



# 2020

## Social Responsibility Report

China National Machinery Industry Corporation



# Mind Drives The World



- The “M” element represents the leading role of SINOMACH in the machinery industry. The “M” image also indicates the Group’s ambition to revitalize China’s machinery industry and become a major player in the world.
- Based on the stable triangle, the logo, with the block structure as design element, fully shows SINOMACH’s feature as a machinery enterprise, and the sincere, prudential and practical corporate image of SINOMACH.
- In the logo, the Chinese character“ 人 ” (“human being” in English) highlights SINOMACH’s people-oriented philosophy. With talented people gathering together, it contributes to the future development of the machinery industry.
- The triangular shape symbolizes a majestic mountain. The “M” element looks like an eagle spreading its wings and soaring at the peak, which implies that SINOMACH challenges itself unceasingly and seeks for new development.

## About this Report

### Reporting Period

January 1, 2020-December 31, 2020. The Report also includes additional contents and data that predates the stated reporting period.

### Reporting Cycle

This Report is annually published and it is the eleventh social responsibility report released by China National Machinery Industry Corporation (hereinafter referred to as “SINOMACH”).

### Reporting Scope

China National Machinery Industry Corporation headquarters and its subsidiaries (see “Enhancing Basic Management” for organizational structure).

### Reporting Data Sources

All data in this Report comes from SINOMACH’s statistical reports, financial reports and other official documents, and has been audited by relevant departments.

### Compilation Conformance

*Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities* by State-owned Assets Supervision and Administration Commission of the State Council (the SASAC)

*GRI Sustainability Reporting Standards* by Global Sustainability Standards Board (GRI Standards)

*ISO 26000 - Guidance on Social Responsibility (2010)* by International Organization for Standardization (ISO)

*GB/T 36001-2015 Guidance on Social Responsibility Reporting* by Standardization Administration of the People’s Republic of China

*Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises(CASS-CSR4.0)* by Chinese Academy of Social Sciences (CASS)

*Guidelines on Social Responsibility of Chinese Industrial Enterprises and Industrial Associations* by China Industrial Economic Federation

*2030 Agenda for Sustainable Development* by the United Nations

### References

In this Report, “SINOMACH”, “the Group”, “the Company”, or “We” refer to China National Machinery Industry Corporation.

### Access to this Report

This Report is prepared and released in both Chinese and English versions, and is available in paper and electronic formats. If you need the paper version, please contact us. You may visit our website or scan the QR code below to download the electronic version.



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China National Machinery Industry Corporation  
Address: No.3 Danling Street, Haidian District, Beijing  
P.C: 100080  
Contact Person: He Yuan  
Tel.: 86 - 10 - 82606741  
Fax: 86 - 10 - 82688724  
E-mail: heyuan@sinomach.com.cn  
Website: <http://www.sinomach.com.cn>



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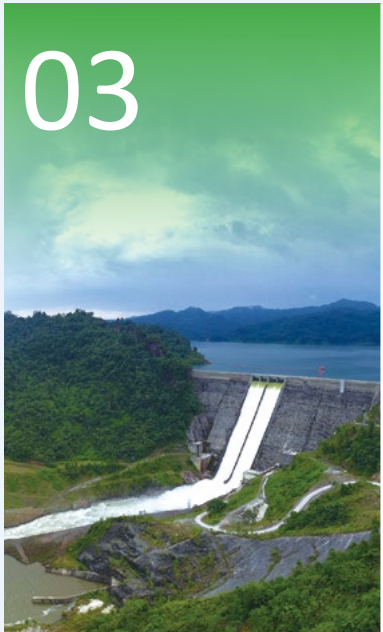
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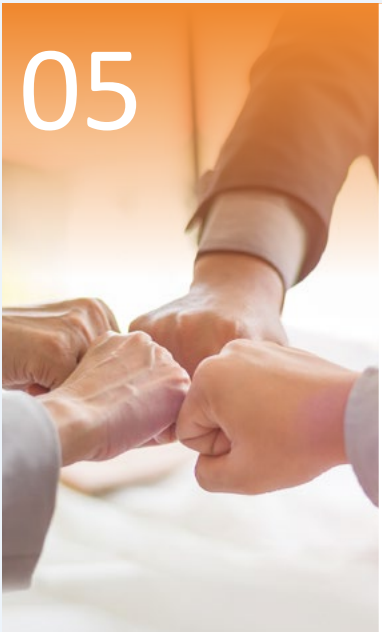
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## Message from the Chairman

“

**At the crossroads of history, SINOMACH has greater passion, confidence, and motivation to fulfill the mission as a state-owned enterprise in the machinery industry and devotes itself to the great cause of fully building a modern socialist country.**

”

The year 2020 was extraordinary. Confronted with the huge shocks brought by COVID-19 and the severe and complicated international situations, SINOMACH, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, continued to “develop our strengths to serve the country.” Over the past year, we have overcome difficulties and made steady progress on the journey towards a world-class enterprise with global competitiveness.

**We work at the COVID-19 frontline to win the battle of guaranteeing emergency supplies.** We have responded quickly to the government’s policies and arranged COVID-19 response in a powerful and orderly manner. Following the wartime mode of “from scratch to more and more,” we have ensured the production, quality, and supply of medical items and formed a medical supply industry chain featuring “three types of machines and three kinds of products,” fully demonstrating the responsibility of a key company and a state-owned enterprise at challenging moments. The warmth of SINOMACH is conveyed in our efforts to protect the health and safety of our employees and offer help to overseas employees and their families in China. In 2020, we produced 1.24 billion masks, 3.2 million medical protective garments, and 4,178 tons of melt-blown cloth.

**We contribute to poverty alleviation in our four coordinated initiatives in boosting education,** people’s confidence, industrial development, and people’s livelihood. We take targeted and continuous measures in the fight against poverty. Under our four coordinated initiatives, we have created a SINOMACH-styled poverty alleviation model of “taking root in education, developing industry, supporting agricultural machinery, and facilitating people’s livelihood”

to help secure a complete victory in the fight against poverty. From 2012 to 2020, we invested more than RMB 450 million in more than 330 targeted poverty alleviation projects, benefiting over 300,000 poor people. By the end of 2020, all the poor people in the four targeted poverty alleviation counties (districts) were lifted out of poverty.

**We focus on the main businesses to write a new chapter of high-quality development.** We can identify changes accurately with a science-based response while seeking to reform ourselves. Following the principle of excelling at COVID-19 response and business operation, we have achieved steady growth in our production and operation. We also practice the “three changes” and support the initiative to make China a manufacturing power. Leveraging our business advantages, we break into the markets of Belt and Road countries and emerging economies to make Chinese equipment and Chinese standards “go global.” We also contribute to the new development paradigm of “dual circulation”, which allows the domestic and overseas markets to reinforce each other, with the domestic market as the mainstay. In 2020, we registered revenues of RMB 287.81 billion, a total profit of RMB 10.93 billion, and a net profit of RMB 8 billion, ranking 281st among the Fortune Global 500 companies.

**We deepen the corporate reform to have an edge over others in technological innovation.** We boost our vitality and competitiveness in deepening reform and pursuing innovation, and continue to improve the market-oriented operation mechanism and advance demonstration projects such as “Double Hundred Action for SOE Reform” and the action plan for technological SOEs to deepen market-oriented reforms. CEI has become the first pilot central

SOE for employee stock ownership plan to be listed on the capital market. We redouble our efforts in integrating resources and improving the securitization of state-owned capitals. The SINOMACH HE has been re-listed. We have made breakthroughs in several core technologies, accelerated the training of pioneers in science and technology, and built a high-quality and efficient ecology of scientific research and innovation, contributing to the development of self-dependent and controllable technologies made in China. In 2020, we invested RMB 7.5 billion in scientific research and was granted 1,905 patents.

**We pursue a green ecosystem with contributions to the “dual carbon” goals.** We continue to improve our environmental governance and build a green and low-carbon model of production and operation supported by R&D in key technologies and products of energy conservation and environmental protection with a focus on integrated services for relevant projects. We also vigorously promote the eco-friendly and low-carbon development of the machinery manufacturing industry to contribute to the fight against pollution and the realization of “carbon peak and carbon neutrality.” In 2020, SINOMACH invested RMB 155.303 million in environmental protection. The building of a resource-saving and eco-friendly enterprise was accelerated with a continuous decline in the discharge of major pollutants. No major environmental pollution incidents occurred throughout the year.

**We uphold openness and win-win cooperation to share prosperity with partners.** With firm commitments and practical actions, we pool together the advantages of all parties and make progress together with customers and partners. From 2017 to 2020, we signed 42 strategic

cooperation agreements with the government, enterprises, universities, and financial institutions. Regarding safety as our bottom line, we take the three-year action of special rectification of work safety as the starting point to build a safety responsibility chain. No accidents of work safety occurred in 2020. We, passionate about public welfare programs, also contribute to community development to serve the public and the sustainable socio-economic development of the local areas.

**We inspire employees to make progress together with the Group.** With a focus on employees’ legitimate rights and interests, we listen to employees’ opinions and guarantee their rights to know, to participate, and to supervise. We have improved our employee training system, and provide career development of employees to help them improve themselves and go professional. We promote the development of corporate culture and address key, difficult, and hot issues concerned by employees to enhance the cohesion of the Group. In 2020, SINOMACH Love Fund contributed RMB 2.905 million to help 503 people in need.

