duties for shareholders, customers and partners, and in this way, CCOOP can lead industrial development toward shared value, and set a benchmark for win-win.



Pursue excellent operation for the creation of lasting value

Based on China's economic growth, industrial transformation and urban upgrading, CCOOP has proposed the development strategy of "Department Stores, Website, Field, Chains and Investment". Besides, it has also been constantly improving the management system and risk control system to comprehensively improve the operational efficiency. In this way, CCOOP can realize stronger market competitiveness, and create lasting values for shareholders through excellent operation and management.

Pursue resource integration for better profitability

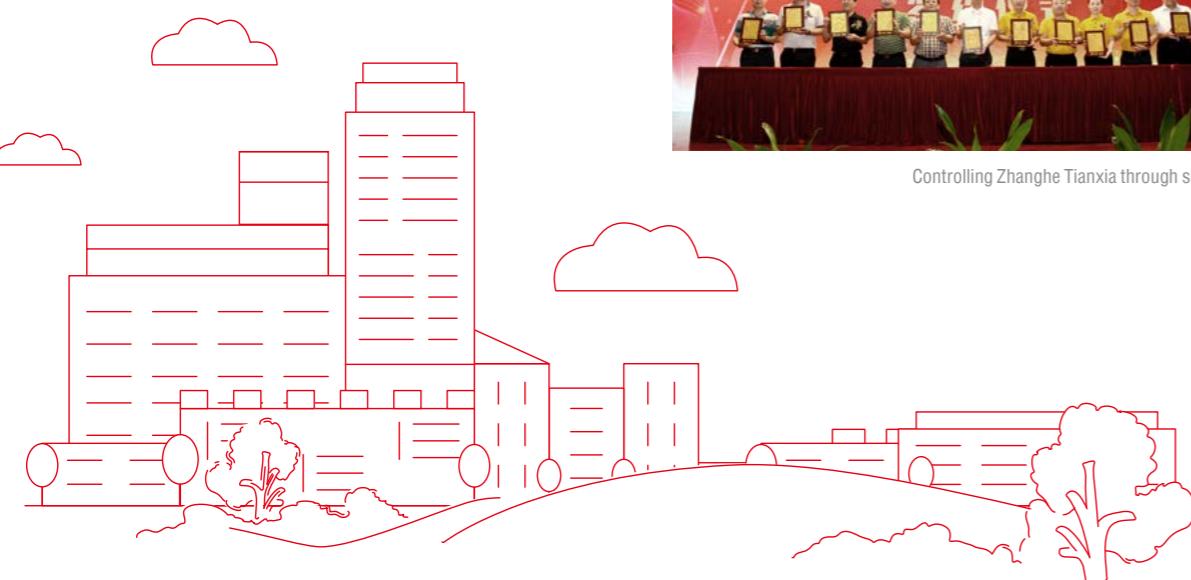
In 2016, to follow the market trend, we readjusted the corporate development strategy, integrated the advantageous resources of all areas, accomplished the restructuring of material assets, and carried out investments and M&As. We also conducted a wide range of project expansions and negotiations. As a result, our corporate financial service ability and comprehensive competitiveness were largely increased, which further increased corporate assets, revenues and profits for better securing shareholders' benefits.

Restructuring of material assets.

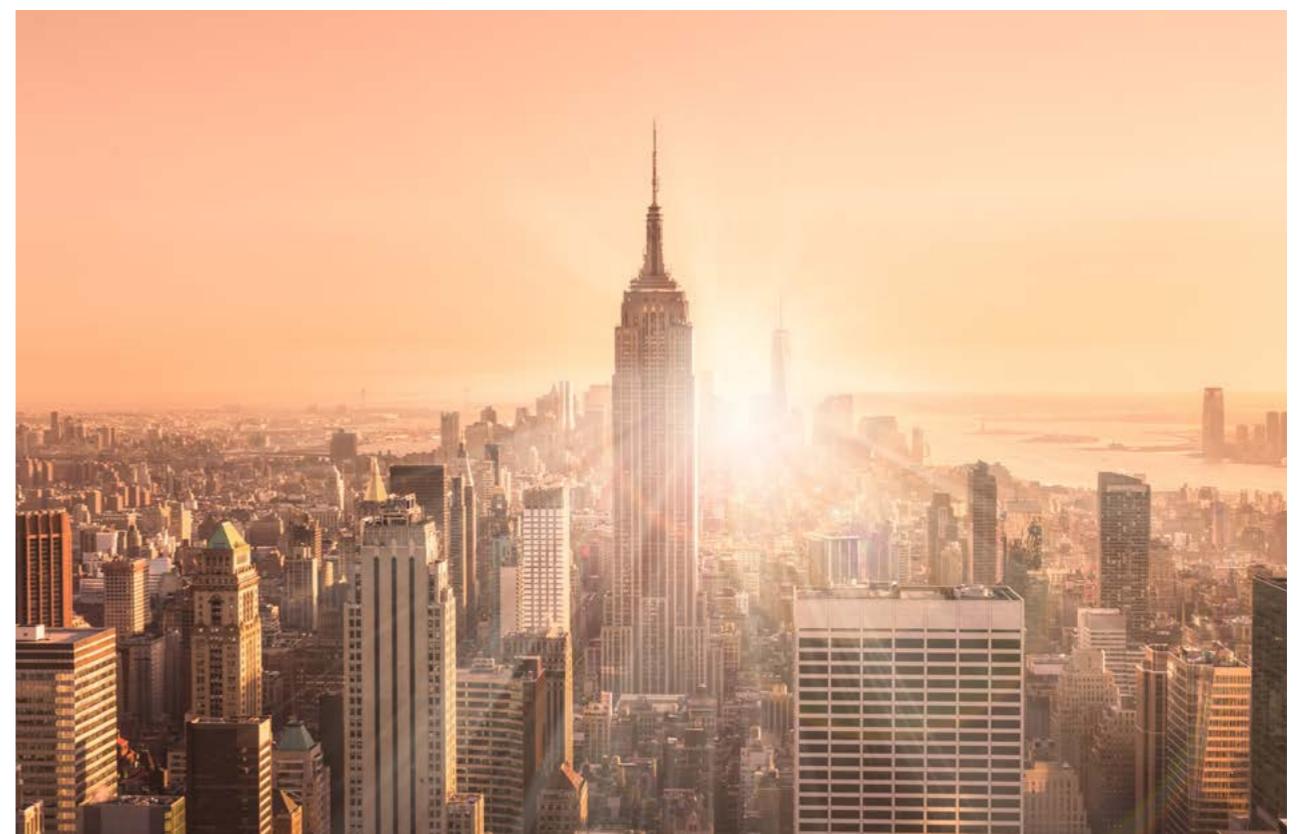
In September 2016, CCOOP accomplished asset delivery of the material asset restructuring project, and issued new shares. The Company's market value rose from RMB 7.4 billion to RMB 60 billion, indicating a remarkable asset increase. The project is of great significance to the Company's transformation to a "Comprehensive service operator of urban-rural commodity circulation in China".

Controlling Zhanghe Tianxia through shareholding.

In October 2016, CCOOP acquired and merged with Zhanghe Tianxia with RMB 756 million, and therefore established its leading status as a B2B e-commerce platform for fast-moving consumer goods. This will help build the CCOOP Shop network, and provide wider space for supply chain finance business expansion.



Controlling Zhanghe Tianxia through shareholding



Pursue moral operation for stable growth

With a stress on cultural and spiritual construction, business ethics and anti-corruption, we have continued to improve the risk control system, operated the Company in compliance with standards set for listed companies, and practiced transparent, compliant, and ethical corporate operation.

Compliant and legal operation

Strictly abiding by national laws, regulations, international industrial norms, and business ethics, we have enhanced our legal risk control capability, and accepted supervision from all stakeholders to set a good example as a law-abiding company with integrity.

Improving compliance regulation

To improve compliance regulation and build a long-term mechanism, we have formulated the Project Investment Administration of CCOOP and the Strategic Management System of CCOOP to standardize corporate business.

Enhancing capability building

To deepen the understanding of the internal control system, we have organized many special trainings themed standard operation of listed companies among the management, financial personnel, core divisions and holding subsidiaries. By doing this, we can better staff's overall quality, and strengthen the Company's abilities of compliance operation and risk control.

Readjusting working style

While readjusting the corporate working style, we have followed the logic of "One Facet, Three Lines", with the general disciplinary work as the facet, and finance, projects and human resources as the three major lines. Under the guidance of such a logic, we have built a comprehensive system of compliance management and risk control, which helps develop a just corporate atmosphere, and a transparent and moral business environment.

Measures of moral operation



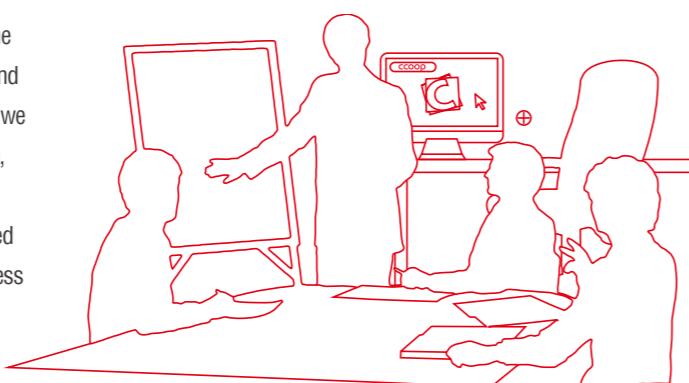
Pursue management innovation for better competitiveness

During our transformation and growth in 2016, we innovated our operation and management modes, and accelerated business innovation.

These efforts have therefore led to an improved operating system, stronger core competitiveness, and more efficient running of CCOOP.

