

Company report

17 March 2021

 China Resources
(Holdings) Co., Ltd.

Executive Summary

Risks

- China Resources (Holdings) Co Ltd (華潤（集團）有限公司, 'CRH') is rated '5' on Datarama's Reputation Index, making it a 'Highest Risk' company vis-à-vis its peers in the same sector.
- From 2013 to 2016, several senior executives of CRH and other constituent companies of state-owned conglomerate China Resources Group (华润集团, 'CR Group') were implicated in a series of high profile corruption and graft investigations. Most notably, former chairman [Lin Song](#) (宋林), also known as Charley Song, was [sentenced](#) to 14 years in prison in June 2017.
- CRH and several CR Group subsidiaries have implemented management reshuffles in recent years. While there is no indication that the personnel changes were non-routine or directly related to the above-mentioned investigations, they might potentially signal or even result in organisational instability within CR Group.
- From 2016 to 2017, CR Group was also involved in a high profile corporate tussle over the ownership of Chinese property developer [China Vanke Co Ltd](#) (万科企业股份有限公司, 'China Vanke'). Particularly, CR Group was accused of supporting a hostile takeover attempt of China Vanke by Chinese property and financial services conglomerate [Baoneng Group](#) (宝能集团). CR Group's alleged ties with Baoneng Group warrants further scrutiny as the latter has faced punitive [sanctions](#) over providing 'fake materials' and violating regulatory laws.
- Extensive public domain [research](#) identified allegations that China's Central Commission for Discipline Inspection (中国共产党中央纪律检查委员会, 'CCDI') had placed CRH's chief financial officer [Ruge Li](#) (李汝革, 'Li') under investigations for undisclosed reasons in 2012.
- Additional [research](#) indicates that Li allegedly holds a close relationship with [Zhenya Liu](#) (刘振亚), the former chairman of state-owned electric utility company [State Grid Corporation of China](#) (国家电网公司) from May 2013 to May 2016. This connection is potentially problematic as Liu was the target of a state-led [accountability audit](#) in May 2014 following accusations of financial

mismanagement and corruption. Liu is also *reportedly* a protégé of *Qinghong Zeng* (曾清红), China's former vice president who has reportedly been placed under investigations and house arrest amid China's ongoing anti-corruption campaign

- In March 2015, China's CCDI issued a '*serious warning*' to Li and a colleague for having a lavish meal which cost CNY 22,500 (USD 3,600). Both men were ordered to pay for the meal for wasting public funds.
- Datarama also identified an unverified *report* that CRH's vice general manager *Lang Chen* (陈朗) is involved in an extramarital affair with an unidentified woman surnamed 'Wu' (武). This connection is potentially problematic amid the Chinese government's *tough stance* on 'adultery' and 'moral corruption' of its officials and public servants.

Opportunities

- CR Group has been listed on the '*Fortune Global 500 List*' for nine consecutive years beginning 2010. In 2018, it recorded a net profit of USD 3.15 billion in 2017. *Information* from CRH's corporate website also indicates that, as at October 2018, the conglomerate consisted of 1987 business entities. Counterparties, therefore, stand to capitalise on CR Group's strong commercial networks and financial strength.
- In 2003, CRH was placed under the direct administration of China's State-owned Assets Supervision and Administration (国务院国有资产监督管理委员会, 'SASAC'), making it one of 96 Chinese '*key state-owned enterprise*' (中央企业) that have direct access to state apparatuses.
- Publicly-available information also indicates that CRH and CR Group's chairman *Yuning Fu* (傅育宁) enjoys good political standing. He has been *described* as an 'experienced manager who has Beijing's trust', and is *publicly-known* for his patriotism.

Ecosystem Analysis

- Extensive public domain research indicates that CRH is commercially well-connected. Particularly, the company has signed cooperation agreements with large state-owned aerospace and defense enterprises such as [Aviation Industry Corporation of China](#) (中国航空工业集团公司) and [China Aerospace Science and Technology Corporation](#) (中国航天科技集团公司), as well as other prominent companies such as multinational conglomerate [Tencent Holdings](#) (腾讯控股有限公司) and insurance firm [China Taiping Insurance Holdings](#) (中国太平保险控股有限公司).
- Beyond mainland China and Hong Kong, CRH also maintains a strategic alliance with Japanese food and beverages conglomerate [Kirin Holdings](#) (キリンホールディングス株式会社). It has also acquired stakes in [GenesisCare](#), the largest cancer and heart disease treatment service provider in Australia, and collaborated with Belgian private equity fund [Verlinvest](#) to establish [China Resources Verlinvest Health Investment](#) (华润维麟健康投资有限公司), a health and consumer products and services provider.

Basic Information

Company summary

China Resources (Holdings) Co., Ltd., through its subsidiaries, engages in power, property, cement, gas, pharmaceuticals, and finance businesses. It owns and operates supermarkets in China; produces and distributes beers; processes and distributes meat, fresh, live, and aquatic products; produces and packages bottled drinking water; invests, develops, operates, and manages thermal power, wind power, hydropower, coal, and distribution-type energy projects; develops, manages, and operates real estate properties in Hong Kong and Thailand; and manufactures and distributes limestone, cement, clinker, and ready-mixed concrete. The company also provides urban gas services; pharmaceutical products and services, such as Chinese patent drugs, free fried Chinese medicine, chemical synthetic drugs, follow-on biologics, natural medicine, bulk drug intermediates, health care, medical appliances, pharmaceutical equipment, and pharmaceutical circulation; financial solutions to enterprises and individuals; and hospital investment and operation, medical equipment and derivative medical services, etc. In addition, it engages in the investment, development, and management of microelectronics business, including open wafer foundry, IC design, and IC test and packaging, as well as manufacture of discrete devices; manufacture, distribution, and retail of cotton textiles, civil nylon silk, clothing, socks, and leatherware; polyester production and liquid chemicals distribution and storage, as well as supply of nonfibrous polyester chips; and manufacture of compressors for household, commercial use, air conditioners, and refrigeration. China Resources (Holdings) Co., Ltd. was formerly known as China Resources Company and changed its name to China Resources (Holdings) Co., Ltd. in 1983. The company was founded in 1938 and is headquartered in Wan Chai, Hong Kong. China Resources (Holdings) Co., Ltd. operates as a subsidiary of China Resources Co., Limited.