A new journey in the new era calls for new actions and responsibilities. Standing at the historical crossroads of the “two centenary goals”, we will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and enhance the “Four Consciousnesses”, the “Four-sphere Confidence”, and the “Two Upholds.” We will continue the underlying principle of pursuing progress while ensuring stability and implement the new development philosophy at the new development stage to better serve the new development paradigm of “dual circulation.” Aiming at high-quality development, we will move faster to make our Group

a world-class enterprise with global competitiveness, ensuring that SINOMACH gets off to a good start in the 14th Five-Year Plan Period. We celebrated the 100th anniversary of the founding of the CPC with outstanding achievements. We will make new and greater contributions to fully building a socialist modern country and realizing the great rejuvenation of the Chinese nation.

Zhang Xiaolun

Chairman of SINOMACH





# About Us

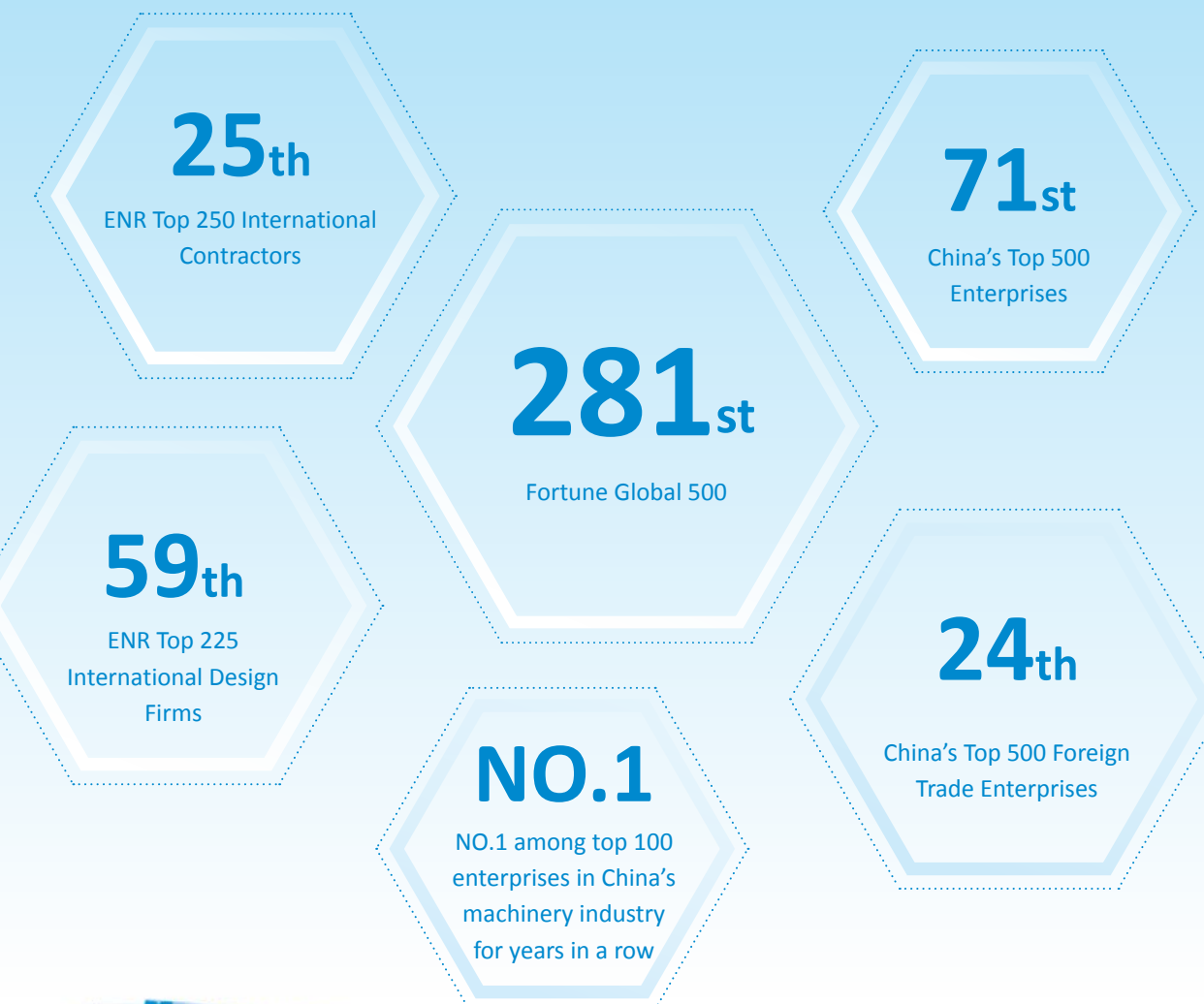
## Company profile

China National Machinery Industry Corporation (SINOMACH), formerly known as the First Ministry of Machinery Industry, is an important state-owned enterprise directly managed by the central government. The Group has 28 wholly-owned or majority-owned subsidiaries and 14 listed companies, employing more than 130,000 employees. As a Fortune Global 500 company, SINOMACH has been ranked first among the top 100 enterprises in China's machinery industry for many years in a row.

As a diversified, international, and comprehensive industrial equipment group, SINOMACH is committed to providing quality services globally. Positioned as a technology-driven world-class enterprise, the Group focuses on the three main businesses of technology R&D and services, advanced equipment manufacturing, project contracting and supply chains. Our emphasis is placed on eight major business sectors including basic industrial R&D, high-end heavy equipment, high-end agricultural, forestry, and geological equipment, high-end textile equipment, design, consulting, and project contracting, integrated supply chain services, automotive and exhibition, as well as industrial-financial investment. The Group also develops new businesses such as energy saving and environmental protection and new energy. Our business covers important industries such as machinery, energy, transportation, automotive, ship-building, metallurgy, construction, electronics, environmental protection, aeronautics and astronautics, and the light industry. The Group has a market presence in five continents, with more than 300 overseas service agencies in over 100 countries and regions.

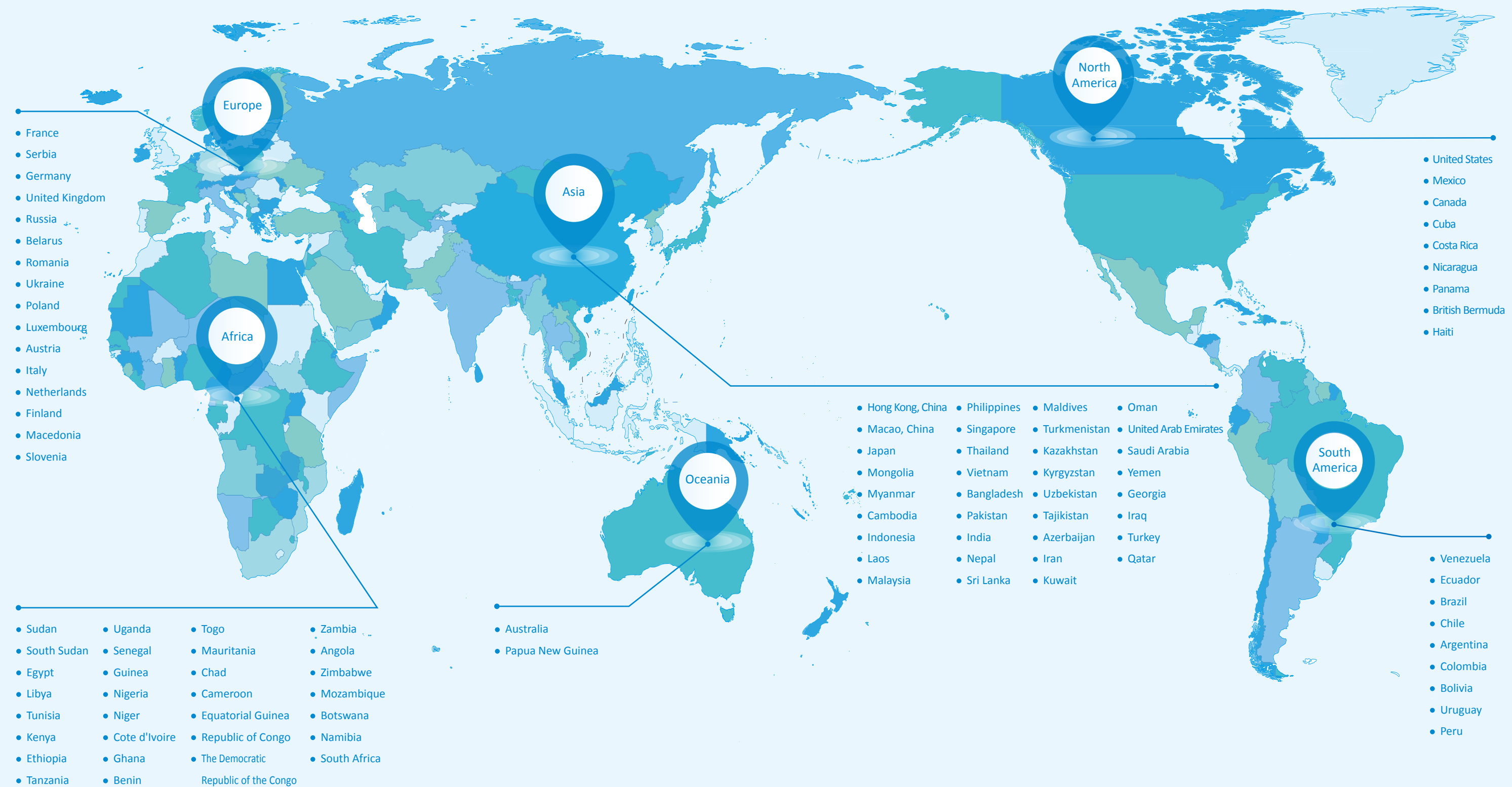
Aiming to build a world-class enterprise with global competitiveness, SINOMACH serves the national strategy and the people's wellbeing and sees it as our responsibility to guide the development of the machinery industry and promote the progress of the human society. Over the years, while advancing reform and development, we are committed to innovation in technologies, management, and business models. Progress has been made in optimizing resource allocation and reshaping core competencies in our pursuit of "going global" faster. We have developed into a super-large conglomerate with the most diverse lines of businesses, strongest R&D capabilities, the most international operations, and an excellent supply chain in China's machinery industry.