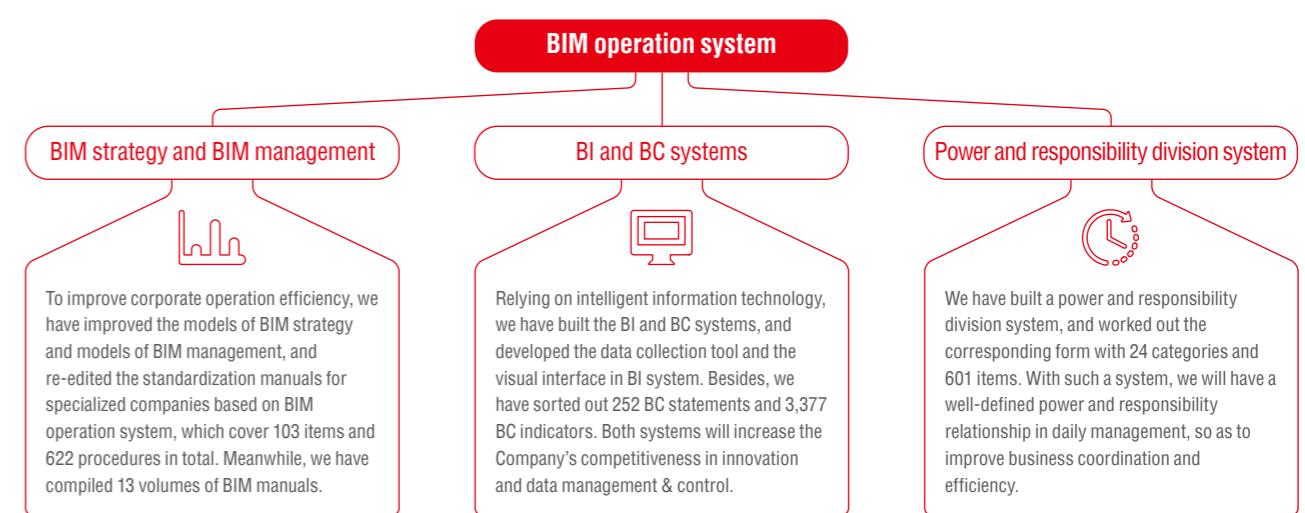
Establish five specialized companies

We have built a three-tiered business operation system covering the operation and management department, specialized companies, and business shops. To meet the need for core business development, we have established five specialized companies, namely CCOOP Shop, CCOOP Network Trade, E-Field D.J., CCOOP Finance Solution and Minsun. Our headquarters have guided them to adopt the two-tiered “control-operation” work division mode in order to promote business innovation through organizational restructuring.



Build the BIM operating system

We plan to build an “all-dimensional and integrated” BIM operating system to drive the efficient and streamlined operation of our core products and core brands. The BIM system will increase our core competitiveness and operation efficiency, and encourage innovation.

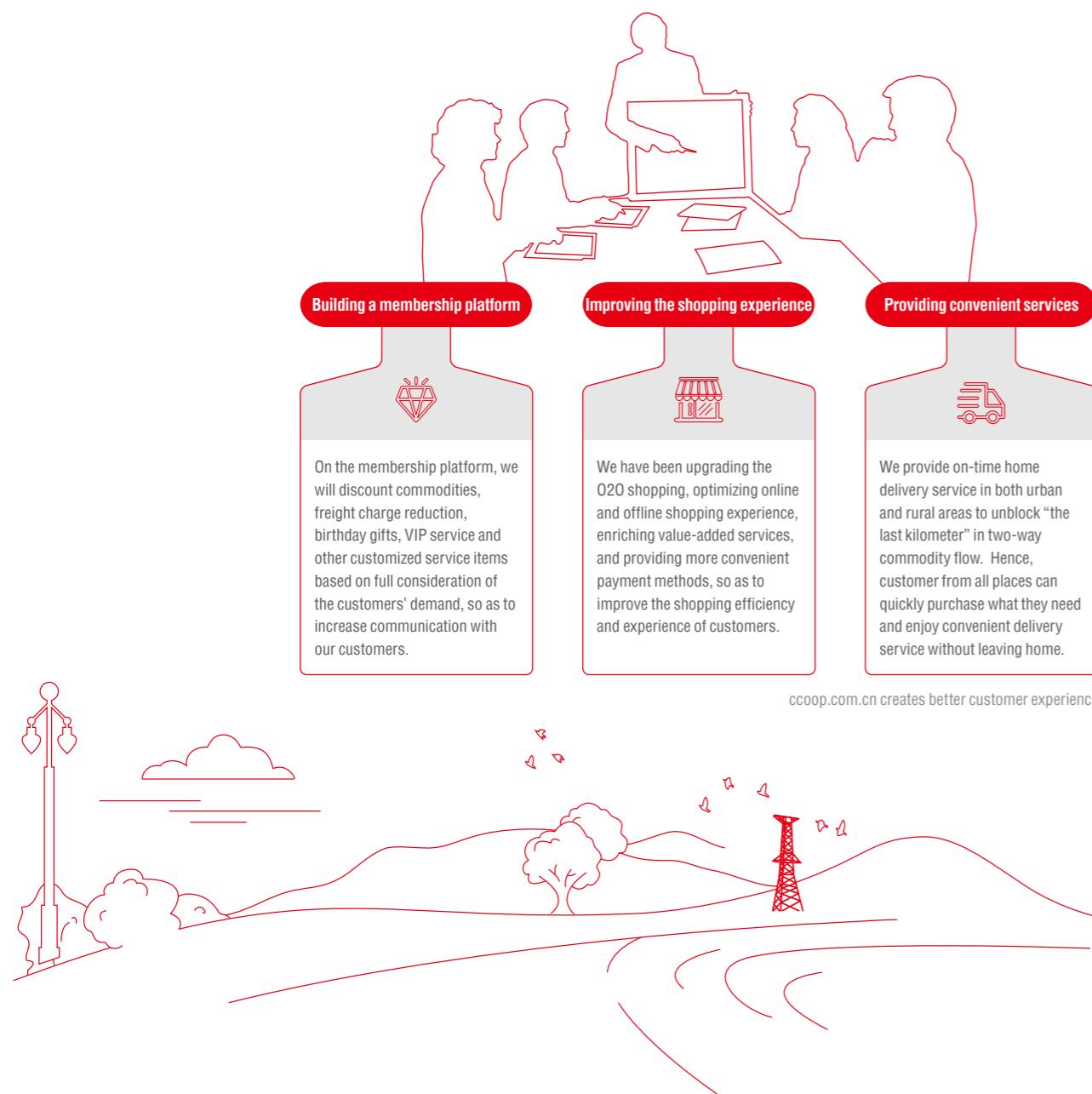


Pursue superior quality for improved experience

CCOOP has always prioritized customer demand and been committed to providing cost-efficient commodities and considerate services. With guaranteed product quality and food safety, we can better safeguard our customers' rights, and provide them with convenient, diverse and customized services and a comfortable shopping experience.

Pursue earnest service for better experience

High-quality service is CCOOP's foothold and source of growth. Hence, we have always been devoted to building a more comfortable shopping environment and offering perfect services to customers. Such a comprehensive service system will deliver our considerate service ideology and values to every customer.



The website of ccoop.com.cn

Case: Convenience offered by CCOOP Shop

On April 30, 2016, CCOOP's first crowd-funding franchise store in the northeastern region — CCOOP Shop Keji Rd. Branch — officially opened in Xi'an High-tech Industries Development Zone. As the first franchise store, we added four new types of racks and one piece of new equipment to it. This assured a reasonable layout of the store, and at the same time increased the space utility rate so that customers could enjoy better service.

- **Small inset shelves at the counter**
- **Round racks**
- **Low racks**
- **Shelves behind the counter**
- **The new touch-screen POS**

Small inset shelves at the counter: Chocolate, gum and other small commodities can be put on the inset shelves to save the space of the store, and offer easier access to customers.

Round racks: Compared to square ones, round racks can hold more types of commodities, cause less harm to customers' clothing, and reduce accidents.

Low racks: Low racks are more suitable for putting daily necessities so that customer can make choices more conveniently.

Shelves behind the counter: Shelves behind the counter will be designated for cigarettes. With springs installed at the back, cigarettes can be automatically pushed to the front for selling.

The new POS: The new POS can make the bill transparent, and both the cashier and the customer can see the information.

Case: Convenience offered by CCOOP Home

CCOOP Home (an O2O platform) was launched in April 2016. With the slogan "Home delivering with a lightning speed", it promises a less-than-two-hour delivery of commodities to places within two kilometers. By integrating resources of CCOOP's supermarkets and stores, and utilizing the mobile internet GPS technology to provide rapid service, the platform can meet the customers' demand for online shopping and fast home delivery, and provide them with diverse commodities at lower prices.



Pursue earnest service for a higher-quality experience

Improved commodity and service quality is the foundation for meeting customer demand. Adhering to the principle of quality first, we have integrated quality control into the management system, improved related institutions, and standardized commodity quality assurance work, so that we can better assure commodity and service quality, and keep providing customers with quality products.

- Hunan Joindoor formulated the Administrative Measures for Joindoor Supermarket Food Safety and the Safety Inspection Standard for Food Stores in Joindoor Supermarkets. In the “Dandelion” action, it regularly inspected all the commodities, and made random spot checks on the commodity quality in the stores.
- The HNA IMC Center implemented weekly checks on the production dates of the commodities, and returned or cleared the expiring commodities so that high quality can be guaranteed to all products sold to customers.
- Ccoop.com.cn made the Operating rules for Merchants of the Platform to check the commodities they sold, and regularly inspected the commodity information. If there was a problem, it would inform the merchant to make timely rectifications. The number of commodities removed for rectification reached 294 in 2016. In 2016, ccoop.com.cn won the “China Electronic Commerce Good Faith Demonstration Enterprise Certification”.
- Minsun improved and compiled 381 quality control standards, and issued the Business Announcement on Launching the Commodity Implementation Standard. It arranged trainings for all stores, and regularly organized teamwork activities of quality control. In 2016, the three projects conducted by the Jiefang Rd. Store and the Luomashi Store won the 3rd prize of “2016 Xi'an Excellent Quality Management Award”, and the Jiefang Rd. Store was honored “Xi'an Outstanding Team with Trustworthy Quality”.