Company name	China Resources (Holdings) Co., Ltd.
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Legal form	Private
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Operation Status	Active
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Year Founded	1936
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Registered Address	49/F., China Resources Building 26 Harbour Road, Wanchai Wan Chai Hong Kong
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Registered Country	Hong Kong
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Website	www.crc.com.hk
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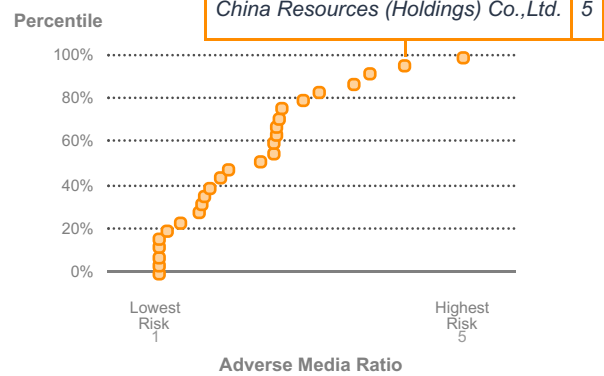
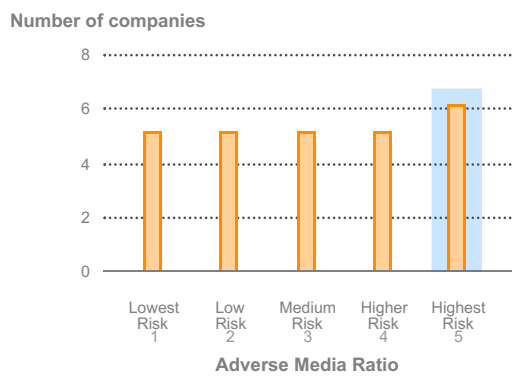
Phone Number	(852) 2879 7888
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Fax (852) 2827 5774

Sector Classification Food and Staples Retailing

Rating

Reputation Within Sector



Methodology

Datarama's reputation index is based on the adverse media coverage of a company in comparison with its peers in the same country and sector. We use artificial and human intelligence to conduct research in both English and local languages across a carefully curated set of sources.

The bar chart on the left groups companies into quintiles that are determined by the overall level of adverse coverage received by that particular sector. The lowest quintile of companies in each sector will be ranked 'Lowest Reputational Risk.' The range for this index would differ based on the available data for different sectors.

The scatter graph on the right shows the distribution of companies in the sector and country to offer a more granular view of the company's ranking compared with its peers.

Analyst Assessment

Basic Information

China Resources (Holdings) Co Ltd (華潤（集團）有限公司, 'CRH'), is a Chinese state-owned holding company headquartered in Wanchai, Hong Kong. Incorporated in July 1983, CRH is one of the three main holding companies of China Resources Group (华润集团, 'CR Group'), a state-owned multinational conglomerate that is primarily active in mainland China and Hong Kong. The other two holding companies are *China Resources Company Ltd* (中国华润有限公司, 'CRCL'), formerly known as China Resources National Corporation (中国华润总公司, 'CRNC') prior to December 2017, and *China Resources Co Ltd* (华润股份有限公司, 'CRC').

Information from CRH's corporate website indicates that, as at October 2018, CR Group employed more than 420,000 employees and controlled almost 2,000 business entities, seven of which are publicly-listed companies. The conglomerate's *principal business activities* are in the consumer products, healthcare, urban construction and operations, energy services as well as technology and finance sectors. Details of its most prominent business brands, trademarks and projects are as follows:

Sector	Name	Type
Consumer Products	Snow Beer (雪花啤酒)	Alcoholic Beverages
	Ng Fung (五丰)	Rice and Meats
	C'estbon (怡宝)	Non-alcoholic Beverages
	Pacific Coffee (太平洋咖啡)	Coffeehouse Chain
	Vanguard (华润万家)	Supermarket Chain
	CR Textiles (华润纺织)	Textiles and Apparels
	999 (三九)	Medicines and Hospitals
	Double-Crane (双鹤)	Medicines

Healthcare	Dong-E-E-Jiao (东阿阿胶)	Traditional Chinese Medicines
	CR Care (华润堂)	Retail Pharmacy Chain
Urban Construction and Operation	MixC (万象城)	Shopping Complexes and Residences
	Rf Cement (润丰水泥)	Cement
	China Resources Building (华润大厦)	Office Building
Energy Services	CR Power (华润电力)	Electricity
	Percen (百尊)	Gas
Technology and Finance	China Resources Bank (华润银行)	Banking Services
	SZITIC Trust (华润信托)	Fund Management and Financial Services
	CR Micro (华润微电子)	Microelectronics
	CR Bright (华蓓)	Chemicals
	Huaruntong (华润通)	Lifestyle and e-Commerce App.

CRH maintains a prominent public profile that is negative in tone and closely intertwined with CR Group's overall reputation. CR Group has been listed on the *'Fortune Global 500 List'* for nine consecutive years beginning from 2010. In 2018, it was ranked 86th out of 500 with a net profit of USD 3.15 billion in 2017. Recent media [reports](#) featuring CRH have largely focused on CR Group's business activities and efforts to rehabilitate its corporate image following a recent series of high profile corruption and graft investigations that has implicated several senior executives including former longtime chairman [Lin Song](#) (宋林), also known as Charley Song. From 2016 to 2017, CR Group was also involved in a high profile corporate tussle over the ownership of Chinese property developer [China Vanke Co Ltd](#) (万科企业股份有限公司), where it was accused of supporting a hostile takeover attempt by Chinese property and financial services conglomerate [Baoneng Group](#) (宝能集团).

History and Corporate Evolution

Extensive public domain [research](#) indicates that CRH and CR Group originated as Liow & Co (聯合行), which was established in Hong Kong in 1938 by Chinese communist revolutionary Lianan Yang (杨廉安, 'Yang'), also known as Bangli Qing (秦邦礼) and Lin Yang (杨琳), to collect money, military supplies and medicines to support anti-Japanese war efforts during the Second Sino-Japanese War (1937-1945). In addition to Yang, former Chinese premier Enlai Zhou (周恩来) and communist party leader Yun Chen (陈云) also played key roles in forming the company as well as leading its resistance activities during the war, according to [information](#) from CR Group's corporate website.

Following the conclusion of the Second Sino-Japanese War, Liow & Co was restructured, expanded and renamed China Resources Company (華潤公司) in 1948. The company also pivoted its business operations to general trading activities focused on consumer and commercial products such as food and crude oil. In 1952, ownership of China Resources Company was transferred from the General Office of the Chinese Communist Party (中共中央办公厅) to the state's Central Trade Department (中央贸易部), now known as the Ministry of Commerce (中华人民共和国商务部).

According to [information](#) from CR Group's corporate website, China Resources Company then diverted from general trading activities and focused on the retail, real estate, power and infrastructure industries in the 1980s. In 1983, China Resources Company underwent another major corporate restructure, which instituted an organisational structure that linked the company and its business affiliates via a network of equity holdings. China Resources Company was also reorganised to become CRH.

In 2003, CRH was placed under the direct administration of China's State-owned Assets Supervision and Administration (国务院国有资产监督管理委员会, 'SASAC'), making it one of China's 96 [key state-owned enterprises](#) (中央企业) that are controlled by the central government.

Since late 2013, several senior CR Group executives have been placed under [investigations](#) for corruption and graft (see 'Negative Exposure' section below). The conglomerate has also overhauled its senior management team and renamed several constituent companies in recent years. For instance, main holding company CRNC was renamed CRCL in December 2017. According to a [corporate announcement](#) released by CRCL in February 2018, the name change was implemented to satisfy its 'developmental needs' (发展需要). Medical and healthcare services company China Resources Phoenix Healthcare Holdings Co (華潤鳳凰醫療控股有限公司) was also [renamed China Resources Medical Holdings Co](#) (華潤醫療控股有限公司, 'CR Medical') in September 2018. According to a [corporate disclosure](#) released by CR

Medical in August 2018, the name change was implemented to provide the company with a 'new corporate image' that can benefit its 'future business development'.