Adhering to the business philosophy of "work together, win together", we are devoted to developing the corporate culture featuring "harmony" and focus on building a value-creating, innovative, green, responsible, and happy SINOMACH by high-quality development. Striving to become a globally competitive and first-class enterprise, we give full play to our "six roles" as the leader in the machinery industry's scientific and technological progress in China, the major standard developer of China's machinery industry, the main planner of China's machinery industry development, the important guarantee for the industrial chain safety in China's major technology and equipment industry, the pioneer of China's equipment "going global", and the important platform of integrated supply chain services for China's mechanical and electrical products.





Overseas markets of SINOMACH





Wholly-owned or majority-owned subsidiaries of SINOMACH

No.	Company Name	English Abbreviation
1	China Machinery Engineering Corporation	CMEC
2	China CAMC Engineering Co., Ltd.	CAMCE
3	China HiTech Group Corporation	CHTC
4	China Foma (Group) Co., Ltd.	CFMC
5	China Ocean Aviation Group Inc.	COAG
6	China Geo-Equipment Corporation	CGEG
7	China Machinery Industry Corporation	SINOCONST
8	China CACS Engineering Corporation	CACS
9	SINOMACH Finance Co., Ltd.	SINOMF
10	SINOMACH Automobile Co., Ltd.	SINOMACH AUTO
11	China Machinery international Corporation	SINOMACHINT
12	SINOMACH Capital Management Corporation	SINOMACH CAPITAL
13	SINOMACH Capital Holding Co., Ltd.	SCHC
14	China Academy of Agricultural Mechanization Sciences	CAAMS
15	SINOMACH Science and Technology Research Institute Co., Ltd.	SINOMACH STRI
16	SINOMACH Heavy Equipment Group Co., Ltd.	SINOMACH HE
17	YTO Group Corporation	YTO
18	SUMEC Group Corporation	SUMEC
19	China Perfect Machinery Industry Corp., Ltd.	CPF
20	China United Engineering Corporation	CUC
21	SIPPR Engineering Group Co., Ltd.	SIPPR
22	Hefei General Machinery Research Institute Co., Ltd.	GMRI
23	Sinomach Precision Industry Co., Ltd.	SINOMACH-PI
24	China National Electric Apparatus Research Institute Co., Ltd.	CEI
25	SINOMACH Intelligence Technology Co., Ltd.	SINOMACH INTELTECH
26	Guilin Electrical Equipment Scientific Research Institute Co., Ltd.	GLESI
27	SINOMACH Financing and Lease Co., Ltd.	SINOMACHFLC
28	SINOMACH Hainan Development Co., Ltd.	SMHN

Listed companies

Shenzhen Stock Exchange	Shanghai Stock Exchange	Hong Kong Exchanges and Clearing Limited
<div>CAMCE 002051.SZ</div>	<div>SINOMACH HE 601399.SH</div> <div>YTO 601038.SH</div>	<div>CMEC 1829.HK</div>
<div>JWTM 000666.SZ</div>	<div>SUMEC 600710.SH</div> <div>SINOMACH AUTO 600335.SH</div>	<div>YTO 0038.HK</div>
<div>SINOMACH-PI 002046.SZ</div>	<div>CEI 688128.SH</div> <div>Lanke 601798.SH</div>	<div>CHTC Fong's 0641.HK</div>
	<div>KAMA 900953.SH</div> <div>Sinomach General Machinery 600444.SH</div>	
	<div>LINHAI POWER 600099.SH</div>	



⚙️ Strategic layout



⚙️ Corporate culture





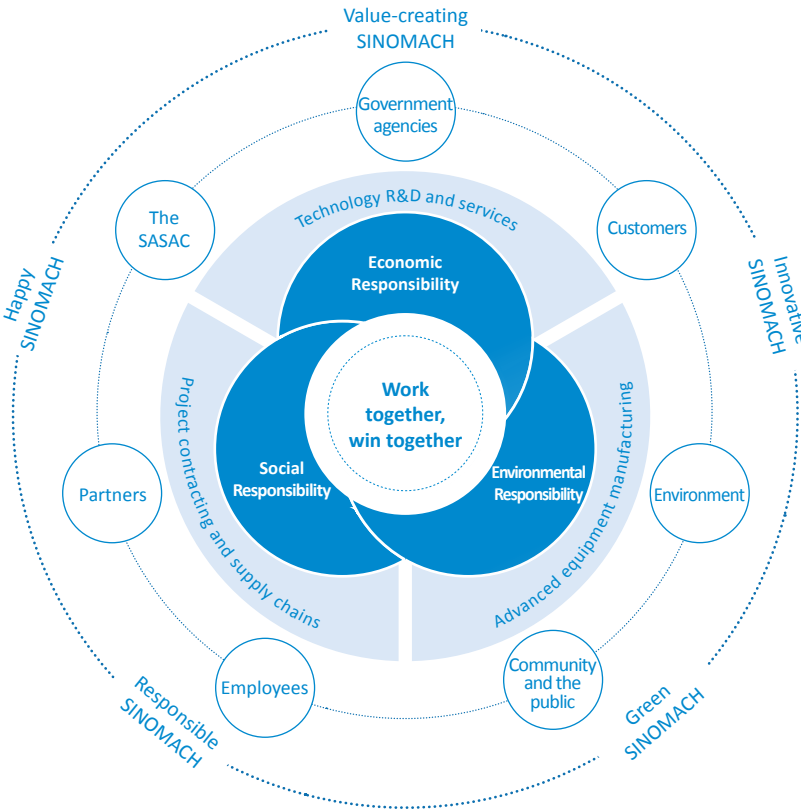
Roles in social organizations

No.	Organization	Role
1	China-France Business Council	Leading Unit of the Chinese Working Group
2	The Business 20 (B20)	Chinese Chairman Member of Finance and Infrastructure Task Force
3	China-Ukraine Bilateral Entrepreneur Council	Chairman of the Chinese side
4	APEC China Business Council	Vice Chairman Member
5	China Machinery Industry Auditing Society (CMIAS)	Chairman Member
6	China Association of Agricultural Machinery Manufactures (CAAMM)	Chairman Member
7	China National Forestry Machinery Association (CNFMA)	Chairman Member
8	China Textile Enterprise Association (CTEA)	Vice Chairman Member
9	China Machinery Industry Federation (CMIF)	Vice Chairman Member
10	China Chamber of International Commerce (CCOIC)	Vice Chairman Member
11	China Enterprise Confederation (CEC) China Enterprise Directors Association (CEDA)	Vice Chairman Member
12	China Machinery Enterprise Management Association (CMMA)	Vice Chairman Member
13	China International Contractors Association (CICA)	Vice Chairman Member
14	Commerce for Import and Export of Machinery and Electronic Products	Vice Chairman Member
15	China Association of International Engineering Consultants (CAIEC)	Vice Chairman Member
16	China Association of Automotive Manufactures (CAAM)	Vice Chairman Member
17	Society of Automotive Engineers of China (SAE-China)	Deputy Director-General Member
18	China Mechanical Engineering Society (CMES)	Deputy Director-General Member
19	The Architectural Society of China	Deputy Director-General Member
20	China Association for Engineering Construction Standardization (CECS)	Deputy Director-General Member
21	China Institute of Machinery Electronics and Ship Industry Archives	Deputy Director-General Member
22	China Auto Talents Society (CATS)	Deputy Director-General Member
23	China Corporate Culture Institute	Deputy Director-General Member
24	China Association of Work Safety (CAWS)	Executive Council Member
25	China Civil Engineering Society	Executive Council Member
26	Chinese Society of Vibration Engineering	Executive Council Member
27	Council of the <i>Study and Research</i> Journal	Executive Council Member
28	China Center for International Economic Exchanges	Council Member
29	China Association of Machinery Industry Culture(CAMIC)	Council Member
30	Green Manufacturing Alliance of China	Council Member
31	Intelligent Manufacturing and Equipment Industry Cooperation Promotion Group of Cross-Strait Entrepreneur Summit	Council Member
32	China Institute of Internal Audit	Council Member

CSR Management

CSR concept

In line with the core value of “work together, win together,” SINOMACH focuses on building a value-creating, innovative, green, responsible, and happy SINOMACH to help the Group strike a balance among economic, environmental, and social benefits. We join hands with all stakeholders to move towards a future of sustainable development.

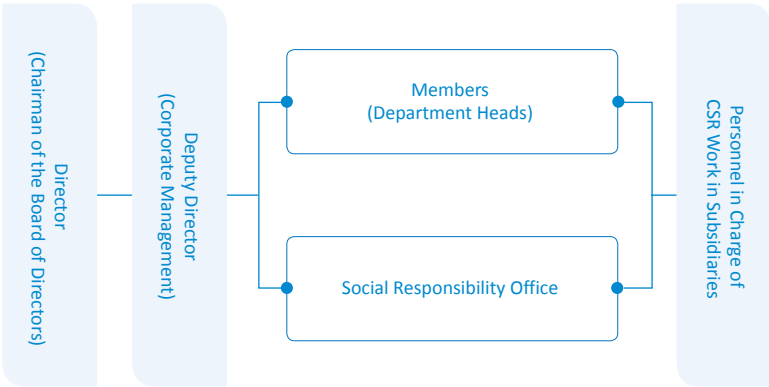


SINOMACH Social Responsibility Management Model

CSR management

Social responsibility management system

While exploring an effective path of integrating the concept of sustainability into our strategy and business development, we strengthen the top-level design of social responsibility management by establishing and improving the relevant management system. We also continue to improve the organizational structure for social responsibility management by specifying various functions and responsibilities and optimizing the operation mechanism to improve the Group’s social responsibility management.