Case: Food safety guaranteed at Jiameijia Supermarket

Upholding the philosophy of “Low Price, High Quality”, Jiameijia Supermarket has centered on providing high-quality commodities, and worked hard to integrate consumption, quality, service and rights protection. Jiameijia has set up a food safety work leading group under the leadership of the store manager to supervise commodity quality and food safety. It has also built a top-down responsibility system and established over 20 items for quality management to enhance its level of food safety management. At the same time, Jiameijia has also built a food safety park to educate the customers on knowledge of commodities and Food Safety Law, which is greatly welcomed and highly recognized by consumers of neighboring communities. Over the recent years, the Jiameijia Supermarket at Chencangyuan has successively obtained the awards of “Baoji Top 10 Institutions for Right Protection Work”, “Baoji Best Institution for Protecting Legal Rights and Interests of Consumers” and “Baoji Good Faith Demonstration Institution for Food Safety”.

Protecting rights and interests for better experience

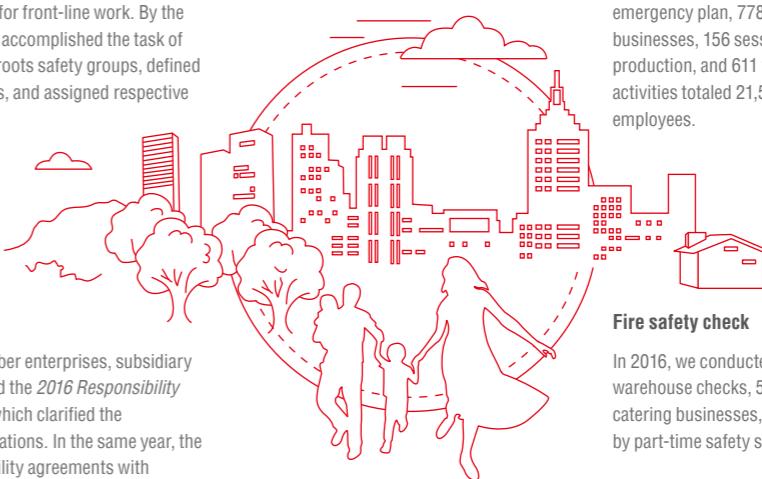
We care about consumers' safety and comfort in every link, and are committed to creating a reliable shopping environment. By constantly improving the after-sale service, we endeavor to protect customers' basic rights and interests, and create a shopping experience featuring higher reliability and security.

Create a reliable shopping environment

Upholding the guideline of “Putting safety first, prioritizing prevention, and adopting comprehensive treatment”, we have been strengthening the “Red Line Awareness” for safe production. Meanwhile, we have improved the safety and security system, reinforced on-site supervisions, and intensified investigations into potential risks in order to ensure a comfortable working environment for employees, and provide customers with superior services.

Safety management

We have carried out the “Amoeba” safety construction and improved safety management for front-line work. By the end of 2016, the Company had accomplished the task of setting up 84 “Amoeba” grassroots safety groups, defined their respective responsibilities, and assigned respective tasks.



Safety responsibility

CCOOP, together with its member enterprises, subsidiary shops and brand stores, signed the *2016 Responsibility Agreement of Safety Targets*, which clarified the management targets and obligations. In the same year, the Company signed 16 responsibility agreements with member enterprises, and 218 with subsidiary shops.

Safety training

In 2016, we conducted 408 safety trainings, 90 sessions on emergency plan, 778 safety trainings for catering businesses, 156 sessions on cases safety accidents during production, and 611 fire-fighting drills. Participants in the activities totaled 21,526, accounting for 95% of all employees.

Fire safety check

In 2016, we conducted 886 checks on electricity use, 542 warehouse checks, 514 checks on the operating rooms of catering businesses, 67 safety overhauls, and 856 patrols by part-time safety supervisors.

Case: Firefighting drills for stronger safety awareness

On June 17, 2016, a fire fighting and evacuation drill was conducted at the high-rise building of HNA IMC Center, a self-owned property subordinate to CCOOP. Over 300 customers and tenants participated in the drill. Through the activity, CCOOP aimed to help customers learn self-rescue in fire accidents, raise the safety awareness, and set up the Center's good image and reputation.



Firefighting drills

Pursue mutually beneficial cooperation for shared prosperity

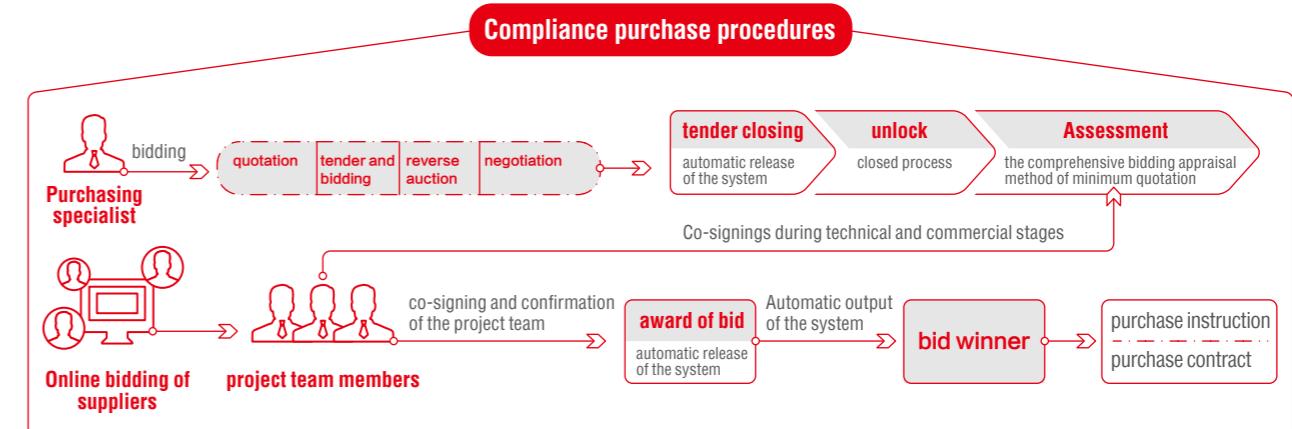
Committed to establishing harmonious cooperation with partners and realizing win-win cooperation, CCOOP has been exploring new development opportunities, developing new business models, improving supply chain management, and pursuing cross-industry cooperation and more communication.

Pursue responsible purchase for a sustained supply chain

To fulfill responsibilities to suppliers and promote common development among them, we have worked for a better supplier management system, conducted responsible purchasing, and enhanced bilateral communication.

Compliant purchase

By implementing a compliant purchasing strategy and sticking to the principle of openness and transparency, we have standardized the purchasing procedures and intensified occupational risk control over purchasing staff so that we can make sure the whole process of purchase is conducted in an open, just and transparent way.



Communication with suppliers

We set a feedback box and complaint hotline for suppliers, and hand out suggestion soliciting forms to make sure every suggestion and appeal is properly replied and handled.

Case: Holding return banquets for better communication with suppliers

On January 7, 2017, Minsun held the 2016 return banquet and nearly 200 suppliers were present. To reward excellent suppliers, Minsun set five O2O Elites Award, ten Supply Chain Financial Contribution Award and fifteen Strategic Cooperation Award. The banquet showed the Company's strength and brand image, delivered its new development ideas, consolidated the retail-supply relationship, and encouraged common growth toward win-win results.



Minsun return banquet for suppliers

100 %
Minsun complaint settling rate

100 %
Minsun customer satisfaction rate

100 %
ccoop.com.cn complaint settling rate

98 %
ccoop.com.cn customer satisfaction rate



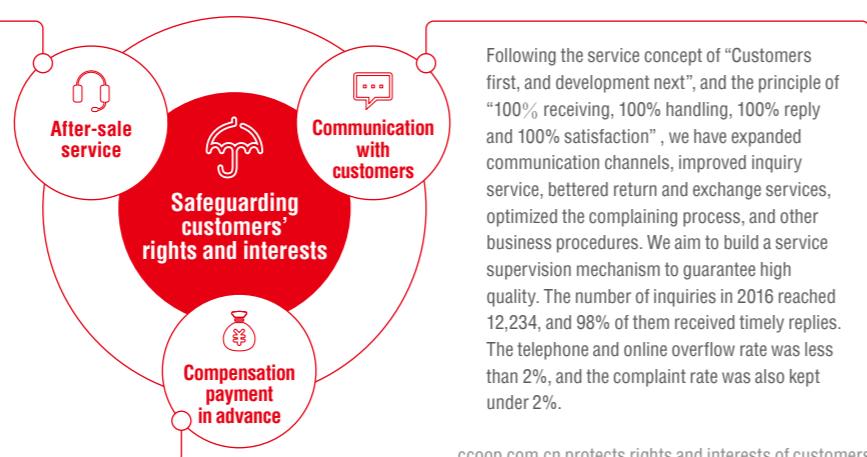
The fire safety skill competition in Shanghai Jiadeli Supermarket

Safeguard customers' rights and interests

With an emphasis on protecting customers' rights and interests and improving after-sale service, we have enhanced communication with customers, and improve the assessment and complaint system to better protect customers' rights and interests, thus improving their satisfaction degree.

Every Minsun shop has a customer service center. Supported by the "Million Fund", Minsun offers one-stop after-sale service and a commitment of "60-day barrier-free refund and return policy". With strong sense of responsibility, we provide customers with one-stop refund and return service, and create a convenient, comfortable and reliable shopping experience.

Customers can return the commodity without any reason within seven days since the purchase date. They are free to return, exchange or repair the commodities if only second sale is not affected.



If customers' interests or rights are harmed, and their request is not handled by the merchant, they can complain to the shop and apply for "compensation payment in advance" to protect their rights, and seek for a better shopping environment.

ccoop.com.cn protects rights and interests of customers

Join hand to pursue common growth

We integrate advantageous resources and seek cross-industry cooperation with governments at all levels, excellent companies, and social institutions, so that we can learn from each other and share the benefits through integrated development.