Group Corporate Structure

Information from CRH's corporate website indicates that, as at October 2018, CR Group consisted of 1987 business entities, seven of which were designated as 'key strategic business units' (大战略业务单元) and controlled by CRH. Details of the seven key strategic business units are as follows:

	Name	Ownership Type	Country of Incorporation	Industry	Interest held by CRH
1	China Resources Capital Holdings Co Ltd (華潤金融控股有限公司)	Privately-held	Hong Kong	Financial Services	100%
2	China Resources Enterprise, Ltd (華潤創業有限公司)	Privately-held	Hong Kong	Consumer Goods and Retail Services	100%
3	China Resources Cement Holdings Ltd (華潤水泥控股有限公司)	Publicly-listed	Cayman Islands	Cement and Concrete Manufacturing	68.72%
4	China Resources Gas Group Ltd (華潤燃氣控股有限公司)	Publicly-listed	Bermuda	Gas and Utilities	63.95%
5	China Resources Power Holdings Co Ltd (華潤電力控股有限公司)	Publicly-listed	Hong Kong	Energy	62.94%
6	China Resources Land Ltd (華潤置地有限公司)	Publicly-listed	Cayman Islands	Real Estate	61.27%
7	China Resources Pharmaceutical Group Ltd (華潤醫藥集團有限公司)	Publicly-listed	Hong Kong	Pharmaceutical and Healthcare Products	53.04%

In addition to the abovementioned 'key strategic business units', further *information* from CRH's corporate website also indicates that, as at October 2018, the company held interests in the following companies:

	Name	Ownership Type	Country of Incorporation	Industry	Interest held by CRH
1	China Resources Healthcare Group Ltd (華潤健康集團有限公司)	Privately-held	Hong Kong	Medical and Healthcare Services	100%
2	China Resources Property Ltd (華潤物業有限公司)	Privately-held	Hong Kong	Real Estate	100%
3	China Resources Textiles (Holdings) Co Ltd (華潤紡織(集團)有限公司)	Privately-held	Hong Kong	Textiles	100%
4	China Resources Capital Management Ltd (華潤資本管理有限公司)	Privately-held	Hong Kong	Financial Services	100%
5	China Resources Vanguard Co Ltd (華潤萬家有限公司)	Privately-held	Mainland China	Food and Staples Retailing	33.7%
6	China Resources Microelectronics Ltd (華潤微電子有限公司)	Privately-held	Cayman Islands	Electronics	Unclear
7	China Resources Chemical Innovative Materials Holdings Ltd (華潤化學材料科技控股有限公司)	Privately-held	Hong Kong	Chemicals	Unclear
8	China Resources Networks Holdings (Hong Kong) Ltd (華潤網絡控股(香港)有限公司)	Privately-held	Hong Kong	Information Technology	Unclear
9	China Resources Medical Holdings Co Ltd (華潤醫療控股有限公司)	Publicly-listed	Cayman Islands	Medical and Healthcare Services	36%

Ownership Structure and Management

CRH is wholly owned by the Chinese state via three intermediaries. Specifically, information from CR Medical's 2018 company [interim report](#) indicates that, as at September 2018, CRH was a wholly owned subsidiary of British Virgin Islands-registered [CRC Bluesky Ltd](#), which in turn was wholly owned by mainland China-registered CRC. CRC itself was a wholly owned subsidiary of mainland China-registered CRCL, which in turn was wholly owned by China's SASAC.

Information from CRH's [corporate website](#) and [records](#) maintained by Hong Kong's Integrated Companies Registry Information System (公司註冊處綜合資訊系統, 'ICRIS') indicates that, as at July 2018, CRH's management team consisted of:

	Name	Identification/Passport No.	Position	Year Joined
1	Yuning Fu (傅育宁)	P880103(0)	Group Chairman	2014
2	Ruge Li (李汝革)	Not Publicly Available	Chief Financial Officer	2017
3	Lu Ma (马璐)	Not Publicly Available	Vice General Manager	2016
4	Fuli Li (李福利)	Not Publicly Available	Vice General Manager	2018
5	Lang Chen (陈朗)	Not Publicly Available	Vice General Manager	1989
6	Wenmin Du (杜文民)	Not Publicly Available	Vice General Manager	1985
7	Chuandong Wang (王传栋)	Not Publicly Available	Vice General Manager	1985
8	Jijing Shan (单记京)	PE1207869	Director	2016
9	Tao Guo (郭涛)	Not Publicly Available	External Director	2016
10	Zhonglin Zhang (张忠林)	Not Publicly Available	External Director	2016
11	Chiu Fan Fanny Fan (罗范椒芬)	E493005(7)	External Director	2016
12	Qiyong Xu (徐企颖)	Not Publicly Available	External Director	2016

Yuning Fu

Publicly-available [information](#) indicates that Fu was born in March 1957 and graduated from the Dalian Institute of Technology (大连理工大学) with a bachelor's degree in port and waterway engineering. He later obtained a doctorate degree in marine engineering mechanics from Brunel University, United Kingdom, in 1986. In addition to his appointment as CRH's chairman, Fu also held the following positions as at October 2018:

	Name of Entity	Entity Type	Country	Position
1	Asia-Pacific Economic Cooperation China Business Council (亚太经济合作组织中国工商理事会)	Non-profit Industrial and Commercial Organisation	Mainland China	Council Member and Vice Chairman
2	Chief Executive's Council of Advisers of Innovation and Strategic Development (行政長官創新及策略發展顧問團)	Government Advisory Council	Hong Kong	Member
3	Chinese People's Political Consultative Conference (中国人民政治协商会议)	Political Advisory and Legislative Body	Mainland China	Standing Committee Member (13th National Committee)
4	China Resources Pharmaceutical Group Ltd (華潤醫藥集團有限公司)	Company	Hong Kong	Chairman
5	Hong Kong Chinese Enterprises Association (香港中國企業協會)	Chamber of Commerce	Hong Kong	Honorary President
6	West Kowloon Cultural District Authority (西九文化區管理局)	Statutory Body	Hong Kong	Board Member

Prior to Fu's appointment as CRH's chairman in April 2014, he served as chairman of Chinese state-owned conglomerate [China Merchants Group](#) (招商局集团) from August 2010 to April 2014. Fu also served as independent non-executive director at Singapore-based real estate company [CapitalLand Ltd](#) from July 2009 to April 2012, and Hong Kong-based supply chain management company [Li & Fung Ltd](#) (利豐有限公司) from November 2011 to December 2014.

Extensive public domain research indicates that, prior to becoming CRH's chairman, Fu maintained a low

public profile that was generally professional in nature and neutral in tone. A July 2016 [article](#) by Hong Kong English-language mainstream newspaper South China Morning Post, for instance, describes Fu as a 'low-key chief' who seldom granted interviews to mainland or international media during his time at China Merchants Group. The same article also notes that Chinese mainstream media had once described Fu as a 'fire captain' (救火队员) in acknowledgement of his leadership and problem solving skills.