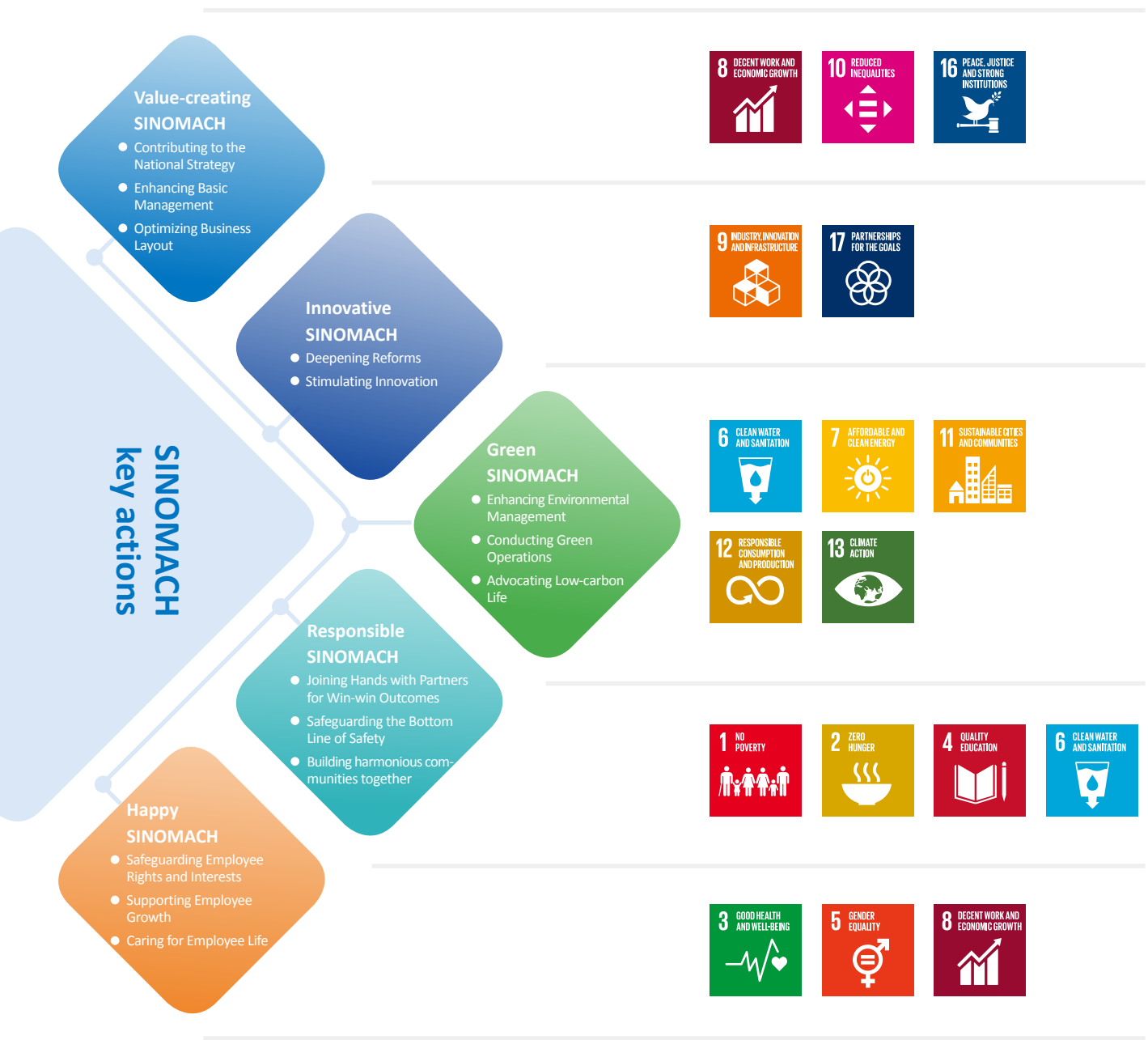


SINOMACH Organizational System for Social Responsibility Management



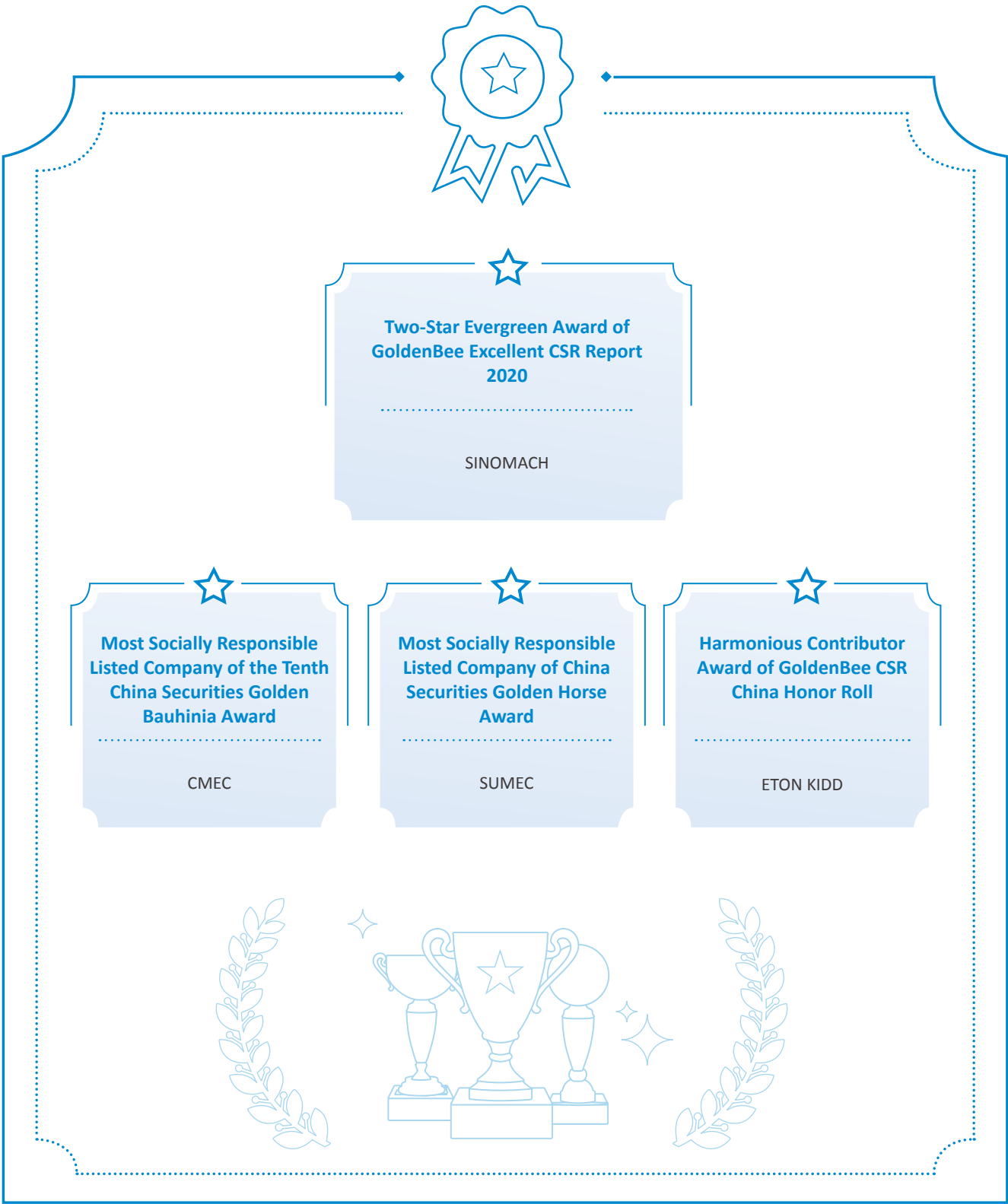
CSR strategy

The UN Sustainable Development Goals (SDGs) are integrated into the Group's social responsibility management. Focusing on building a value-creating, innovative, green, responsible, and happy SINOMACH, we clarify the Group's responsibility priorities and formulate CSR actions to contribute our share to global sustainable development.



Note: The above figure shows the sustainable development goals (SDGs) of the 2030 Agenda for Sustainable Development proposed by the United Nations.