Case: Strategic cooperation with waimai.baidu.com

In November 2016, the CCOOP Northwest District and Baidu waimai.baidu.com achieved strategic cooperation in supermarket and catering “Internet Plus” sectors. The cooperation laid a foundation for improved enriched business forms of the online platform of CCOOP Northwest District, and helped further explore the market and bring benefits to local people through the co-developed O2O platform. The two parties can share their complementary advantages in commodities, delivery, e-commerce finance and connectivity, and achieve deeper integration and win-win outcomes.



Strategic cooperation with baidu.waimai.com

Pursue innovative cooperation for industrial development

We have actively participated in industrial exchange activities, held and attended industrial conventions, and hosted and sponsored many exhibitions including HighGo Shopping Festival, Winter Trade Fair, Western China Commodities Fair, Shandong Winter Jujube Festival, Meizhou Pomelo Festival, etc. Through these activities, we aim to lead industrial innovation and promote development.

Case: Title sponsor of International Food & Drinks Fair

In August 2016, CCOOP China International Food & Drinks Fair was held in Nanjing International Exhibition Center with more than 50,000 industrial insiders present. As the only online trade platform of the Fair, CCOOP held a stand area of 320 square meters, attracting great attention from many exhibitors and purchasers. The Fair received commendation from Jiangsu Provincial Committee Alcoholic Beverage Association and was reported by various mainstream media. CCOOP shared its philosophy and experience on the Fair, which not only raised corporate reputation and strength, but also promoted the prosperity of food industry.



Title sponsor of China International Food & Drinks Fair



In April 2016, CCOOP signed the strategic cooperation agreement with Qingdao Supply and Sales Cooperatives, through which the two parties would carry out deepened cooperation in terms of the construction of the three-net layout, business expansion, entity network development, national business of the supply and sales e-commerce federation, and targeted poverty alleviation projects in Shibadong village.



In July 2016, CCOOP signed the cooperation agreement with Shaanxi Yikang Pharmaceutical Co., Ltd. We would join hands in developing medical healthcare, daily necessities and services to pursue complementary advantages, and create a new online network covering “medical treatment + medicine + life”.



On October 10, 2016, CCOOP signed the strategic cooperation agreement with nearly 30 Malaysian enterprises to lay a solid foundation for cross-border e-commerce cooperation.



In September 2016, CCOOP held Tianjin Future Science & Technology Park E-Commerce Development Forum



In September 2016, CCOOP co-organized China Food & Catering Expo in Changsha



In October 2016, CCOOP cooperated with the 5th China Mei County (Shaanxi) Kiwifruit Industry Development Forum



Pursue Green Development for Better Ecological Civilization Construction

CCOOP sets to be a "green life advicator, green industry leader, green service provider, and green development pioneer". It combines the green concept and business management closely, actively conserves energy, protects the environment, and practices the green management concept. Ecological civilization and low-carbon economic construction are important strategies that promote its own sustainable development, help combat global climate change, and advance ecological civilization construction.

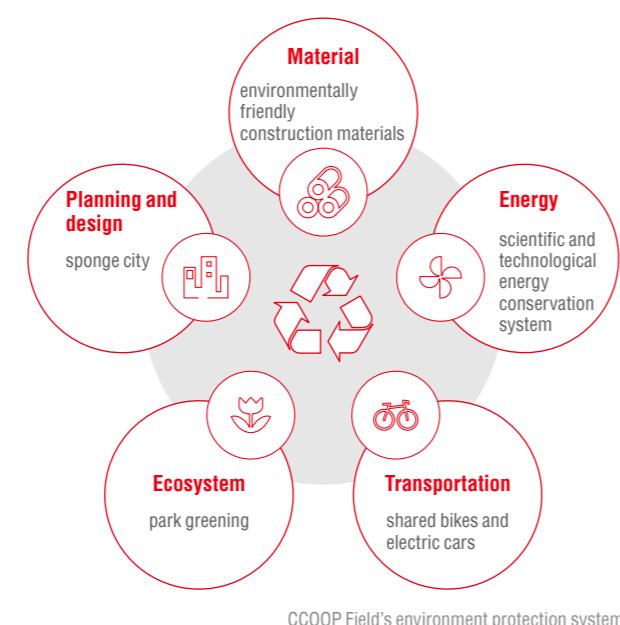




Build green cities and towns and pursue a low-carbon lifestyle

Construction of an ecological, green, and environmentally friendly new town is the top priority of China's urban and rural integration. Development of CCOOP Field has four features, namely "green environment, scientific energy conservation, cultural characteristics, and smart towns". China has an integrated service system to construct an environmentally friendly, modern, scientific and culture-based new smart town.

CCOOP China advocates for green and environmentally friendly living environment, coordinated and sustainable development between construction activities and the ecosystem while building the new town, pro-environment production and consumption modes, building industrial structures that meet ecological conditions of urban layouts, and low pollution and high-efficiency industrial structures, and large-scale use of green buildings to create demonstration green towns, to make CCOOP China a demonstration area of new towns with beautiful environment, fresh air, clean environment, and sustainable development.



Case: Build CCOOP Field's ecosystem

CCOOP Field - Tianjin is the first demonstration project of CCOOP Field. As a RMB 15.9-billion project, it is based in eastern Tianjin's Future Science and Technology City, with an area of about 3,000 mu. The ecosystem is the most outstanding feature of its construction and future old age care. Considering the advantages of local environmental resources and neighboring industries, CCOOP Field - Tianjin planned and designed the first Automotive Theme Park of Tianjin, Tianjin Folk Culture Park, Sports Park, along with the existing Qilai National Wetland Park, Dongli Lake Wetland Park, Toray Country Park, to make CCOOP Field - Tianjin a demonstration zone of new towns with a beautiful and green environment, fresh air, and sustainable development.



Ecological environment of CCOOP Field - Tianjin



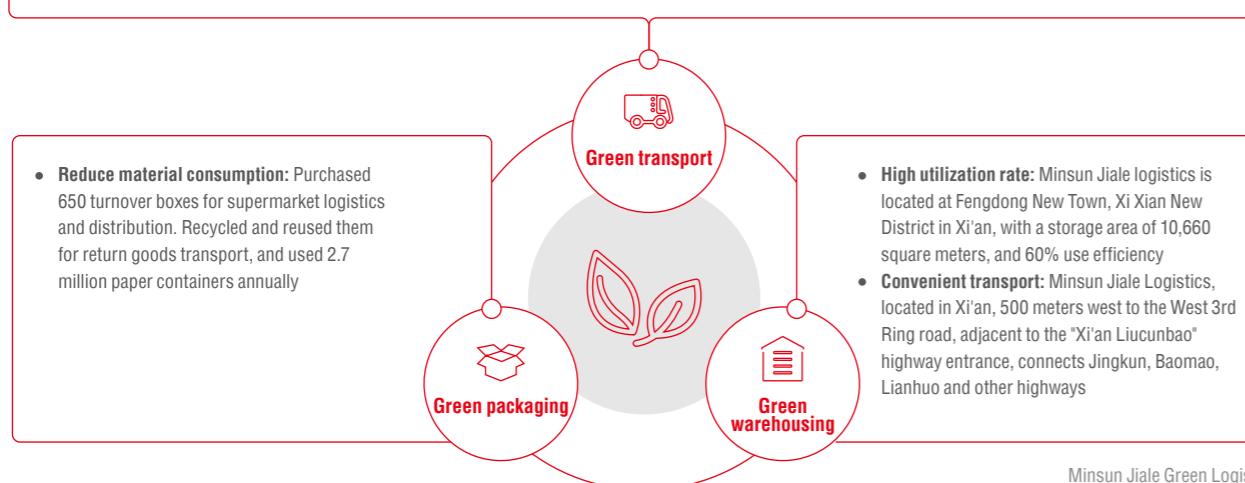
HNA's Xi'an Caotang Science and Technology Industrial Park Project Phase One has won the 2016 Shanxi Xi'an Green Construction Demonstration Project Award



Build green logistics to promote energy conservation and emission reduction

Through integrated operation, the Company has improved its industrial chain management to realize less intermediate links, reduced costs, increased efficiency, and constantly improved trade chain. It changes traditional business system, shortens ineffective operation process, rallies social transport capacity and social storage to reduce logistics costs and realize sustainable energy conservation and environmental protection.

- **Green emission:** Private logistics vehicle emissions should reach national motor vehicle exhaust emission standards. Voluntarily eliminate old vehicles and private logistics vehicles with poor exhaust emissions in advance
- **Clean energy:** Signed a long-term cooperation agreement with Sinopec Shaanxi Branch to ensure vehicle fuel quality
- **Use of social resources:** In logistics peaks during festivals, rent return vehicles from qualified logistics enterprises
- **Efficient circulation:** Speeded up circulation of agricultural and sideline products, and distributed vegetables and fruit worthy of RMB 9,369,700



Case: Achieve high efficiency and low cost of logistics operation

Zhanghe Logistics under Zhanghe Tianxia uses Zhanghe Tianxia as a platform to create an online-offline, diversified and one-stop cloud storage logistics and distribution platform. Zhanghe Logistics mainly serves the suppliers of Zhanghe Tianxia, and helps to achieve online-offline inventory consistency. Through big data analysis, integration of logistics resources of the whole society, redistribution of resources on the platform, it has realized high efficiency and low cost in logistics operation.