Fu's public profile has become more prominent since replacing Song as CRH's chairman in April 2014. Recent media [reports](#) featuring him have largely focused on CR Group's business activities, as well as the conglomerate's efforts in regaining public confidence following a series of high profile corruption and graft investigations that have implicated several senior executives, including Song, since 2013. Datarama has not identified any indication that Fu has been involved in any significant reputational issues of concern that might directly affect the operations and reputation of CRH.

Ruge Li

Publicly-available [information](#) indicates that Li was born in August 1963 and obtained a MBA from Nankai University (南开大学) in 2005. In addition to his appointment as CRH's chief financial officer, Li also held the following positions as at October 2018:

	Name of Entity	Entity Type	Country	Position
1	China Resources Power Holdings Co Ltd (華潤電力控股有限公司)	Company	Hong Kong	Chairman
2	Hua Xia Bank Co Ltd (华夏银行股份有限公司)	Company	China	Vice Chairman
3	China Association of Chief Financial Officers (中国总会计师协会)	Non-profit Social Organisation	China	Executive Director
4	Accounting Society of China (中国会计学会)	Non-profit Social Organisation	China	Member

Prior to joining CRH in December 2017, Li served as the chief financial officer of Chinese state-owned electric utility company [State Grid Corporation of China](#) (国家电网公司, 'SGCC') from November 2007 to December 2017, as well as deputy chief accountant of state-owned electricity company [China Guodian Corporation](#) (中国国电集团公司), now part of [China Energy Investment Corporation](#) (国家能源投资集团),

from September 2004 to November 2005.

Extensive public domain research indicates that Li maintains a moderate public profile that is generally professional in nature but slightly negative in tone. Recent media [reports](#) featuring him have largely focused on CRH and CR Group's business activities. Datarama, however, identified a February 2012 [article](#) by independent and anti-establishment Chinese-language publication Mingjing Magazine (明鏡月刊) stating that China's Central Commission for Discipline Inspection (中国共产党中央纪律检查委员会, 'CCDI') had placed Li under 'secret investigations' (秘密调查) for undisclosed reasons. The same article also notes that Li is a 'trusted aide' (亲信) of [Zhenya Liu](#) (刘振亚, 'Liu'), the former chairman of SGCC from May 2013 to May 2016.

Datarama notes that Liu maintains a public profile that is generally negative in tone. Particularly, publicly-available [information](#) indicates that Liu was the target of a state-led accountability audit in May 2014 following accusations of financial mismanagement and corruption. According to a June 2015 [article](#) by independent and anti-establishment multi-language newspaper The Epoch Times (大紀元), he is also a known protégé of [Qinghong Zeng](#) (曾清红, 'Zeng'), China's former vice president from March 2003 to March 2008. The same article further notes that Zeng has been placed under investigations and house arrest amid China's ongoing anti-corruption campaign. It also claims that Liu had facilitated the controversial 2006 sale of state-owned energy and real estate company [Shandong Luneng Group](#) (山东鲁能集团) to Zeng's son, [Wei Zeng](#) (曾伟), for USD 600 million, a price that was severely below the company's then-estimated value of USD 17.7 billion.

In addition to his potentially problematic connection with Liu and, by extension, Zeng, extensive public domain [research](#) also indicates that China's CCDI had issued 'serious warnings' (严重警告处分) to Li and his former SGCC colleague [Peng Xu](#) (徐鹏) in March 2015 for having a lavish meal with representatives from SGCC subsidiary [State Grid Shanghai Municipal Electric Power Co Ltd](#) (国网上海市电力公司, 'Shanghai Electric') which cost CNY 22,500 (USD 3,600). While [reports](#) indicate that Shanghai Electric had footed the bill, Li and Xu were ordered to pay for the meal for wasting public funds.

In view of the information presented above, further investigation is necessary to ascertain the veracity of Mingjing Magazine's uncorroborated claims, and determine whether Li has been involved in any significant reputational issues of concern such as corruption, money-laundering, fraud or other forms of malfeasance.

Lu Ma

Publicly-available [information](#) indicates that Ma was born in June 1966 and holds a doctorate degree in vehicle engineering from Beijing Institute of Technology (北京理工大学) as well as an executive MBA from the University of Texas Arlington College of Business.

Prior to joining CRH in August 2016, Ma served as the senior vice president of Chinese state-owned utility company [State Power Investment Corporation](#) (国家电力投资集团公司) from June 2015 to August 2016, and state-owned nuclear technology company [State Nuclear Power Technology Corporation](#) (国家核电技术有限公司) from February 2007 to June 2015.

Extensive public domain research indicates that Ma maintains a moderate public profile that is generally professional in nature and neutral in tone. Recent media [reports](#) featuring her have largely focused on CRH and CR Group's business activities. Datarama has not identified any indication that Ma has been involved in any significant reputational issues of concern that might directly affect the operations and reputation of CRH.

Fuli Li

Publicly-available [information](#) indicates that Li was born in December 1965 and holds a bachelor's degree in economics from Renmin University of China (中国人民大学) as well as an MBA from Cheung Kong Graduate School of Business (长江商学院). In addition to his appointment as one of CRH's vice general managers, Li also served as the chairman of [China Resources Networks Holdings \(Hong Kong\) Ltd](#) (華潤網絡控股(香港)有限公司) as at October 2018.

Prior to joining CRH in September 2018, Li served as the vice general manager of China Minmetals Corporation (中国五矿集团公司, 'China Minmetals') from April 2009 to September 2018. He also served as a [delegate](#) in the 12th National People's Congress from March 2013 to March 2018.

Extensive public domain research indicates that Li maintains a moderate public profile that is generally professional in nature and neutral in tone. Recent media [reports](#) featuring him have largely focused on China Minmetal's business activities and his appointment at CRH. Datarama has not identified any indication that Li has been involved in any significant reputational issues of concern that might directly

affect the operations and reputation of CRH.

Lang Chen

Publicly-available [information](#) indicates that Chen was born in October 1965 and holds a bachelor's degree in economics from Anhui University (安徽大学) as well as an MBA from the University of San Francisco. In addition to his appointment as one of CRH's vice general managers, Chen also served as the chairman of [China Resources Enterprise Ltd](#) (華潤創業有限公司) and [China Resources Beer \(Holdings\) Co Ltd](#) (華潤啤酒(控股)有限公司) as at October 2018.

Chen joined CRH in 1989, and had previously served as vice chairman and chief executive officer of [China Resources Gas Group Ltd](#) (華潤燃氣控股有限公司), formerly known as China Resources Logic Ltd (華潤勵致有限公司), from October 2001 to January 2003.

Extensive public domain research indicates that Chen maintains a moderate public profile that is generally professional in nature and neutral in tone. Recent media [reports](#) featuring him have largely focused on CRH's business activities. Datarama, however, identified a June 2017 [article](#) by independent Chinese-language news agency 360 News Network (360消息网) stating that Chen had a mistress and was financially supporting her. According to the article, insiders with close knowledge of the matter stated that Chen first became acquainted with an unidentified woman surnamed 'Wu' (武) when she was 19 years old and had been providing her with financial assistance for over ten years. Particularly, the article notes that Chen had funded Wu's education in the United States, provided the initial capital for her chain of beauty salons, and used his personal connections to help her establish a jewelry business. Chen also allegedly bought Wu several cars and property in Shanghai. The article concludes by stating that Chen, as a senior executive of a key state-owned enterprise, had severely violated the Communist Party's disciplinary code and affected its moral standing by having an extramarital affair. Datarama notes that the article received significant media attention and was re-published on several other independent Chinese [news sites](#) including Dongying News (东营资讯网) and cqol (重庆在线).