Major honors





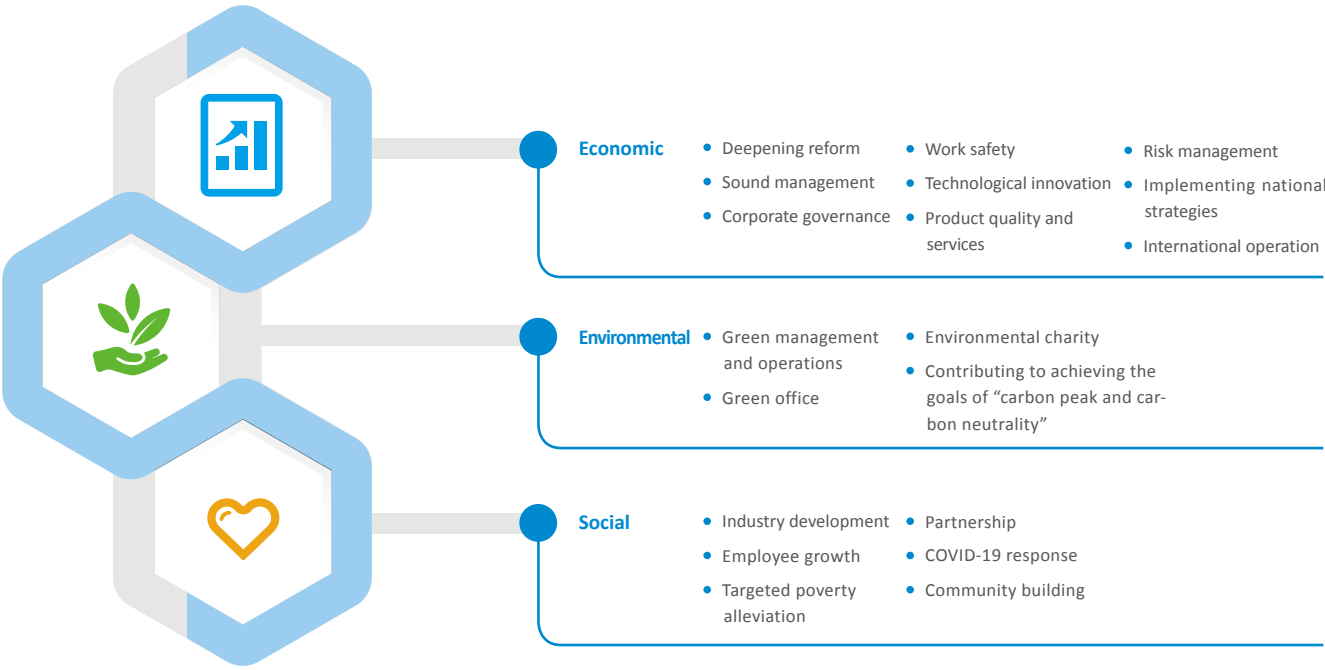
⚙️ CSR communication

🕒 Material topics

We continue to improve the process of identifying, evaluating, and analyzing material topics. Based on the general trends in sustainable development and the development plan of the Group as well as the expectations and demands of stakeholders, we select SINOMACH's 2020 material topics in social responsibility from the two perspectives of "importance to SINOMACH's sustainable development" and "importance to stakeholders."



The procedure for identifying social responsibility material topics of SINOMACH



Major social responsibility material topics of SINOMACH in 2020

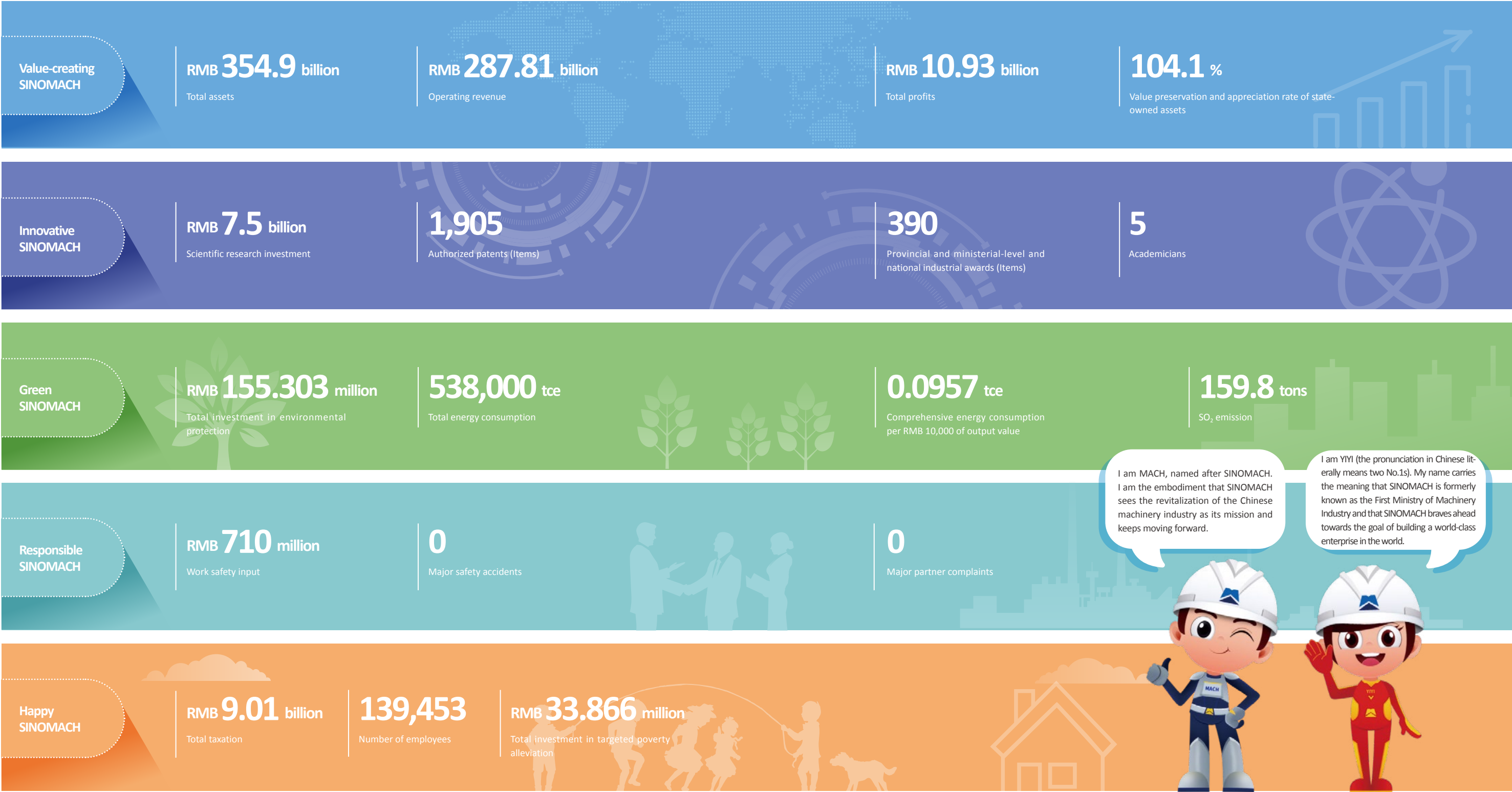
🗣️ Stakeholder communication

Bearing in mind the expectations and demands of stakeholders, we continue to diversify ways of communication and participation for stakeholders and improve transparency to gain recognition from all parties.

Stakeholders	Expectations and demands	Ways of communication and participation
 Governments	<ul style="list-style-type: none"><li>Supporting macro-regulation</li><li>Targeted poverty alleviation</li><li>Tax payment according to law</li><li>Local economic development promotion</li></ul>	<ul style="list-style-type: none"><li>Top management meetings</li><li>Communications and exchanges</li><li>Information reporting</li><li>Conferences participation</li></ul>
 SASAC	<ul style="list-style-type: none"><li>Compliance with laws and regulations</li><li>COVID-19 response</li><li>Value maintenance and appreciation of assets</li><li>Work safety</li></ul>	<ul style="list-style-type: none"><li>Featured report</li><li>Information reporting</li><li>Conferences participation</li><li>Company announcement</li></ul>
 Community, the Public and NGOs	<ul style="list-style-type: none"><li>Improving community environment</li><li>Respecting community culture</li><li>Supporting public welfare</li></ul>	<ul style="list-style-type: none"><li>Community publicity</li><li>Community communication meeting</li><li>Community seminar</li></ul>
 Customers	<ul style="list-style-type: none"><li>Honoring commitments</li><li>Providing premium and quality products</li><li>Open communication and service channels</li></ul>	<ul style="list-style-type: none"><li>Business meeting</li><li>Service hotline</li><li>Business visits</li></ul>
 Employees	<ul style="list-style-type: none"><li>Occupational health and safety protection</li><li>Shared growth</li><li>Salary and welfare security</li><li>Humanistic care</li><li>Employee localization</li><li>COVID-19 response</li></ul>	<ul style="list-style-type: none"><li>Employees' Representative Congress</li><li>Petition</li><li>Making company affairs public</li><li>SINOMACH News</li><li>Social responsibility report</li><li>Chairman mailbox</li></ul>
 Environment	<ul style="list-style-type: none"><li>Energy conservation and emissions reduction</li><li>Economical use of resources</li><li>Ecological protection</li><li>Environmental charity</li><li>Contributing to achieving the goals of “carbon peak and carbon neutrality”</li></ul>	<ul style="list-style-type: none"><li>Strengthening information disclosure</li><li>Regular reporting information of energy saving and emissions reduction</li></ul>
 Suppliers/ Contractors	<ul style="list-style-type: none"><li>Fair competition</li><li>Integrity and honesty</li><li>Information confidentiality</li></ul>	<ul style="list-style-type: none"><li>Supplier conference</li><li>Bidding information disclosure</li><li>Strategic cooperation</li><li>Cooperation agreement</li></ul>
 Partners	<ul style="list-style-type: none"><li>Regular communication</li><li>Long- term stable relationship</li></ul>	<ul style="list-style-type: none"><li>Top management visiting</li><li>Strategic cooperation</li></ul>
 Peers	<ul style="list-style-type: none"><li>Fair competition</li><li>Promoting industrial development</li></ul>	<ul style="list-style-type: none"><li>Strengthening communication within the industry</li><li>Attending industrial forums and meetings</li><li>Paying exchange visit</li></ul>
 Media	<ul style="list-style-type: none"><li>Information disclosure and transparency</li></ul>	<ul style="list-style-type: none"><li>Official website</li><li>WeChat account of SINOMACH</li><li>Social responsibility report</li><li>Company announcement</li><li>Interview</li><li>Press conference</li></ul>



CSR Data 2020





CSR Spotlight I

# Shouldering Responsibilities and Rising to the COVID-19 Fight

“ As long as we remain confident, come together in solidarity, adopt a science-based approach, and take targeted measures, we will certainly win the battle against COVID-19.