City transfer base

Receiving orders of Zhanghe, sending and reclaiming orders from other platforms, distributing and selling agricultural products and specialties, and laying the management foundation for upgrade



Supplier distribution management

Differentiated management according to merchants' region, product category, and ABC classification of warehouses

Items for sale

Deposit management, KPI management, system maintenance, monthly, quarterly, and yearly management, access to systems outside the platform, unified packaging and distribution

System advantages

Multiple deliveries in one day, rational route planning, connection with the main platform, free of charge, preset production management

A cloud-based warehouse

Level-2 same-city distribution center (DC), efficient handling of orders, cloud services based on LBS, level-2 cloud-based distributors in remote areas each covering a distribution radius of around 10 km

City distribution center

Build green stores and pursue low-carbon development

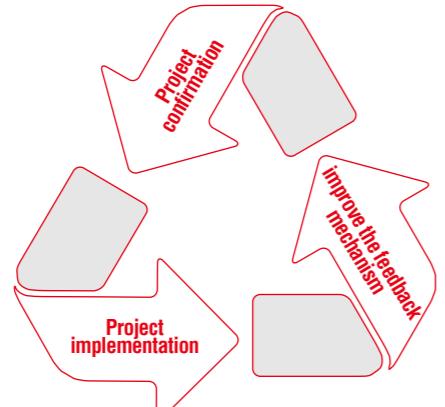
2,448.91

CCOOP Shop's LED lighting upgrade saved tons of standard coal equivalent (TCE)

691.11

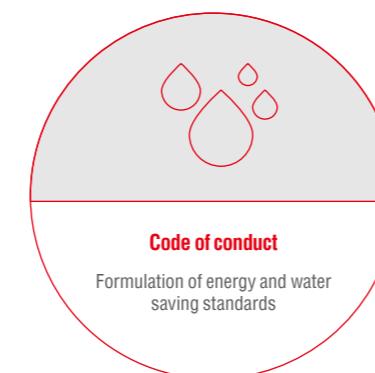
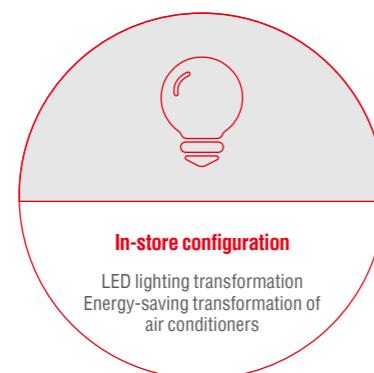
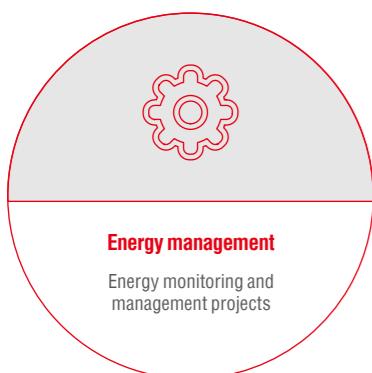
Minsun Jiale's energy conservation upgrade saved TCE

Assign tasks of the key projects among related stores and teams, increase the number of projects at departmental level



Collect feedback from the team working on revenue generation and cost reduction, make proper analyses and summaries, and adjust energy saving goals and processes

Mechanism of Minsun's energy conservation and emission reduction work



Green store mechanisms of Hunan Joindoor

60

Shanghai Jiadeli's energy conservation upgrade saved TCE

202.8

LWJ Guangdong's energy conservation upgrade saved TCE

1,495

Hunan Joindoor's energy conservation upgrade saved TCE



Case: Conserve energy and build green stores

Hunan Joindoor actively responds to Changsha City's call for building a resource conserving and environmentally friendly city, gradually upgrades energy conservation of the stores under the most reasonable energy quotas and the best working condition systems, carefully decomposes energy conservation goals, and sets independent targets for every store. It tracks the progress of goal achievement. Managers of a store that fails to fulfill monthly targets need to analyze the reasons for the failure and expound on ways to achieve the targets.

Since 2012, the Company has vigorously carried out energy conservation and emission reduction work. It has completed LED lighting upgrade of 32 subsidies in 2016, reducing energy consumption by RMB 5 million, equal to 1,495 TCE.

- Completed energy conservation upgrade of central air-conditioning in one store, saving energy consumption costs by RMB 480 thousand, equivalent to 139 tons of standard coal.
- Completed energy monitoring and management project in 26 stores, which is expected to save energy consumption costs by RMB 1 million annually, equivalent to 272 tons of standard coal.

The energy conservation project has been recognized by Hunan Provincial Department of Commerce, Changsha Municipal Bureau of Commerce, and Changsha Yuhua District Government, and has obtained government support funds for three consecutive years. In 2016, it won RMB 950,000 "commercial pilot fund" by Hunan Provincial Department of Commerce and Changsha Municipal Bureau of Commerce.



Promote green life and disseminate ecological civilization

The Company actively creates a green and healthy working environment, joins environmental protection activities, actively influences every stakeholder, and advocates for a greener and cleaner lifestyle.

Build green offices from small things

We actively incorporate environmental responsibility into everyday business practices, and introduce the concept of environmental protection and resources conservation into daily work style and office details. From conserving one kilowatt hour of electricity, a piece of paper, a drop of water, and a drop of oil, we advocate for carbon reduction and environmental protection. We promote green travels and paperless office to build a green office environment.

In 2016, the outperformance of Jiangsu over the headquarters and department stores in office supplies fell over RMB 37,800, down by 50.44% year on year. Hunan Joindoor Headquarters was expected to save 30 tons of water throughout the year.

- Jiangsu outperformed the headquarters and department stores in adjusting office supplies distribution process. It establishes office supplies review process, and standardizes time limit and per capita quota to reduce unreasonable quota. Headquarters and stores adjust printing supplies replacement mode by adding powder to old cartridges. After adding powder twice, old cartridges then can be replaced. In this way, use efficiency was increased and replacement of new supplies was reduced.
- Hunan Joindoor headquarter installed four direct-drinking water fountains for working areas, and recycled waste water generated by water fountains was used as clean water.

Case: Green office, start small and start now

Green Office Rules of Baoji Shopping Mall under CCOOP calls to:

- Cherish public property, recycle, and reduce man-made damages.
- Cherish paper resources, conserve energy, limit paper printing, promote paperless office and use more e-documents. When printing is necessary, carefully proof read the documents before printing and use duplex printing.
- Save electricity and use energy-saving LEDs. During daytime, make full use of natural light, and reduce the use of electricity. When leaving the room, turn off the lights. Leave no light on while no one is in the room.
- Save water, properly use water resources. Leave no tap running after use.
- Reduce office supplies.
- Reduce computer, printer, and copier standby. Turn off electronic devices after use.
- In summer, open windows to enhance ventilation. Reduce the use of fans and air conditioners. When no one is in the room, turn off AC. When AC is on, keep all windows closed. Before leaving, turn off air conditioning and heating in advance.
- Use business phones rationally, control the amount of phone calls, make calls concise, and do not use business phones for private matters.
- Walk, ride bicycles, and take public transport to work instead of driving.
- Reduce car use in business activities. Go on foot or by bus in urban short-distance trips. Business travels should use public transport when possible to reduce costs.
- Walk the stairs, and reduce the use of elevators.

Protect the environment and promote public welfare

We actively respond to the call for building a beautiful China, and promoting ecological civilization construction. We participate in environmental protection activities, organize staff to plant trees, and clean the environment to help build a green and beautiful homeland and live a green life. We promote the ideas of green life and environmental protection through concrete actions.

Case: Beautify the environment – we are taking actions

On March 9, 2017, Minsun Jiale Volunteers Association worked with Taibai South Road Community in launching a street cleaning activity under the theme of "promote Leifeng spirit through volunteer works" to help build a beautiful environment through actions.



Volunteers were cleaning waste paper in flowerbeds

Case: For a blue life and a colorful city

On March 18, 2017, HNA International Center in response to the World-Wide Fund for Nature's "One Hour for Earth" for a blue life campaign this year, worked with tenants, property management departments, HNA members in Chongqing and environmental protection enthusiasts in hosting the Fluorescent Night Run to contribute to the protection of our blue planet.



Group Photo of Fluorescent Night Runners

Case: CCOOP is in action to clean coastlines

On July 22, 2016, Hainan Haikou, CCOOP Volunteers Association worked with HNA Industrial Running Association in holding the Haikou Guilinyang Racing and Coastline Cleaning Activity, which showcased CCOOP's "brave heart" spirits. Through actively absorbing new employees into the "little red bean" volunteer team, we promote volunteer spirits and pass on our positive energy.



clean coastlines



Serve the Mass Public for Improved Livelihood

People are the foundation of a state, the stability of which guarantees the peace of the state. To further promote people-oriented operation, we need to make great efforts in all aspects and links of social and economic development. As a responsible corporate citizen, CCOOP has always take all-win cooperation and achievement sharing as its own mission, endeavoring to benefit employees and the whole society with its development achievements.



Share Development to Improve Employees' Sense of Satisfaction

CCOOP has always regarded employees as the greatest treasure. By creating a harmonious working and learning environment, we try to protect employee rights and interests properly, guarantee their benefits, improve their personal value, and create both favorable material and intangible conditions for their all-round harmonious development. In this way, employees' initiative and creativity can be fully tapped, and shared growth between the Company and employees can be realized.