Due to a lack of other publicly-available information, further investigation is necessary to ascertain the veracity of 360 News Network's uncorroborated claims. To the extent that the claims are accurate, however, Chen's extramarital affair might pose adverse reputational challenges to CRH and CR Group given the Chinese government's tough stance on 'moral corruption'. In fact, China's CCDI announced in June 2014 that officials and civil servants who commit 'adultery' could be removed from their positions and

the Chinese Communist Party, according to a July 2014 [article](#) by The Washington Post.

Wenmin Du

Publicly-available [information](#) indicates that Du was born in September 1963 and holds an MBA from the University of San Francisco. He joined CR Group in 1985, and had previously held the following positions:

	Name of Company	Industry	Position	Time Period
1	China Resources Beer (Holdings) Co Ltd (華潤啤酒(控股)有限公司)	Food and Beverages	Non-executive Director	September 2007 - April 2016
2	China Resources Power Holdings Co Ltd (華潤電力控股有限公司)	Energy	Non-executive Director	July 2010 - April 2016
3	China Resources Cement Holdings Ltd (華潤水泥控股有限公司)	Cement and Concrete Manufacturing	Non-executive Director	August 2008 - May 2018
4	China Resources Gas Group Ltd (華潤燃氣控股有限公司)	Gas and Utilities	Non-executive Director	March 2008 - August 2018
5	China Resources Sanjiu Medical and Pharmaceutical Co Ltd (華潤三九醫藥股份有限公司)	Pharmaceuticals	Director	November 2010 - December 2015
6	China Resources Double-crane Pharmaceutical Co Ltd (華潤雙鶴藥業股份有限公司)	Pharmaceuticals	Director	May 2012 - December 2015

Extensive public domain research indicates that Du maintains a moderate public profile that is generally professional in nature and neutral in tone. Recent media reports featuring him have largely focused on CRH's business activities. Datarama has not identified any indication that Du has been involved in any significant reputational issues of concern that might directly affect the operations and reputation of CRH.

Chuandong Wang

Publicly-available [information](#) indicates that Wang was born in 1964 and holds a bachelor's degree in petroleum refining from China University of Petroleum (中國石油大學) as well as an MBA from the University of Texas. In addition to his appointment as one of CRH's vice general managers, Wang also

served as the chairman of [China Resources Gas Group Ltd](#) (華潤燃氣控股有限公司) as at October 2018.

Wang joined CR Group in 1985, and had previously held the following positions:

	Name of Company	Industry	Position	Time Period
1	China Resources Gas Group Ltd (華潤燃氣控股有限公司)	Gas and Utilities	General Manager	November 2008 - June 2012
2	China Resources Petrochemicals (Group) Co Ltd (華潤石化(集團)有限公司)	Petrochemicals	Deputy General Manager	1985 - Unclear
3	China Resources Petrochemical and Petroleum Gas Co Ltd (華潤石化石油氣公司)	Petrochemicals	General Manager	Unclear

Extensive public domain research indicates that Wang maintains a moderate public profile that is generally professional in nature and neutral in tone. Recent media [reports](#) featuring him have largely focused on CRH's business activities. Datarama has not identified any indication that Wang has been involved in any significant reputational issues of concern that might directly affect the operations and reputation of CRH.

Jijing Shan

Publicly-available [information](#) indicates that Shan holds a bachelor's degree in Chinese language and literature from Nankai University (南開大學). He joined CR Group in 2016 and had previously served as the deputy director-general and director-general of the Supervision Bureau of the Ministry of Supervision in the Ministry of Commerce (監察部駐商務部監察局) from February 2012 to June 2016.

Extensive public domain research indicates that Shan maintains a moderate public profile that is generally professional in nature and neutral in tone. Recent media [reports](#) featuring him have largely focused on CRH's business activities. Datarama has not identified any indication that Shan has been involved in any significant reputational issues of concern that might directly affect the operations and reputation of CRH.

Recent Commercial Activities

Extensive public domain research indicates that CRH and CR Group have signed multiple cooperation agreements, executed several equity and share acquisitions, and concluded a number of commercial and

charity projects over the past five years.

Cooperation Agreements

Information from CRH's corporate website and other publicly-available sources indicate that CRH and CR Group have signed the following commercial cooperation agreements:

- In October 2014, CR Group signed a [strategic cooperation framework agreement](#) with paramilitary organisation Xinjiang Production and Construction Corps (新疆生产建设兵团) to deepen cooperation in energy, medicine, retail and construction-related activities.
- In November 2014, CR Group signed a [strategic cooperation framework agreement](#) and a memorandum of strategic cooperation with state-owned aerospace and defense company [Aviation Industry Corporation of China](#) (中国航空工业集团公司, 'AVIC') to promote cooperation in several business areas including special vehicle production, medical equipment development and real estate. CR Group and AVIC also stated that they will cooperate in high-end tourism projects and financial businesses.
- In March 2016, CR Group signed a [strategic cooperation agreement](#) with prominent Chinese bank [Industrial and Commercial Bank of China](#) (中国工商银行股份有限公司) to further communications and resource sharing.
- In May 2016, CR Group signed a [cooperation agreement](#) with Belgian private equity fund [Verlinvest](#) to established a joint venture named [China Resources Verlinvest Health Investment](#) (华润维麟健康投资有限公司), which focuses on the provision of health and consumer products, as well as services for the elderly.
- In November 2016, CR Group signed a [strategic cooperation agreement](#) with prominent Chinese bank [Agricultural Bank of China](#) (中国农业银行) to promote cooperation in credit extension businesses via a series of financial products and services.
- In October 2017, CR Group signed a [strategic cooperation agreement](#) with state-owned aerospace and defense company [China Aerospace Science and Technology Corporation](#) (中国航天科技集团公司, 'CASC') to integrate segments of CR Group's healthcare business with CASC's space bio-industry activities. Both parties also committed to further mixed civilian-military developments and

cooperation.

- In March 2018, CR Group signed a [strategic cooperation agreement](#) with the Chinese Academy of Sciences (中国科学院), China's national academy for natural sciences, to promote cooperation in industrial fund-related activities, education and training, technological innovation and construction activities in the Guangdong-Hong Kong-Macau Greater Bay Area (粤港澳大湾区).
- In April 2018, CR Group signed a [strategic cooperation agreement](#) with Chinese multinational conglomerate [Tencent Holdings](#) (腾讯控股有限公司, 'Tencent') to promote technological innovations as well as cooperation in emerging industries and the the digital economy. Datarama notes that CRH chairman [Yuning Fu](#) had previously led a delegation to [visit](#) Tencent's headquarters and meet with company chairman [Huateng Ma](#) (马化腾), also known as Pony Ma, in February 2018.
- In September 2018, CR Group signed a strategic cooperation agreement with Chinese insurance conglomerate [China Taiping Insurance Holdings](#) (中国太平保险控股有限公司) to promote cooperation in insurance, financial services and healthcare-related activities. Both parties also committed to cooperation in development projects in the Guangdong-Hong Kong-Macau Greater Bay Area.