—Xi Jinping  
Chinese President

”



The year 2020 witnessed a thrilling war against COVID-19. It was another brilliant feat against diseases in the history of humanity. Confronted by the sudden onslaught of COVID-19, SINOMACH made a solemn commitment to “producing what the people need”. SINOMACH rose to the challenges in its every effort in guaranteeing supply, ensuring emergency hospital construction, and supporting economic re-opening, making itself a pillar as a central state-owned enterprise (SOE) that could go all out and pull through during this anti-virus war.

“ Produce what the people need! ”



## SINOMACH's Speed in Guaranteeing Supply During the COVID-19 Fight

We implemented policies with powerful actions. The leading group for COVID-19 response was set up soon after the outbreak to contain the virus in an all-around way. The management of all subsidiaries went to the frontline to provide guidance and spared no effort in supporting the fight.

We responded quickly and gave full play to our strengths. After receiving the help letter from Wuhan to build an emergency hospital, IPPR immediately set up an expert group and provided the whole set of design drawings of the Beijing Xiaotangshan Hospital within only 78 minutes. It also offered around-the-clock technical support for the designers of the Huoshenshan Hospital.

We expanded and shifted our production to support epidemic prevention at full speed. A task force and office for medical supplies support were set up. Employees also returned to work. We quickly shifted and expanded our production and coordinated work resumption between upstream and downstream players. We formed a medical supply industry chain featuring “three types of machines and three kinds of products” marked by mask machines, protective gear layering machines, melt-blown cloth production equipment, medical masks, medical protective garments, and melt-blown cloth, thus ensuring the supply of medical protective equipment.

## 15 production lines for melt-blown nonwoven equipment within 63 days

— the speed and passion of SINOMACH

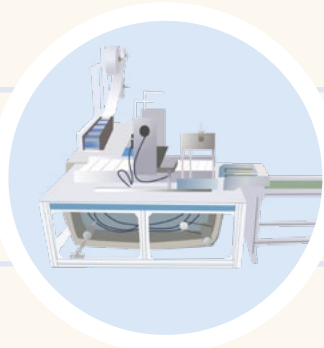
The production of melt-blown cloth is technology-intensive but is essential to meet people's urgent needs. Following the requirements of the State Council and the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), SINOMACH asked Shaoyang Textile Machinery Co., Ltd. to make every effort in tackling major obstacles and rise to the occasion at all costs. Following international standards, the company secured a comprehensive victory in the tough battle of producing melt-blown nonwovens within 63 days, demonstrating the quality of a central SOE.



◆ Complete equipment for spun-melt nonwovens developed by SINOPEC Yanshan Petrochemical Company in cooperation with SINOMACH

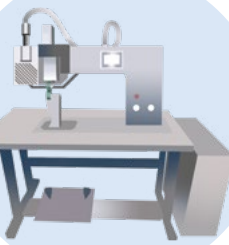
## The cumulative production in 2020

Three types of machines



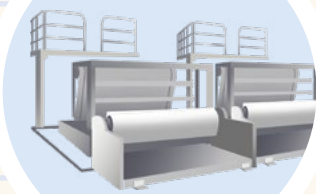
941

Mask machines



1,010

Layering machines



87

Melt-blown cloth production line

## Medical supply industry chain featuring “three types of machines and three kinds of products”

1.24 billion

Masks

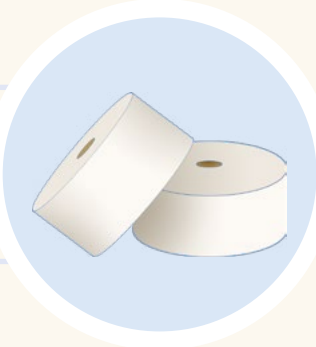
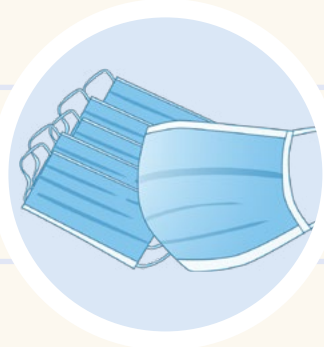
3.2 million

Medical protective garments

4,178 tons

Melt-blown cloth

Three kinds of products



550,000

Nucleic acid test fluorescent filters



Note: The fluorescent filter is the key optical device in the fluorescent PCR test instrument used for the novel coronavirus nucleic acid tests.



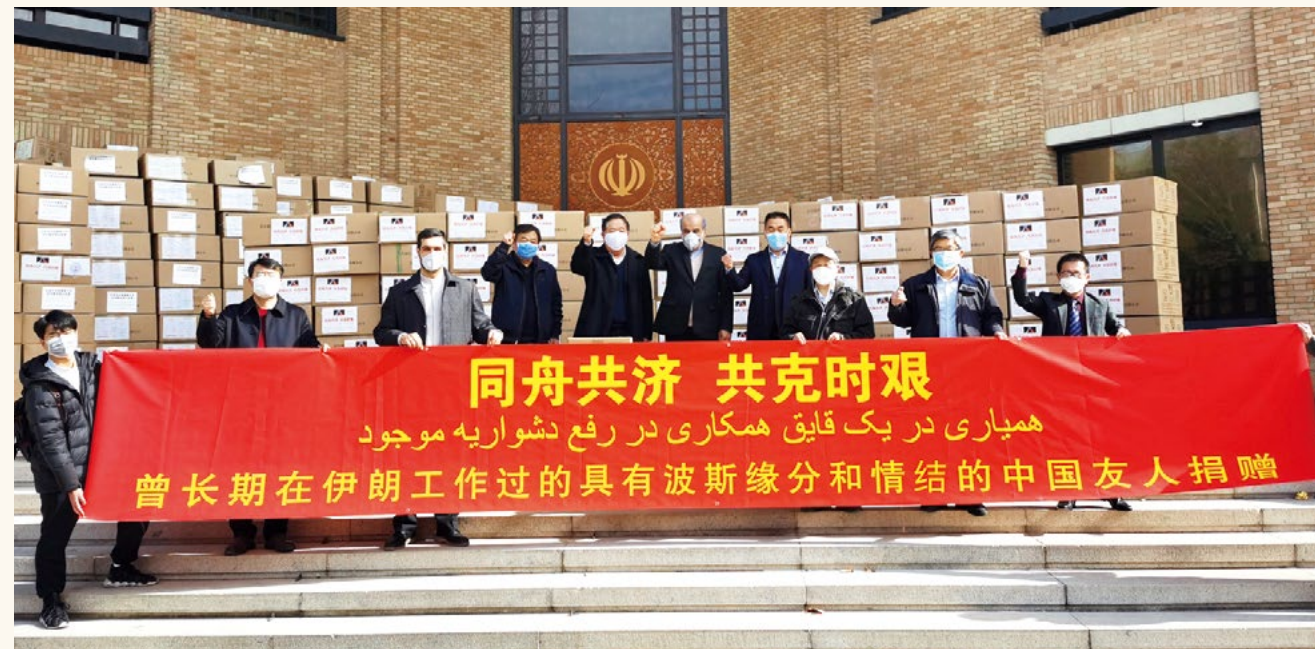


### SINOMACH's Love in Weathering the Crisis

**We joined hands to help each other.** We quickly activated the emergency response mechanism and donated RMB 30 million to Hubei, becoming the first central SOE to make donations. We also mobilized all regional centers and service agencies outside China to raise 538,000 masks, 5,179 medical protective garments, 13,000 pairs of medical gloves, and 5,000 pairs of goggles to the affected areas in Hubei.

#### Friends, here we come!

When the disease went rampant outside China, in April 2020, coordinated by the Chinese Embassy in Belarus, SINOMACH urgently allocated 21,000 pieces of sterile medical protective garments produced by its subsidiaries to support Belarus. We supported other countries to tide over difficulties in the spirit of love for all and mutual help.



◆ SINOMACHINT donates medical supplies to Iran



### SINOMACH's Attitude at a Time of Emergency

**Fighting against the virus, we regarded the safety and health of all employees as our top priority.** We paid close attention to the update of COVID-19 and confirmed cases and carried out dynamic control of key personnel. We also distributed masks, temperature guns, and other protective items to employees and made and released the COVID-19 response manuals and other materials to raise employees' preventive awareness. Supervision and inspection of office areas were intensified with safety plans in place for resuming production and drills organized to prepare for emergencies. We struck a balance between overseas prevention and production & operation, made meticulous prevention planning, and accommodated the needs of family members of on-site personnel and employees in China. In 2020, we completed nearly 2,000 risk investigations in overseas projects, organized 3,239 vaccinations, handled more than 10 charter flights, and helped more than 730 Chinese employees return to China. In addition, more than 280 Chinese employees returned to their positions abroad.



### SINOMACH's Contribution to Pursuing Progress While Maintaining Stability

**We overcame difficulties and took multiple measures to resume production.** We pushed forward production & operation under regular COVID-19 prevention. We also seized new opportunities in the new landscape, thus achieving steady growth amid adversity. We advanced stability on the six fronts and security in the six areas to help achieve steady socio-economic growth. Online

recruitment was carried out for fresh graduates. A special job fair was held in Hubei to provide jobs for poor migrant workers. Scientific and technological advantages were leveraged to drive the development of the agricultural machinery industry, guaranteeing grain production during spring and summer in Hubei and other places.



◆ SINOMACH HE's 80,000-ton large die forging press restarted production



◆ YTO resumes production to prepare for farming in the spring



### SINOMACH's Role Models in Shouldering Responsibilities

**We did not give in to difficulties and hoped for the best.** In the battle against COVID-19, we had retirees aged over 80 asking to offer help, our experienced and essential staff working around the clock, parents of new-borns rushing to the front line, and employees fresh out of university fighting the virus fearlessly. The fierce battle also witnessed several SINOMACH role models. In 2020, two employees and one team of SINOMACH were recognized as the National Role Models in Fighting COVID-19. Another seven employees and two teams were hailed as role models in fighting COVID-19 by the SASAC. We have two employees honored as the Guangdong role models in fighting COVID-19.