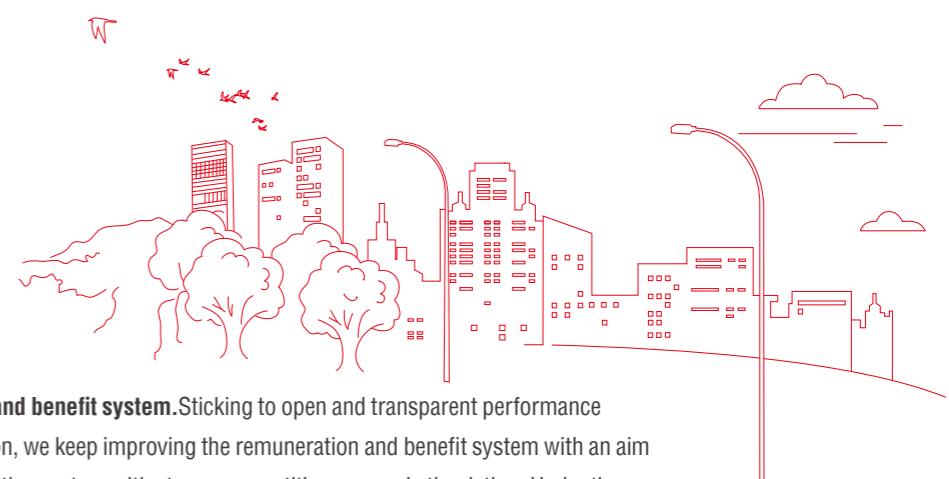
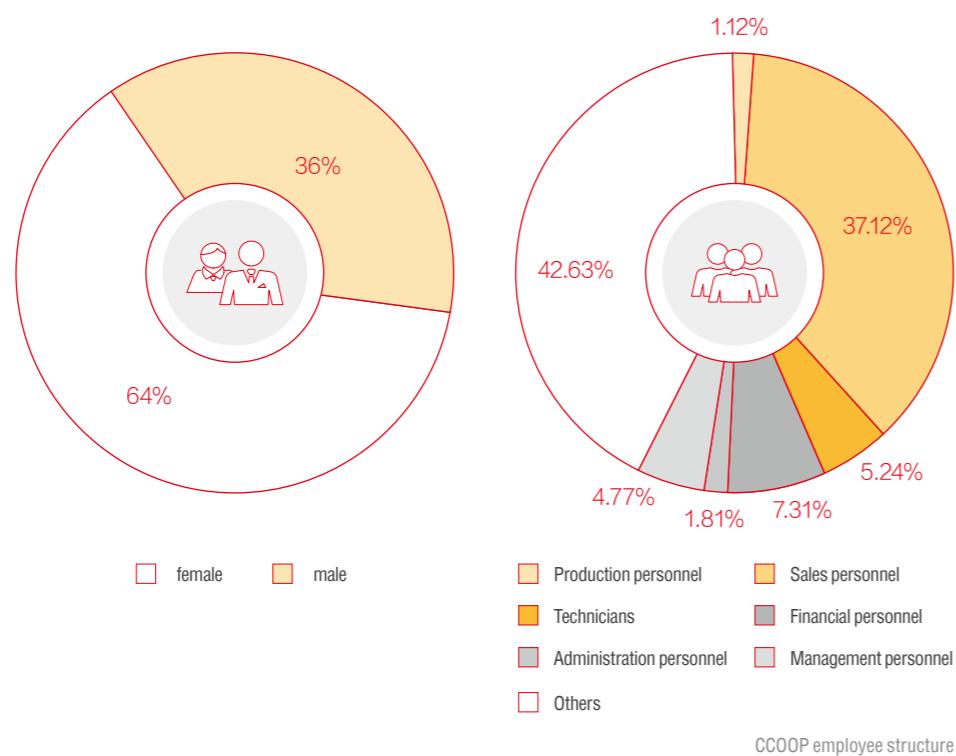
Respect employees and ensure lawful rights and interests

0.47%
Percentage of disabled employees

1.5%
Percentage of employees of ethnic minorities

We firmly protect employees' rights and interests, and respect their differences. By actively communicating with employees and constantly improving the remuneration and training system, we endeavor to realize dual increases in terms of salary and competence. Besides, we pay attention to employees' living demands, and provide them with a favorable environment to co-build a bright future for CCOOP.

Stick to equal employment.CCOOP is firmly against all kinds of discrimination in employment and forced labor. Upholding the principles of equality, free will, and consensus while signing labor contract with employees, we have constantly improved employee gender distribution, age structure, and ethnic composition to promote employee diversity. By the end of 2016, total employee number of CCOOP had reached 14,577, among whom 64% are female employees, 1.5% ethnic minorities, and 0.47% disabled employees. Employee resignation rate had been kept under 1.65%.



Keep improving the remuneration and benefit system.Sticking to open and transparent performance management through communication, we keep improving the remuneration and benefit system with an aim to build up a remuneration and incentive system with strong competitiveness and stimulation. Under the guidance of compliant and legal operation, and to make employees feel more reassured, we endeavor to build a comprehensive benefit system with multiple levels to keep improving employees' sense of happiness and satisfaction degree, and share the results of development with them.

- ① Provide market-oriented remuneration and benefits with strong competitiveness that are based on competence and performance
- ② Pay for social insurance, housing fund, commercial supplementary medical insurance and employer responsibility insurance
- ③ Provide longer paid leaves than those have been stipulated by national strategy, and add more people-oriented leaves
- ④ Provide special benefits include holiday bonus, birthday congratulation, sick leave visit, and wedding cash gift
- ⑤ Provide discounted offers for CCOOP employees (including multiple aspects of food, hotel, travel, shopping, entertainment and so on), and implement unified preferential flight ticket policy among employees and their family

CCOOP employee remuneration and benefit system

Expand the channel for democratic communication.To give full play to the function of trade unions and improve democratic management system, we have held regular seminars among staff representatives, and improved employee communication and feedback mechanism, so as to expand the channel and scope of their participation, guarantee their rights of democratic decision making, democratic management, and democratic supervision. In 2016, 75% of CCOOP departments have established trade unions with an employee enrollment rate of 100%. To better listen to employees, LWJ Guangdong has held employee seminars to enhance the communication between the management and employees, and Baoji Department Store has further improved communication channels through visits on holidays, routine visits, phone calls, WeChat, QQ groups, Chairman's mailbox and so on.

Case: Employee seminars

In the afternoon of May 20, 2016, LWJ Guangdong held the first employee seminar of 2016 in the meeting room of the head office. A total of 25 people attended the seminar including President Ke Sailong, Assistant President Li Jun, new and old employees from different departments and stores. Under a relaxing atmosphere, they shared their working experience and career development path openly, and came up with rational suggestions over routine management, teambuilding, and employee care, etc. The seminar enhanced the communication between corporate management and employees, helped solve problems in the work and life of employees, and strengthened employees' sense of satisfaction and loyalty.

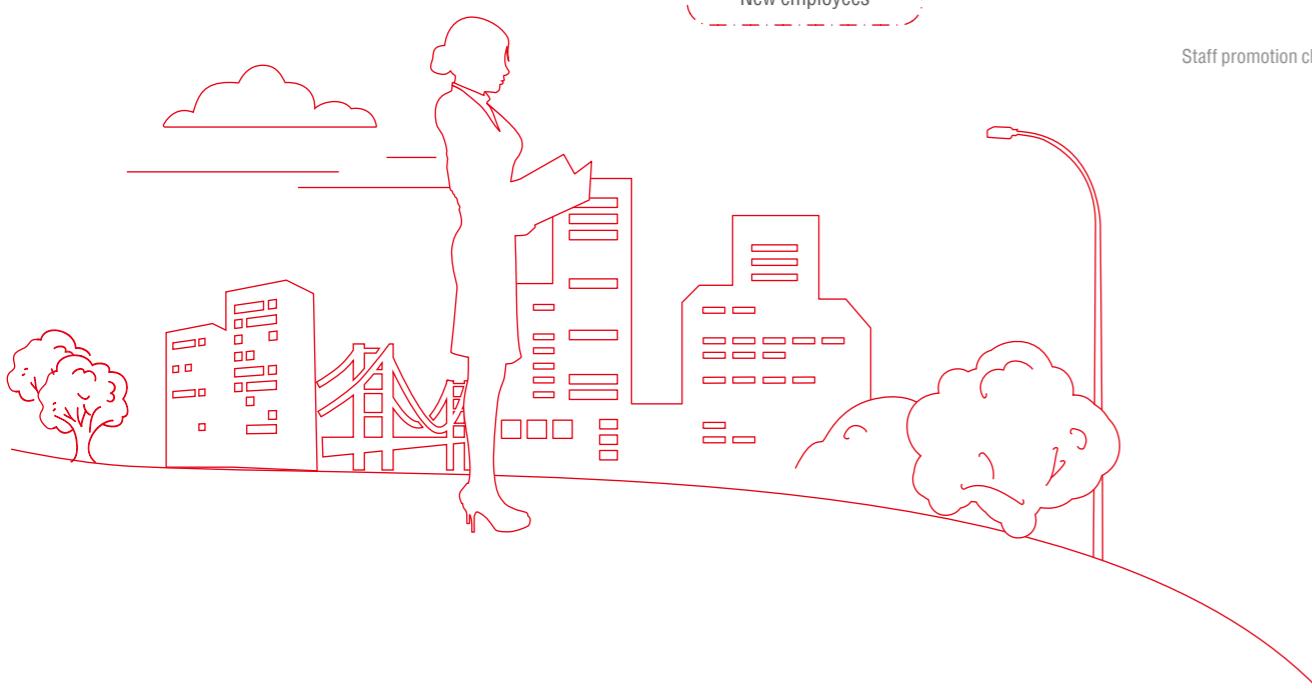
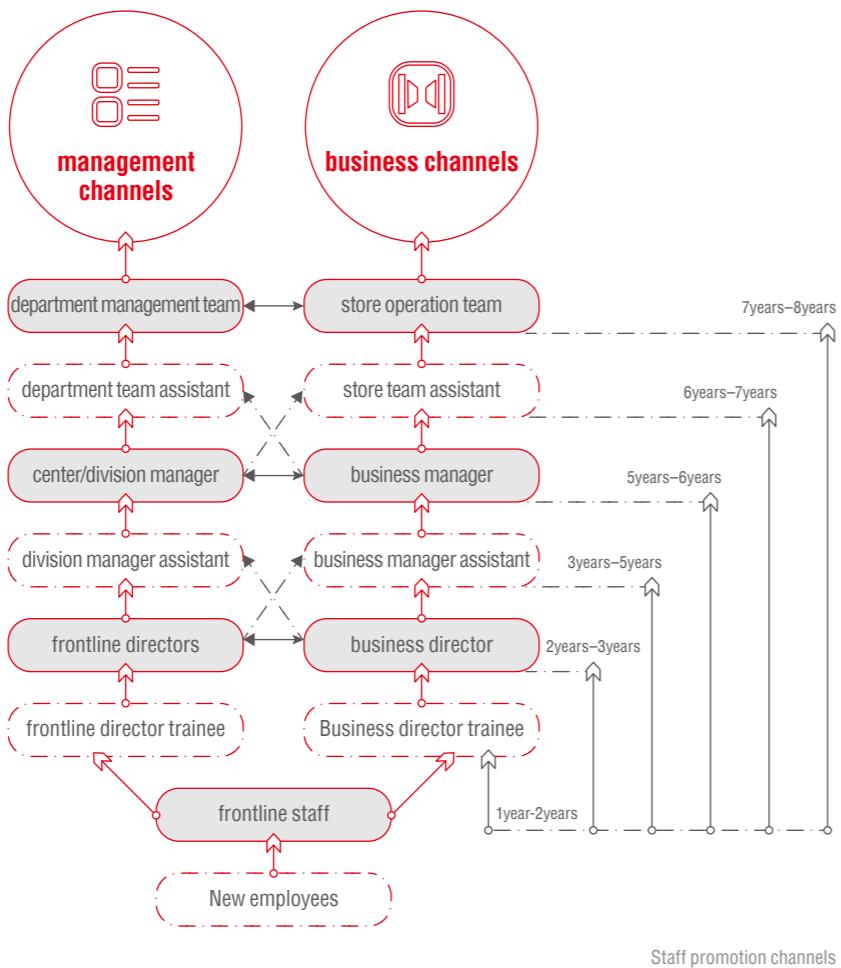