Project Completions

Information from CRH's corporate website and other publicly-available sources indicate that CRH and CR Group have completed the following key commercial projects:

- In June 2015, CR Group [announced](#) the completion of Zunyi CR Hope Town (遵义华润希望小镇) located in Zunyi city, Guizhou province. According to the announcement, the project comprises of work in two villages and includes an integrated service centre, a kindergarten, a health station and other public facilities. Datarama notes that CR Group has constructed '[Hope Towns](#)' since 2008 as part of its corporate responsibility programme. These towns are primarily located in poverty-stricken areas and seek to improve the living conditions of rural farming communities.
- In December 2016, CR Group and [China Resources Networks Holdings \(Hong Kong\) Ltd](#) (華潤網絡控股 (香港) 有限公司) [launched](#) HuaRunTong (华润通), a mobile application providing e-

commerce services. According to CRH chairman [Yuning Fu](#), CR Group has increased efforts to utilise technology and the internet to enhance the conglomerate's services and products.

- In June 2017, CR Group [announced](#) the completion of Jinggangshan CR Hope Town (井冈山华润希望小镇) located in Ji'an City, Jiangxi province. According to the announcement, the project of work in two villages and includes a hotel, kindergarten, welfare house, hospital and other public facilities.

Share Acquisitions

Information from CRH's corporate website and other publicly-available sources indicate that CRH and CR Group have completed the following share acquisitions:

- In July 2016, CR Group and Australian diversified financial services company [Macquarie Capital](#) [announced](#) that they had signed an agreement to acquire up to a 74% stake in [GenesisCare](#), the largest cancer and heart disease treatment service provider in Australia. According to the announcement, CR Group will facilitate GenesisCare's expansion in the Chinese market. Australia's Foreign Investment Review Board [approved](#) the acquisition in October 2016, with CR group and Macquarie Capital eventually acquiring a 56% stake in GenesisCare for AUD 1.7 billion (USD 1.2 billion).
- In December 2017, mainstream multilingual business news outlet Caixin (财新) [reported](#) that a CR Group consortium consisting of [China Resources Power Holdings Co Ltd](#) (华润电力控股有限公司) and two other CR Group subsidiaries had agreed to acquire a 30% stake in the 402 megawatt-capacity Dudegon wind farm located off the coast of Norfolk in the United Kingdom. Particularly, Caixin noted that the consortium had acquired the stake from Stratkraft UK Ltd, the UK subsidiary of Norwegian power producer Stratkraft, for USD 802.4 million, and that the deal was still subject to approval from Chinese and German regulators. Datarama notes that there has been no other public updates on whether CR Group has received the necessary regulatory approvals as at September 2018.

Negative Exposure

Publicly-available information indicates that CRH, CR Group and several of its senior executives have

been involved in reputational issues of concern including corruption and graft. From 2016 to 2017, the conglomerate was also involved in a high profile corporate tussle over the ownership of Chinese property developer [China Vanke Co Ltd](#) (万科企业股份有限公司).

Corruption and Graft Investigations

Extensive public domain research indicates that China's CCDI has placed at least nine senior CR Group executives under [investigations](#) for corruption and graft since early 2014. The most prominent of the seven is former CRH and CR Group chairman [Lin Song](#) (宋林, 'Song'), also known as Charley Song.

Publicly-available information indicates that Song first became the target of corruption allegations in July 2013 when Wenzhi Wang (王文志, 'Wang'), a reporter from Chinese-language economic newspaper Economic Information Daily (经济参考报), used his personal [microblog](#) to accuse the management of [China Resources Power Holdings Co Ltd](#) (华润电力控股有限公司, 'CR Power'), including Song, of severe mismanagement and corruption which resulted in a significant loss of public funds.

Particularly, Wang [reported](#) that, in February 2010, CR Power had acquired coal mining assets in Shanxi province from privately-owned [Shanxi Jinye Coal and Coking Group](#) (山西金业集团) for CNY 8 billion (USD 1.16 billion), which was about CNY 5 billion (USD 727.84 million) more than a competing bid from state-owned coal mining company [Datong Coal Mining Group](#) (大同煤矿集团公司). Wang further highlighted several problems with the assets that CR Power acquired. For instance, one supposed coal mine was in fact an undeveloped farmland that was used by local farmers as a grazing ground.

Datarama notes, however, that no punitive action was taken against Song until Wang wrote another [report](#) in April 2014 accusing Song of having an extramarital affair with a woman named [Lijuan Yang](#) (杨丽娟), also known as [Helen Yang](#). He also stated that Song had exploited CR Group's working relationship with Swiss bank [UBS Group](#) to help Yang gain employment at its Hong Kong and Shanghai branches. More significantly, Wang further noted that Yang had assisted Song to conduct illicit activities including bribery and money laundering. Particularly, he highlighted that Yang and her family members had held over CNY 1 billion (USD 145.57 million) worth of cash, stocks and high-end properties spread across mainland China and Hong Kong. According to Wang, these assets were likely held on Song's behalf.

Following the publishing of the April 2014 report, China's CCDI [announced](#) that it had placed Song under investigation for serious violations of discipline and law' (严重违纪违法), a euphemism commonly used in

reference to corruption and graft. The Chinese Communist Party also [removed](#) him as CRH and CR Group's chairman a week after investigations commenced, and installed [Yuning Fu](#) (傅育宁) as the conglomerate's new chairman. According to an April 2014 [report](#) by South China Morning Post, Fu was installed due to his reputation as an 'experienced manager who has Beijing's trust'. His position as an 'outsider' to CR Group also meant that he carried no baggage that could hinder necessary reforms in the conglomerate.

After being held for over two years without charge, Song was charged in late 2016 for abusing his position at CR Group between 2004 and 2013 to make CNY 9.74 million (USD 1.41 million) in illicit gains. He was also accused of accepting more than CNY 23 million (USD 3.34 million) in bribes between 2005 and 2012 in return for promotions and project approvals. Song eventually [pleaded](#) guilty to charges in February 2017, and was [sentenced](#) to 14 years in prison as well as fined CNY 4 million (USD 582,270) in June 2017. In May 2018, the Hong Kong government also [stripped](#) Song of his honorary title as a 'Justice of Peace' (太平绅士), a civic honour which is given to individuals who have made significant contributions to Hong Kong society. Datarama notes that Hong Kong's Independent Commission Against Corruption (廉政公署) had also previously [removed](#) Song as chairman of its ethics development advisory committee in April 2014.