A letter to all expatriate SINOMACH employees

I will be there at any time when my country needs me.

**Huang Xiqiu**  
National Role Model in Fighting COVID-19  
A role model of central SOEs  
Chief Architect of IPPR



In securing medical supplies to fight COVID-19, as a state-owned textile machinery company, we know we must protect people's health with excellent products!

**Liu Haitao**  
National Role Model in Fighting COVID-19  
Chairman of CHTC



Gathering – to undertake an unprecedented task of developing a mask machine!  
Gathering – to fight day and night from scratch!  
Gathering – to provide more protection for frontline medical staff!

**Intelligent Mask Machine Department of SINOMACH INTELTECH**  
National Model Group in Fighting COVID-19



CSR Spotlight II

Working to Secure a Complete Victory in Poverty Alleviation

“ A moderately prosperous society in all respects is a society to be enjoyed by each and every one of us. On the march towards common prosperity, no one will be left behind.

—Xi Jinping  
Chinese President

”



Witnessing Poverty Alleviation

We always regard poverty alleviation as a major political task. Since the fight against poverty was rolled out, we have offered paired-up assistance in poverty alleviation to Gushi County and Huaibin County of Henan Province, Pinglu County, Shanxi Province, and Chaotian District, Guangyuan City, Sichuan Province. In the evaluation of targeted poverty alleviation by central SOEs, SINOMACH was rated as “good” for three years in a row.

In the fight against poverty, SINOMACH won one national honor, eight provincial and ministerial honors, and eight municipal honors. Poverty alleviation officials received 21 provincial and ministerial honors and 18 municipal honors.

China attaches great importance to poverty alleviation, a priority in state governance, and advances poverty alleviation with unprecedented efforts, achieving the best results in poverty reduction in China and writing a new chapter in the anti-poverty history of humanity. SINOMACH resolutely implements the government’s decisions and shoulders its due responsibilities, contributing to the complete victory in the fight against poverty.



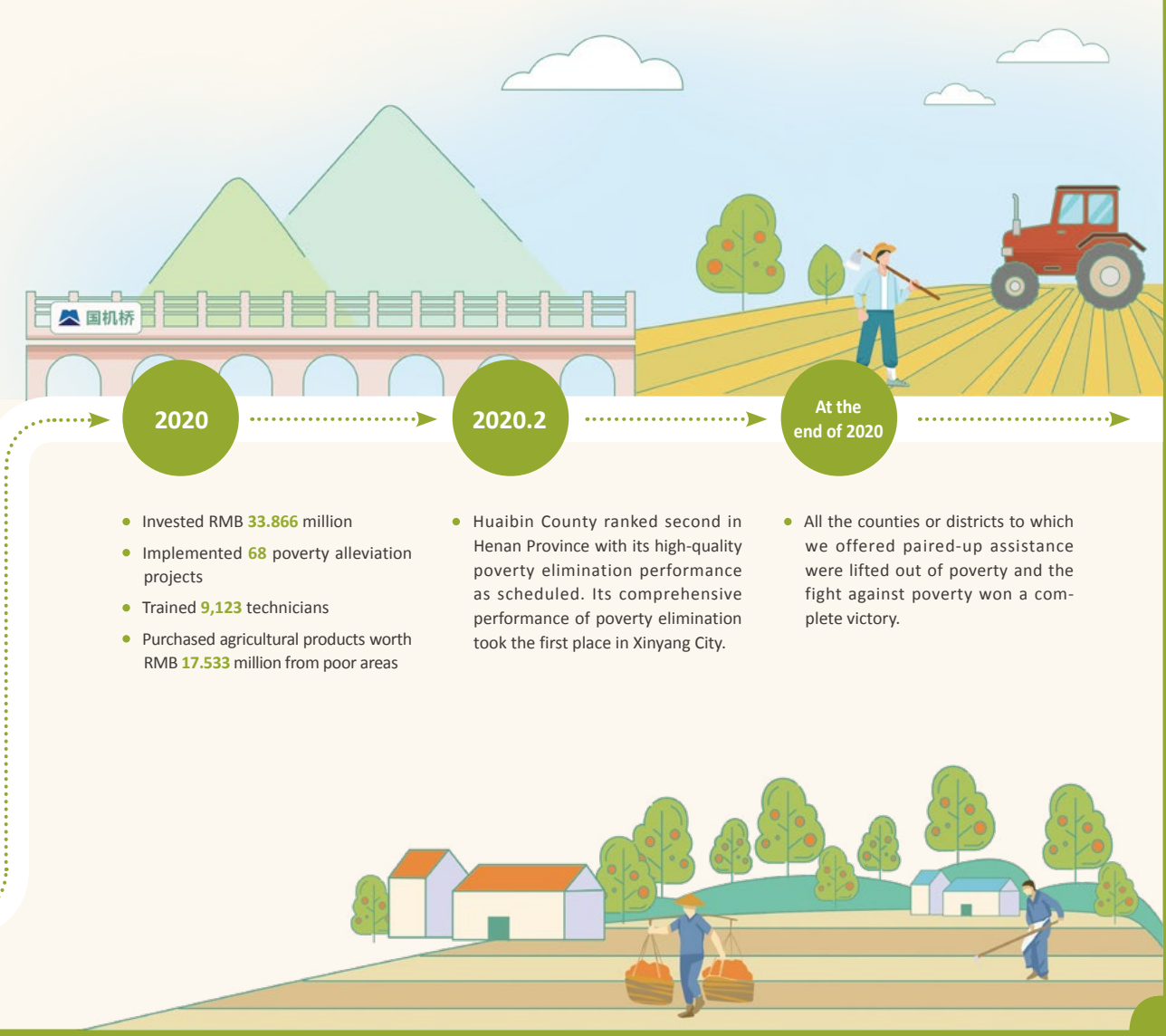
From 2012 to 2020

For four counties (districts) received paired-up assistance in poverty alleviation

- Invested more than RMB 150 million
- Raised RMB 46.304 million
- Benefited more than 300,000 poor people

For other 28 poor villages

- Invested RMB 36.852 million
- Raised about RMB 39 million
- Benefited more than 7,500 poor people





### Recording Poverty Alleviation

We contribute to completing China's missions and meeting people's needs. The system and working mechanism are established and improved to ensure the effective implementation of poverty alleviation. We also have set up a leading group, an office, and a special position for poverty alleviation to coordinate and promote targeted poverty alleviation. The subsidiaries of the Group offer region-specific targeted poverty alleviation to four counties (districts), shaping good momentum in which the Group works as a whole with concerted efforts to push forward poverty alleviation.

We give full play to our own advantages and implement region-specific measures. Through our four coordinated initiatives in boosting education, people's confidence, industrial development, and people's livelihood, we create a SINOMACH-styled poverty alleviation model of "taking root in education, developing industry, supporting agricultural machinery, and facilitating people's livelihood." We also make sure that our targeted poverty alleviation efforts can reach those who truly need it in poverty-stricken counties, districts, and villages. We sow the "seeds" of poverty elimination in the fields of hope, thus invigorating those poor regions.



◆ Zhang Xiaolun, Chairman of SINOMACH leads a delegation to visit Pinglu County, Shanxi Province to investigate poverty alleviation.



### Supporting Education

To end poverty, the first step is to end ignorance and illiteracy. Based on the reality of counties or districts receiving targeted poverty alleviation, we continue to bring out new methods. Tapping into existing educational resources, we give full play to our own advantages, creating a SINOMACH model of "targeted poverty alleviation through educational support." From 2012 to 2020, SINOMACH was devoted to projects in student and teacher training, subsidies and scholarships to poor teachers and students, improvement of teaching facilities, vocational education, among others, with a total investment of nearly RMB 55 million.

#### Education addressed the root of poverty

To help school-age children from poor rural families in Gushi County receive education, SINOMACH have invested more than RMB 15.9 million to build SINOMACH Lizhi School equipped with desks and computers. We also offered items for poor students in their study and daily life. A team of teachers from Beijing Normal University was sent to train teachers at the Lizhi School so as to improve their teaching. The school provides poor students with access to education, resolving the difficulties faced by school-age children from poor families.



◆ SINOMACH Lizhi School

#### "SINOMACH Poverty Alleviation Model"

United Nations Global Compact

Award of Best Enterprise Practices to Achieve Sustainable Development Goals

The State Council Poverty Alleviation Office

Top 50 Special Cases of Targeted Poverty Alleviation for Chinese Enterprises



### Helping People Build the Confidence

Poverty alleviation requires to build people's confidence to pull themselves out of poverty. We have invested nearly RMB 5.6 million in 36 poverty alleviation projects to improve grass-roots Party organizations. We also promoted poverty alleviation through Party building and theoretical guidance. Since the poverty alleviation campaign was launched, a total of seven officials and nine first secretaries from SINOMACH have been assigned to work in the poor villages and have launched more than 30 collaborations between Party branches. Nearly 5,400 grassroots officials such as the first secretary in villages and officials of the village Party branch committee and villagers' committee in poor villages have been trained, helping to lay the foundation for high-quality poverty alleviation through high-quality Party building.



◆ Wu Yongjie, General Manager of SINOMACH, visits Chaotian District, Guangyuan City, Sichuan Province for poverty alleviation investigation.