LWJ Guangdong's first employee seminar of 2016

Help employees to develop

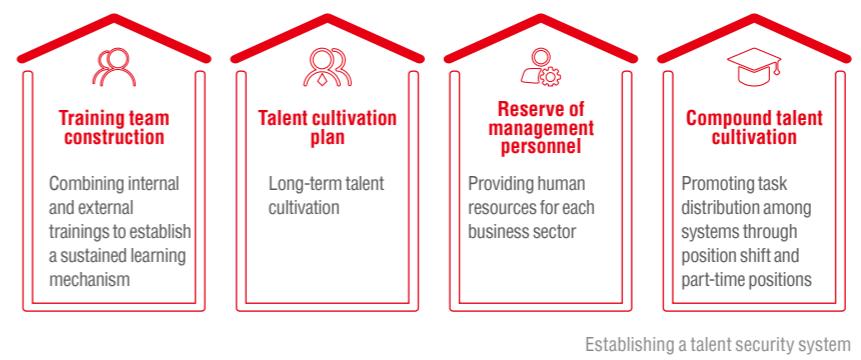
To implement the strategy of developing enterprise by talent management, we have improved employee development channels and diversified the training system, optimized performance appraisal management and employee incentive mechanism, and devoted ourselves to the creation of a larger platform for employee growth and development.

Unblock career development channels.
Employees can choose their own development channel in correspondence with their personal career development plan and the Company's post setting. In this way, employees' initiative can be guaranteed.



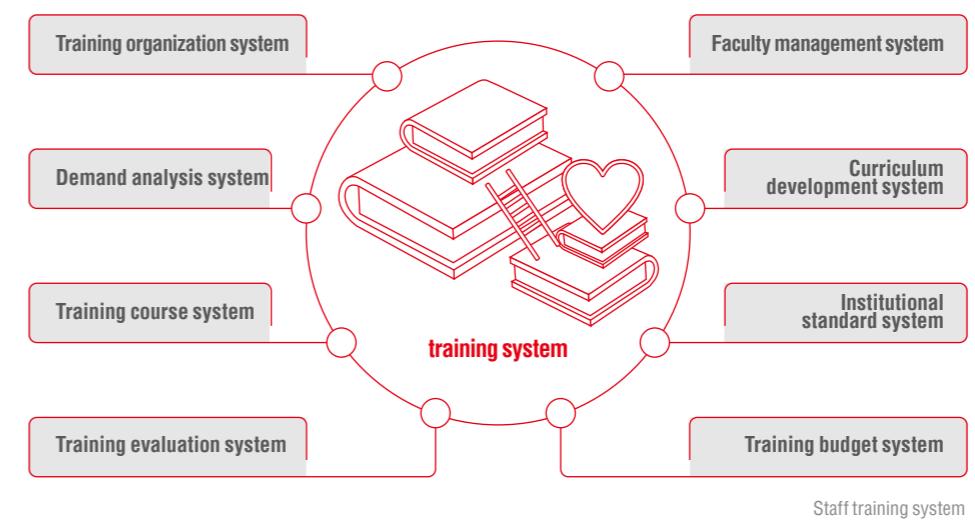
Case: Establishing a talent security system

To fully tap into internal human resources, CCOOP has selected 12 batches of back-up managers and managers of CCOOP Shops, and 65 back-up employees. Through self-learning, centralized training and post-based training, we have helped employees grow faster, thus benefiting corporate development.



Case: "Sunshine Employment by Competition"

Minsun Department Store has innovated its talent management through "Sunshine Employment by Competition" campaign, and opened 20 management positions for the application of all employees. During the campaign, 12 management personnel were decided, and 74 primary back-up talents, 16 intermediary back-up talents and 2 senior back-up talents were selected during the whole year. The "Sunshine Employment by Competition" campaign has provided a favorable growth platform among employees.



RMB
4,989 million
Investment in employee training

83,445

Total employees trained

100 %
Training coverage

100 %
Orientation training coverage

183,149 hours
Accumulated employee training hours

15.2 hours
Average training hours per employee

Focus on employee training.

We have been constantly increasing the input into talent cultivation, and endeavoring to build up a training system with wide coverage and relevance, thus developing a diversified talent team with strong modern management awareness and professionalism.

Case: Orientation training for management trainees

From July 26 to 29, 2016, CCOOP organized the 2016 CCOOP Management Trainee Orientation Training in Beijing, in which 13 trainees were included. The training program mainly introduced CCOOP's corporate development strategic plan, and related businesses, especially CCOOP Shop. Meanwhile, it interpreted CCOOP's administration, human resource, and financial systems among trainees, and specified the cultivation plan for management trainees. During the training, trainees shared specific information about the region they were based, and exchanged their working experience. They made the commitment that they would cherish the career development platform provided by CCOOP, and seek for further advancement. At the end of the training, we organized an outward-bound program to better facilitate the interaction among trainees. Through face-to-face centralized learning and communication, and experience-bases teamwork training, the training laid a solid foundation for the further implementation of management trainee cultivation plan, and further improved the Company's training system.



2016 CCOOP Management Trainee Orientation Training

Case: All-staff skill competition

In May 2016, the trade union of Minsun Department Store published the Notification on 2016 All-Staff Skill Competition. From May to July, all divisions under the trade union organized 127 position-based training programs in total with the participation of more than 7,000 employees. After multi-layered screening, 175 participants entered the final which was divided into 4 categories (namely document writing, logistics, operation and banking) and 9 items. After 5 days of tense competition, 45 candidates were selected and honored "Service Skill Stars" of Minsun Department Store. Through the competition, employees managed to communicate and share experience with one another, and greatly improve their overall quality.



2016 All-Staff Skill Competition of Minsun Department Store

Care about employees for a happy corporate family

CCOOP has been dedicated to creating a cozy working environment for employees and establishing an employee-oriented care mechanism. By constantly enriching employees' spare time, caring about their daily life, and learning about their true demands, we try to solve their major problems to improve their satisfaction degree and initiative. CCOOP has organized regular fellowship gatherings of various forms and birth parties, and has set up special funds for diversified cultural and sports activities to enrich employees' daily life.

Case: Spring Climbing

On April 22, 2016, LWJ Guangdong organized the "Spring Climbing" outward bound program in Baisui Mountain, Meizhou, and 86 cadre employees of the Company participated in it. All participants were divided into 9 teams randomly to compete to reach the mountain peak. Entertaining activities were organized in the middle of the climbing. Participants quite enjoyed the program in a harmonious atmosphere despite the fierce competition. It enhanced the teamwork among cadre employees, motivated them to face to challenges and realize self-transcendence, and enriched their spare time.



2016 LWJ Guangdong outward bound program for teambuilding

We pay special attention to employees' living needs. When they are in need, we are always the first to offer help. CCOOP provides mutual funds for employees who have been hurt financially because of diseases or disasters, and organizes key assistance programs among employees. In addition, we encourage all employees to participate in physical examinations and care about their psychological health to create a safe, healthy and comfortable working environment, so that they can devote themselves wholeheartedly to their routine work. In 2016, we released a total of RMB 324.4 thousand of care fund and assisted 336 employees in need.

RMB

324.4 thousand

Total care fund released

336

Employees assisted

Case: Practicing employee care to "Let Happiness Flow"

At the beginning of 2016, the trade union of Minsun Department Store published Notification on the Implementation Plan of 2016 Employee Care Work of Minsun Department Store according to HNA Group "Let Happiness Flow" – 2016 Guide on Employee Care Work. Focusing on the four dimensions of "happy employee, happy family, happy office, happy community" and the theme of "brave heart", we organized special serial employee care activities to "disseminate HNA spirit and positive energy". Through such activities, we have showed our care for employees' life, solved their problems, and standardized, institutionalized and established the employee care mechanism to further improve our employee care work.



Visiting employees with difficulties

Show Great Love for a Harmonious New Society

Throughout corporate development, we have never forgotten to return the society and support social public welfare. We have created a favorable social atmosphere to “care about vulnerable groups and help those with difficulties”. By encouraging employees to engage in public welfare activities as volunteers, we hope to disseminate great love and contribute to harmonious social development.

Innovate public welfare to further poverty alleviation

To implement the major decisions of the Party Central Committee and the State Council on targeted poverty alleviation, we have been persistently learning the General Secretary's strategic thinking on poverty alleviation and development, and constantly improving our awareness of the overall situation and the ability to undertake responsibilities. By tapping into advantages of e-commerce, physical stores and logistics network with consideration of the reality, we have launched a series of targeted poverty alleviation programs including poverty alleviation through e-commerce, poverty alleviation through employment improvement, and poverty alleviation through education development.

We have built “CCOOP Direct Purchasing Bases in Poverty-Stricken Counties” and included them in CCOOP's nationwide purchasing system through its B2B wholesale platform. Besides, we have established a 130-m² “e-commerce poverty alleviation specialty area” in Hunan Joindoor supermarket of Chaoyang district, where an agricultural product exhibition platform is set to assist poor farmers to sell their produce.