Datarama notes that several independent and anti-establishment media [sources](#) including Epoch Times and New Tang Dynasty Television (新唐人電視臺, 'NTDTV') have described Song as a 'trusted aide' (亲信) of [Qinghong Zeng](#) (曾清红), China's former vice president from March 2003 to March 2008. In fact, NTDTV [reported](#) in September 2014 that Zeng had used his personal influence to delay official investigations on Song, and that the latter had pleaded with the former for assistance before his detainment. Due to a lack of other publicly-available information, further investigation is necessary to ascertain the veracity of NTDTV's uncorroborated claims. Datarama cautions, however, that there are [reports](#) that CRH's incumbent Chief Financial Officer [Ruge Li](#) (李汝革) also maintains extended personal connections to Zeng via his personal relationship with [Zhenya Liu](#) (刘振亚, 'Liu'), the former chairman of Chinese state-owned electric utility company [State Grid Corporation of China](#) (国家电网公司) from May 2013 to May 2016 (see 'Ownership Structure and Management' section above). To the extent that the above-mentioned claims are accurate, CR Group's lingering connection to Zeng might pose significant operational and reputational challenges amid [rumours](#) that Zeng has been placed under house arrest amid China's ongoing anti-corruption campaign.

Along with Song, at least eight other former senior CR Group executives were also placed under investigation for illicit activities. Details of these investigations are as follows:

	Name	Former Position	Nature of Crime	Outcome
1	Yujun Wang (王玉军)	President of China Resources Power Holdings	Bribery and embezzlement worth more than CNY 427 million (USD 62.15 million)	Sentenced to 10 years in prison in June 2016
2	Wei Jiang (蒋伟)	Vice General Manager of CRH	Bribery and embezzlement worth more than CNY 2.86 million (USD 416,320)	Sentenced to 8 years in prison in August 2016
3	Ding Wu (吴丁)	Chief Executive Officer of China Resources Capital Holdings	Corruption and graft	Unclear
4	Shuaiting Wang (王帅廷)	Vice-Chairman of CR Group	Bribery and embezzlement worth more than CNY 47 million (USD 6.84 million)	Sentenced to 16 years in prison in February 2017
5	Chun Zhang (张春)	Head of CR Group's Coordination Office	Corruption and graft	Unclear
6	Hongkun Wang (王宏琨)	Executive Director of China Resources Land	Corruption and graft	Unclear
7	Daoguo Huang (黄道国)	Chief Auditor of CRH	Violation of state secrecy laws by illegally obtaining state audit reports	Unclear
8	Xiangdong Wu (吴向东)	Former Chairman of China Resources Land	Corruption and graft	Acquitted and appointed as Executive Director of China Resources Land in April 2017

While the above-mentioned corruption and graft investigations might now be less significant from an operational point of view, Datarama notes that it is likely that they continue to have a negative effect on CR Group's reputation as they received significant media attention. Further enquiries, therefore, are necessary to determine the extent to which CR Group has managed to rehabilitate its public image and implement operational reforms to combat corruption.

Management Reshuffles

Extensive public domain research identified several significant personnel changes in CRH and CR Group

subsidiaries since the conclusion of the major corruption and graft investigations mentioned above. For instance, healthcare and medical services provider [China Resources Medical Holdings Co Ltd](#) (華潤醫療控股有限公司, 'CR Medical') completed a major [management reshuffle](#) in August 2018 as part of preparatory measures for 'future expansion'. Datarama notes that the reshuffle was CR Medical's second major personnel change in recent years, with the company previously [changing](#) its senior management team in November 2016. In September 2018, CRH's vice chairman and general manager [Xi Luo](#) (罗熹) was [replaced](#) by [Fuli Fu](#) (李福利). Luo was later [appointed](#) as chairman Chinese insurance company [China Taiping Insurance Holdings](#) (中国太平保险控股有限公司).

Apart from these recent personnel changes, extensive public domain research indicates that other CR Group subsidiaries had also implemented significant management changes in the last three years. For instance, [China Resources Beer \(Holdings\) Co Ltd](#) (華潤啤酒(控股)有限公司) [reshuffled](#) its senior management team in April 2016. The general manager and vice general manager of Shenzhen-based investment company [China Resources SZITIC Trust Co Ltd](#) (华润深国投信托有限公司), Qiang Lu (路强) and Jie Tian (田洁), also [left](#) the company in mid 2016 and late 2015, respectively.

Datarama has not identified any indications that the above mentioned personnel changes are non-routine, abnormal, or directly related to the major corruption investigations from 2013 to 2016 that implicated Song and eight other senior CR Group executives. Nevertheless, the recent management shuffles might potentially signal, or even result in organisational instability within CR Group that warrants closer scrutiny.

Corporate Ownership Tussle with Vanke

From 2016 to 2017, CR Group was involved in a high profile corporate tussle over the ownership of Chinese property developer [China Vanke Co Ltd](#) (万科企业股份有限公司, 'China Vanke'). Particularly, CR Group was [accused](#) of cooperating with Chinese property and financial services conglomerate [Baoneng Group](#) (宝能集团), which had attempted to conduct a [hostile takeover](#) of China Vanke.

The accusation against CR Group arose in June 2016 after it [opposed](#) China Vanke's proposal to offer shares to Chinese rail transportation company [Shenzhen Metro Group](#) (深圳市地铁集团有限公司). Datarama notes that CR Group was China Vanke's second largest shareholder at that time, while Baoneng Group was the largest. The deal, estimated to be worth CNY 45.6 billion (USD 6.63 billion) at that time, would have made Shenzhen Metro Group the largest shareholder of China Vanke, and more significantly, blocked Baoneng Group's hostile takeover attempt. According to a July 2016 [article](#) by South

China Morning Post, CR Group had opposed the deal as it held doubts about whether China Vanke's management was 'fairly representing shareholders' interests'. CR Group also denied cooperating with Baoneng Group and claimed that China Vanke had been taken over by 'insider control', a term used to describe a situation whereby controlling rights in a company are seized by management based on their own personal interests. The deal was eventually cancelled in December 2016.

In January 2017, CR Group [sold](#) its 15.31% stake in China Vanke to Shenzhen Metro Group for CNY 37.2 billion (USD 5.40 billion), thereby ending its involvement in China Vanke's ownership tussle. According to market watchers, CR Group's stake in China Vanke was previously acquired under the leadership of Song, and the conglomerate's decision to divest potentially signals a change in its new commercial portfolio. In June 2017, Shenzhen Metro Group [acquired](#) another 14% stake in China Vanke from Chinese property company [China Evergrande Group](#) (恒大地产集团有限公司) for CNY 29.2 billion (USD 4.3 billion), making it China Vanke's largest shareholder, and effectively ending Baoneng Group's attempt to wrest control.

Datarama notes that CR Group's involvement in China Vanke's ownership tussle, as well as its relationship with Baoneng Group received significant media attention. Particularly, several media [outlets](#) including Chinese online newspaper The Paper (澎湃新闻) speculated on their relationship after news that Baoneng Group had plans to nominate [Xiangdong Wu](#) (吴向东), the then-chairman of [China Resources Land](#) (华润置地有限公司), as China Vanke's new chairman following the completion of the attempted takeover. Datarama also identified uncorroborated claims on online Chinese [forums](#) such as Guba (股吧) that Wu is 'close acquaintances' (铁哥) with Baoneng Group's chairman [Zhenhua Yao](#) (姚振华). These claims warrant further scrutiny as the China Insurance Regulatory Commission (中国保险监督管理委员会), in February 2017, [barred](#) Yao from working in mainland China's insurance industry for 10 years after it discovered that a Baoneng group subsidiary had provided 'fake materials' and 'violated rules for using an insurance fund'. As mentioned previously, Wu was also [investigated](#) for corruption and graft in late 2014 (see 'Corruption and Graft Investigations' subsection above). Further investigation, therefore, is necessary to ascertain the nature of the relationship between Wu and Yao, and whether CR Group's alleged ties with Baoneng Group might pose any adverse challenges to its reputation or operations.

Ecosystem Analysis

Publicly-available information indicates that CRH maintains strong political connections and commercial connections with other prominent Chinese companies.

Political Connections

Extensive public domain research indicates that CRH is politically well-connected due to its status as a key state-owned enterprise. Checks against privately run risk-and-compliance databases indicate that most of the company's senior executives are identified as politically exposed persons (see 'Company Checks' section below).

Publicly-available information also indicates that CRH and CR Group's chairman [Yuning Fu](#) (傅育宁) enjoys good political standing. An April 2014 [article](#) by South China Morning Post, for instance, described Fu as an 'experienced manager who has Beijing's trust'. Fu is also publicly-known for his patriotism. According to a separate July 2016 [article](#) by South China Morning Post, Fu had reportedly turned down a well-paying position at the Singapore Institute of Standards and Industrial Research in 1989 in order to 'help' stabilise China amid political unrest following the Tiananmen Square protests that year.

Datarama notes that Fu has leveraged his extensive political connections and positive standing for CRH and CR Group's benefit. For instance, information from an October 2014 [article](#) by Reuters indicate that, within six months of his appointment as CRH and CR Group's chairman, Fu had visited at least 10 provincial governments in a charm offensive to rehabilitate the conglomerate's image and accumulate political capital.

Significant Commercial Connections

Extensive public domain research indicates that CRH is commercially well-connected. Particularly, the company has signed cooperation agreements with large state-owned aerospace and defense enterprises such as [Aviation Industry Corporation of China](#) (中国航空工业集团公司) and [China Aerospace Science and Technology Corporation](#) (中国航天科技集团公司), as well as other prominent companies such as multinational conglomerate [Tencent Holdings](#) (腾讯控股有限公司) and insurance firm [China Taiping Insurance Holdings](#) (中国太平保险控股有限公司) (see 'Recent Commercial Activities' section above).

Beyond mainland China and Hong Kong, CRH also maintains a strategic alliance with Japanese food and beverages conglomerate [Kirin Holdings](#) (キリンホールディングス株式会社). It has also acquired stakes in [GenesisCare](#), the largest cancer and heart disease treatment service provider in Australia, and collaborated with Belgian private equity fund [Verlinvest](#) to establish [China Resources Verlinvest Health Investment](#) (华润维麟健康投资有限公司), a health and consumer products and services provider.

Significant Personal or Familial Connections

Extensive public domain [research](#) indicates that CRH's chief financial officer [Ruge Li](#) (李汝革) allegedly holds a close relationship with [Zhenya Liu](#) (刘振亚), the former chairman of state-owned electric utility company [State Grid Corporation of China](#) (国家电网公司) from May 2013 to May 2016. This connection is potentially problematic as Liu was the target of a state-led [accountability audit](#) in May 2014 following accusations of financial mismanagement and corruption. Liu is also [reportedly](#) a protégé of [Qinghong Zeng](#) (曾清红), China's former vice president who has reportedly been placed under investigations and house arrest amid China's ongoing anti-corruption campaign (see 'Ownership Structure and Management' section above).

Datarama also identified an unverified [report](#) that CRH's vice general manager [Lang Chen](#) (陈朗) is involved in an extramarital affair with an unidentified woman surnamed 'Wu' (武). This connection is potentially problematic amid the Chinese government's [tough stance](#) on 'adultery' and 'moral corruption' of its officials and public servants.

Company Checks

Political Exposure and Sanctions Lists

A check on privately run risk-and-compliance databases as well as media research found no indication that CRH or any of its principals had been named on any sanctions lists.

The following principals associated with CRH are politically exposed persons ('PEP'):

- [Yuning Fu](#) (傅育宁), group chairman, was identified as a PEP as a [member](#) of the 13th National Committee of the Chinese People's Political Consultative Conference (中国人民政治协商会议) (January 2018 to present).
- [Ruge Li](#) (李汝革), chief financial officer, was identified as a PEP as a [member](#) of the Communist Party of China ('CPC').
- [Lu Ma](#) (马璐), vice general manager, was identified as a PEP as a [member](#) of the CPC and deputy managing director, of the state-owned CRH.
- [Fuli Li](#) (李福利), vice general manager, was identified as a PEP as a [delegate](#) of the 12th National

People's Congress (中华人民共和国全国人民代表大会) (March 2013 to March 2018).

- **Lang Chen** (陈朗), vice general manager, was identified as a PEP as the chairperson and deputy managing director of the state-owned CRH.
- **Wenmin Du** (杜文民), vice general manager, was identified as a PEP as the non-executive member of the Board of Directors and deputy managing director of the state-owned CRH.
- **Chuandong Wang** (王传栋), vice general manager, was identified as a PEP as a director and deputy managing director of the state-owned CRH.
- **Jijing Shan** (单记京), director, was identified as a PEP as director of the state-owned CRH.

Bankruptcy/Insolvency

Extensive public domain research indicates that CRH has never been declared insolvent or bankrupt.

Litigation

A check against publicly-available litigation records maintained by the Legal Reference System in Hong Kong indicates that CRH has been involved in a litigation dispute with a Hong Kong individual named Yat Chi Ng, which spanned 1997 to 2006. The case concerned a shareholding *dispute* in CRH's subsidiary, Hong Kong construction company Max Share Ltd. Particularly, Ng and another individual Bing-wing Choy had sought to wind up Max Share, which in turn required CRH to purchase their shares in the company. The petition was eventually rejected by CRH, which maintained that the petitioners had no standing to make the petition. Datarama notes that there is no indication that the case received any significant media attention or presents any notable reputational issues of concern for CRH.

Undeclared Offshore Interests

A check against the Offshore Leaks Database maintained by the International Consortium of Investigative Journalists indicates that CRH and its principals do not have undeclared interests in offshore jurisdictions. Datarama notes that these checks might not be comprehensive.

- Last Updated in October 2018

Blacklist

China Resources (Holdings) Co., Ltd. is not on a blacklist Datarama has accessed.

International blacklists	<p>This company was checked against lists from sanctioning bodies, law enforcement agencies and financial regulators worldwide. The company was not found mentioned in the records of any lists.</p> <p>The lists checked include, but are not restricted to: the Specially Designated Nationals List maintained by the Office of Foreign Asset Control, a division of the US Treasury; the Denied Persons List maintained by the Bureau of Industry & Security, a division of the US Department of Commerce; the UK's HM Treasury sanctions lists; the World Bank Listing of Ineligible Firms; and the Excluded Parties Listing System maintained by the US government. Datarama notes that the aforementioned lists may not be deemed comprehensive.</p>
Political exposure	<p>Datarama carried out searches on privately run risk-and-compliance databases listing politically exposed persons, and online public records. The company was not named on any of these records. These databases are not deemed comprehensive.</p>