“e-commerce poverty alleviation specialty area” of Hunan Joindoor supermarket

Case: Targeted poverty alleviation through village-enterprise collaboration

102 households of farmers have joined Yaohui Professional Orange Planting Cooperative of Dongkou County who plant 340 mu of oranges in total with an annual output of 300,000 tons. 30 among them are registered poor households. CCOOP's Hunan Joindoor supermarket has launched targeted poverty alleviation through village-enterprise collaboration to help those farmers to grow oranges. By directly purchasing oranges from Yaohui Professional Orange Planting Cooperative, we help farmers to sell 5,000kg of oranges each year at the price of RMB 5 yuan per kg. A total of RMB 25,000 generated in the purchasing is directly used to help 3 of the poor households, increasing their average income to RMB 1,250 per household. The purchased oranges are delivered to other CCOOP companies for nationwide promotion.

Case: Great Love in Little “Oranges”

In early 2016, famous Mayang sweet orange grown in Mayang County of Hunan encountered a stagnant market. On February 15, volunteers of Hunan Joinrdoor Supermarket under HNA Volunteer Association participated in the Great Love in Little “Oranges” promotion campaign to help Mayang farmers to load and unload oranges to selling points. The campaign was reported by TV channels including Hunan Fashion and Hunan Economy's program Economy Focus. Those little oranges manifested Joindoor's insistence on the HNA corporate culture of “do something for the society, and do something for others”, adding a new chapter to Joindoor's public welfare cause.



Great Love in Little “Oranges”

Case: Happy Farmers

On January 19, 2016, Joindoor, Minsun Department Store, Baoji Department Store, and HNA Minsun Jiale were invited by Hunan TV's Day Day Up variety show to participate in the Happy Farmers public welfare activity. A large quantity of produce was sold during the activity, helping many farmers out of the trouble of a stagnant market. Besides, the anchor Wang Han helped promote Joindoor among the audience. That activity aroused the concern of the whole society after being broadcast on TV at 20:20 of January 20.



Happy Farmers of Day Day Up

Deliver the strength of kindness through voluntary service

7,160

Total number of volunteers

1,070

Accumulative person times of voluntary service

3,080

Accumulative hours of voluntary service

Case: Care for children with autism

On May 14, 2016, CCOOP organized youth volunteers to participate in the activity held by Xinxin Special Kids Development Center to send warmth to children with autism. Volunteers prepared daily necessities for them and interacted with them through easy games. They spent a colorful and warm day with those autistic children, and showed their great kindness and care.



Care for children with autism

Support education for a better future for children

We pay special attention to education development, and have provided aid to students of poverty-stricken areas, and helped the development of Hope Primary Schools. In this way, we expect to create more opportunities for children in areas with poor education resources, and create them a better future.

Case: Golden Autumn Scholarship public welfare activity

On September 7, 2016, LWJ Guangdong held the Golden Autumn Scholarship public welfare activity to offer a total of RMB 15,000 of scholarship for 7 students with financial difficulty to unlock their path toward further education. With the corporate culture of "do something for the society, and do something for others" in mind, we hope to help students in poor places of Meizhou to seek further education. Since 2014, we have attracted the participation of many caring people and enterprises, and raised a scholarship fund of RMB 100,000 to help 30 poor students.



Golden Autumn Scholarship public welfare activity



Outlook

2017 is a milestone for CCOOP's transformation and development. CCOOP has been following the development strategy of "Department Stores, Website, Field, Chains and Investment", and implementing its business concept with an international vision. By relying on mutually inclusive "Four Industries and One Investment", a brand-new business model of "supply and marketing" has been formed; By relying on internet, modern logistics, and modern financial means, and with the cooperation among the five professional companies of, CCOOP Shop, CCOOP Network Trade, E-Field D.J., CCOOP Finance Solution and Minsun, we have accelerated the development of CCOOP Shop, e-commerce, supply chain financial service, Minsun, department store service, and logistics, aiming to "become a comprehensive service operator of urban-rural commodity circulation in China".

By building up brand influence, creating an urban and rural product supply and marketing demonstration area, and serving new-type urbanization development, we endeavor to create a favorable job market and entrepreneurship space for rural and urban residents, and to provide affordable housing and business opportunities for farmers during their transformation toward urbanites with the assistance of e-commerce and logistics. By doing this, we aim to increase the economic development level and share the achievements in the development of new-type urbanization.

Oriented by the innovated e-commerce model, we have balanced the networks of entity distribution, logistics distribution and e-commerce, trying to create a nationwide O2O commodity circulation platform, realize efficient transportation of industrial consumer goods to rural areas, and agricultural products to cities, thus narrowing the gap between urban and rural public service.

We will further strengthen our investment ability, and stably push forward our international strategy. With the creation of an international financing platform, and the M&A and integration of superior international business resources, we not only seek our own transformation and update, but also the synergy of international and domestic commodity circulation for larger development space.

Upholding the "people-oriented" principle, we will share corporate development achievements with all employees, and provide material and intangible support for employees' comprehensive harmonious development by fully releasing their initiative and creativity, so as to help them realize shared growth with the Company.

We will provide support for ecological civilization construction, and keep focusing on green development during sustainable development. Through environmental practice, we will promote environmental protection with action, and encourage all partners to contribute to environmental protection cause for clear water and blue sky.

We hope to join hands with all related parties to build a shared and win-win business ecosystem, and construct a brighter future.

Experts' Comments

As CCOOP's first social responsibility report after material asset restructuring, this report features concise content, precise statistics, innovative form, and clear structure, comprehensively demonstrating the Company's highlights and performance in corporate social responsibility management and practice. Meanwhile, the report shows that CCOOP has integrated national strategies into its operation, indicating that CCOOP has taken the lead in practicing the new development concepts. Based on this, I rate this report as excellent for its high-degree professionalism and accountability.

Undertaking the responsibility of environmental protection. Climate change has become a challenge for all human beings at large. The report shows that CCOOP has integrated corporate development with the needs of the times and national ecological civilization development to take the initiative to build green towns and cities, green logistics and green stores. With such a professional foundation, CCOOP aims to realize energy saving and emission reduction, facilitate ecological civilization construction, and help build a beautiful China. For example, HNA Minsun Jiale recycled commodities' paper boxes in commodity return transport. A total of 2.7 million paper boxes were recycled in the year. The CCOOP Shop saved energy through LED lighting retrofit, which equaled to 2,448.91 tons of standard coal.

Undertaking the responsibility of serving national economy and the society. First, the report contributes to the construction of an all-round well-off society by highlighting major social demands in innovation, entrepreneurship, serving urban-rural collaboration, and facilitating harmonious social development; Second, the report introduces CCOOP's actions of innovating public welfare, giving full play to advantages of the networks of e-commerce, entity distribution and logistics distribution, organizing a series of poverty alleviation programs through e-commerce, employment and education development to contribute to poverty relief at the national level.

Undertaking the responsibility of responsible communication. First, the report has a clear structure with rationally arranged contents, good logic framework and distinct corporate business features. Chapters including Be Patriotic and Undertake Responsibilities, Share Values and Set a Benchmark for Win-Win, Pursue Green Development for Better Ecological Civilization Construction, and Serve the Mass Public for Improved Livelihood all demonstrate CCOOP's insistence on the corporate culture of "do something for the society, and do something for others". From the perspective of providing convenience for stakeholders, and through the disclosure of detailed statistics and cases on material issues such as serving urban-rural collaboration, serving innovation and entrepreneurship and serving the "Belt and Road" initiative, the report responds to stakeholders' expectations and concerns effectively, further highlighting the report theme of "Coming together for social benefits, and devoting to a better future." Third, the report is highly readable. The layout of the report is simple and reader friendly. With a large quantity of data, forms, and figures, it thoroughly analyzes the Company's social responsibility practice and performance, and pictures in the report vividly demonstrate the Company's value chain ecosystem, making it more understandable and readable to stakeholders.

All in all, 2016 CCOOP Corporate Social Responsibility report features clear logic and proper highlights. With high degree of readability and high quality, the report manifests CCOOP's desire for sincere communication with stakeholders. I hope that CCOOP can keep innovating in the process of social responsibility reporting compilation for better performance!

Xia Guang, Director of Policy Research Center for Environment and Economy, Ministry of Environmental Protection

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Feedback

Dear readers:

Thank you for reading this report. To further improve our corporate social responsibility work and related ability and standard, we sincerely hope that you will spare us a minute to provide us with your valuable comments and suggestions:

Multiple choice: (Please tick the relevant box.)

1. To CCOOP, which role do you play?

Government Investor Employee Customer Supplier/Contractor
 Partner Counterpart Community and public NGO Media
 Others (please specify)_____

2. What is your overall view on this report:

Excellent Good Average

3. How would you rate the quality of social responsibility information disclosed in this report:

Very high High Average

4. What do you think of the report's structure:

Very rational Rational Average

5. How would you rate the layout and form of the report?

Excellent Good Average

Open question:

Please share with us your other views on our social responsibility practice

You can send you feedback to us via:

Tel.: 0898-68877760
Address: Floor 17, new HNA Tower, No.7 Guoxing Avenue, Meilan District, Haikou, Hainan
Post code: 570203

About This Report

Reporting Period

The time scope of the report ranges from January 1, 2016 to December 31, 2016, and some contents may extend beyond the time scope if necessary.

Scope of the Report

The content of the Report covers CCOOP Group Co., Ltd and its subsidiaries. For convenience sake, CCOOP Group Co., Ltd in this report is also referred to as "CCOOP", "the Company" or "we".

Reporting Cycle

The report is published annually

Data Source

All data in this report come from official documents, statistical reports and financial statements having been examined and approved by corresponding department.

Reporting Standards

Sustainability Reporting Guidelines (G4) released by the Global Reporting Initiative (GRI)
 Guidance on Social Responsibility (ISO 26000:2010)
 Guidance on Social Responsibility Reporting (GB/T 36001-2015)
 Chinese Corporate Social Responsibility (CSR) Report Preparation Guide (CASS-CSR 3.0)

Report Versions and Access

The report has both paper and online versions compiled in Chinese and English. You may download and read the online report from <http://www.gongxiaodaji.com>

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