### Supporting Industrial Development

Poverty alleviation through industrial development can lift people out of poverty for good. Based on local endowments, we help to set up agricultural machinery cooperatives, garment factories, and poverty alleviation workshops, and develop greenhouses, farming, breeding, and agricultural product processing. We promote Maliu embroidery that is included in the list of the national intangible cultural heritage, and have built a patriotic education center featuring "For the 61 Workers", and the first comprehensive cave-dwelling museum in China. The integrated mode of "industrial development + professional farming + e-commerce marketing" is adopted in targeted industries to help targeted poor counties and districts realize self-sufficient development.

#### Local employment opportunities for poor residents

SINOMACH established Huaibin SUMEC Garment Technology Development Co., Ltd. in Huaibin County and set up four poverty alleviation workshops in four underdeveloped towns, thus shaping a pattern of "one factory + four poverty alleviation workshops." Such a practice enabled poor people to work in their hometowns so that they could not only take care of the elderly and children, but also increased their income to gradually get out of poverty. The measures also helped reach targeted beneficiaries in poverty alleviation through industrial development. Huaibin SUMEC Garment Technology Development Co., Ltd. thus won the title of National Advanced Enterprise in the Fight Against Poverty.



### Supporting People's Livelihoods

Improving people's livelihood gives poor people a stronger sense of gain. SINOMACH has been invested a total of nearly RMB 12.5 million in 39 poverty alleviation projects. We provided skill training for 23,973 people and helped 12,061 poor people realize employment transfer. Nearly RMB 28 million was invested in 69 poverty alleviation projects to bring fundamental changes in infrastructure such as water conservancy, roads, old-age care, medical care, village environment, and housing in targeted poverty alleviation counties and districts.



◆ SINOMACH Bridge in Chaotian District, Guangyuan City, Sichuan Province

### Comments from Beneficiaries



"The teacher training helps me improve my teaching, get more knowledge, broaden my horizons, and give me new ideas."

—— Liu Chuanhong, psychological counselor of SINOMACH Lizhi School, Gushi County, Henan Province



"It is really good to work in the poverty alleviation workshop in my hometown. I can earn money and take care of my family!"

—— Zhang Longfeng, an employee of the poverty alleviation workshop in Huaibin County, Henan Province



"We used to be poor. We did not have any technology to grow apples and there was no market. But SINOMACH came to help us with free training and technological guidance. They also bought our apples. The annual income from selling apples in the past was only RMB 3,000 to 4,000. This year, apples in a field of over 1666.67 square meters sold RMB 30,000."

—— Chen Xiaogang, from a poor household in Pinglu County, Shanxi Province



"After village roads are improved, villagers can drive their cars and motorcycles directly to their yards, so it is convenient for everyone to visit their relatives and friends. It is also convenient for them to sell their agricultural products to Chaotian District and Guangyuan City, which solves the difficulties in product sales."

—— Mao Wenxin, First Secretary of Yulin Village, Chaotian District, Guangyuan City, Sichuan Province





# 01.

## Value-creating SINOMACH Making Contributions to the Real Economy

### Our Action

- Contributing to the national strategy
- Enhancing basic management
- Optimizing business layout

### Our Performance

RMB **354.9** billion

Total assets

RMB **287.81** billion

Operating revenue

More than **700**

Projects along the Belt of Road signed,  
completed or under implementation



High-quality development is the general requirement for all aspects of economic and social development. High-quality development, representing the new development philosophy, means a change from seeking growth to seeking better growth.



—Xi Jinping  
Chinese President



### Contribution to SDGs



◆ Dongfenghong LW3024 continuously variable tractor



## Contributing to the National Strategy

Upholding the principle of “developing our strengths to serve the country,” SINOMACH enhances internal and external coordination under the new development paradigm of “dual circulation”, which allows the domestic and overseas markets to reinforce each other, with the domestic market as the mainstay. We put ourselves into the regional development strategy of China and work to serve China’s advancement of opening-up to a higher level.

### Serving regional development strategies

Leveraging our advantages in consulting, R&D and manufacturing, and exhibition services, we play an active role in regional coordinated development strategies such as the Hainan Free Trade Port, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Economic Belt, Beijing-Tianjin-Hebei Integrated Development, and the development and construction of key

areas in some provinces and cities. Cooperation with small and medium-sized enterprises is carried out to produce synergistic effects by coordinating work resumption among upstream and downstream players. By doing so, we contribute to local economic development and domestic circulation.



#### Contributing to the development of the Hainan Free Trade Port

In December 2020, SMHN was unveiled in Haikou City. The establishment of the company was an important measure taken by SINOMACH to implement the decisions of the central government in serving the development of the Hainan Free Trade Port.

As the regional headquarters of SINOMACH in Hainan, SMHN focuses on grain trade and functions as a platform to meet the development needs of Hainan, and diversifies areas of cooperation.



◆ The ceremony of unveiling SMHN



#### Empowering high-quality development of the Yangtze River Economic Belt

China United Engineering Corporation (CUC), a key enterprise of SINOMACH in Zhejiang included in the national pilot program of whole-process engineering consulting companies, is an active player in promoting the integration strategy of the Yangtze River Delta. It has undertaken the whole-process engineering consulting projects such as Hangzhou

City Archives Center and Zhenhai High School Taizhou Campus and put in place a leading whole-process service consulting system in the Yangtze River Delta. The efforts of CUC to promote the high-quality development of the Yangtze River Economic Belt have been recognized by the public.

### Implementing the BRI

As the pioneer in advancing the Belt and Road Initiative (BRI) and the “going global” of China’s equipment, we continue to enhance and increase its advantages in international operation with a focus on stepping up cooperation with the markets in Belt and Road countries and emerging economies. We provide high-quality services to build a new landscape for opening-up by advancing overseas projects and boosting the “going global” of China’s equipment and standards. By the end of 2020, we had signed, completed or was implementing more than 700 projects along the Belt and Road with a total contract value of about USD 90 billion.



#### A BRI pioneer builds a high-tech innovation platform for China-Belarus Industrial Park

On the fifth anniversary of the inspection by the leaders of China and Belarus to the Great Stone industrial park in May 2020, the SINOMACH’s torch park made its debut in the Great Stone. As one of the Chinese shareholders of the park development company, SINOMACH continued to implement the Belt and Road technological innovation action plan and worked hard to build a high-tech inno-

vation platform. The SINOMACH’s torch park, a leading experimental area for overseas R&D, technology and innovation of the Group, enables Chinese high-tech enterprises to go global. It can also help Chinese enterprises to seek technological complementarity and innovation cooperation with their counterparts in Eurasian countries including EU members.



◆ The ground-breaking ceremony of SINOMACH’s torch park



#### Injecting new impetus for dual circulation

Following the general policy set by Chinese President Xi Jinping in “Expanding Opening Up on All Fronts,” SINOMACH has worked as the official exhibition organizer of China International Import Expo (CIIE) for three consecutive years with excellent performance in exhibitor invitation and service guarantee in the technical equip-

ment exhibition area. At the Third CIIE, the Group signed eight cooperation agreements worth more than USD 5 billion with global partners, covering machinery and equipment, raw materials, minerals, etc., which greatly promoted the innovative development of our foreign trade.



◆ The technical equipment exhibition area of the Third CIIE

Belt and Road countries

255

Overseas service agencies

8,000

Expatriate Chinese employees



Committed to openness, inclusiveness, and win-win cooperation, we engage in international exchanges and cooperation, making the voice of SINOMACH heard in the international arena. In 2020, SINOMACH participated in many international cooperation and exchange activities such as the B20, the APEC Summit, and the China-Ukraine Bilateral Entrepreneur Council Conference.

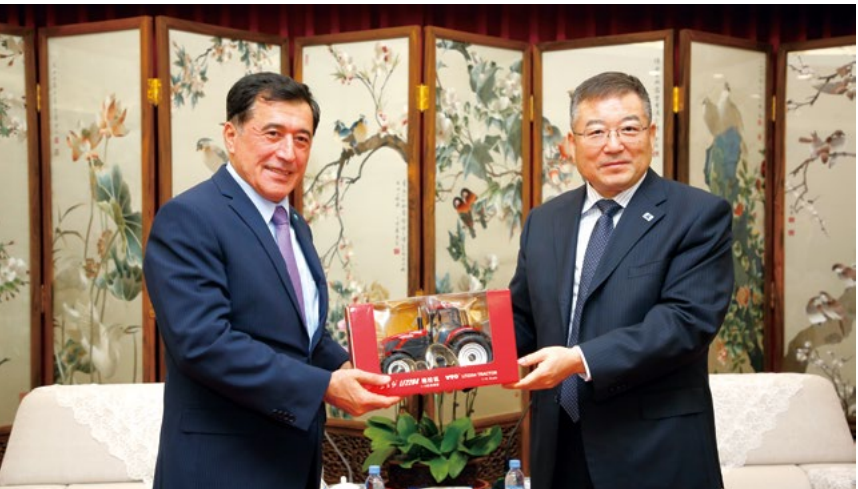


### Making China's Voice Heard in the International Arena

As the Co-Chair of the Finance and Infrastructure Task Force of the B20 held in Italy, Zhang Xiaolun, Chairman of SINOMACH, was invited to attend the kick-off meeting where he delivered a speech via a video link. In his speech, he hoped that the task force members would strengthen cooperation and see to it that green infrastructure projects could be financed and implemented. SINOMACH, as the Chinese chairman member of B20 Finance and Infrastructure Task Force since 2016, has been involved in various business summits to make the voice of Chinese enterprises heard.



◆ SINOMACH participates in the 2020 China-Ukraine Entrepreneur Council Conference and China (Harbin)-Ukraine Economic and Trade Investment Fair.



◆ Zhang Xiaolun, Chairman of SINOMACH, meets with SCO Secretary-General.

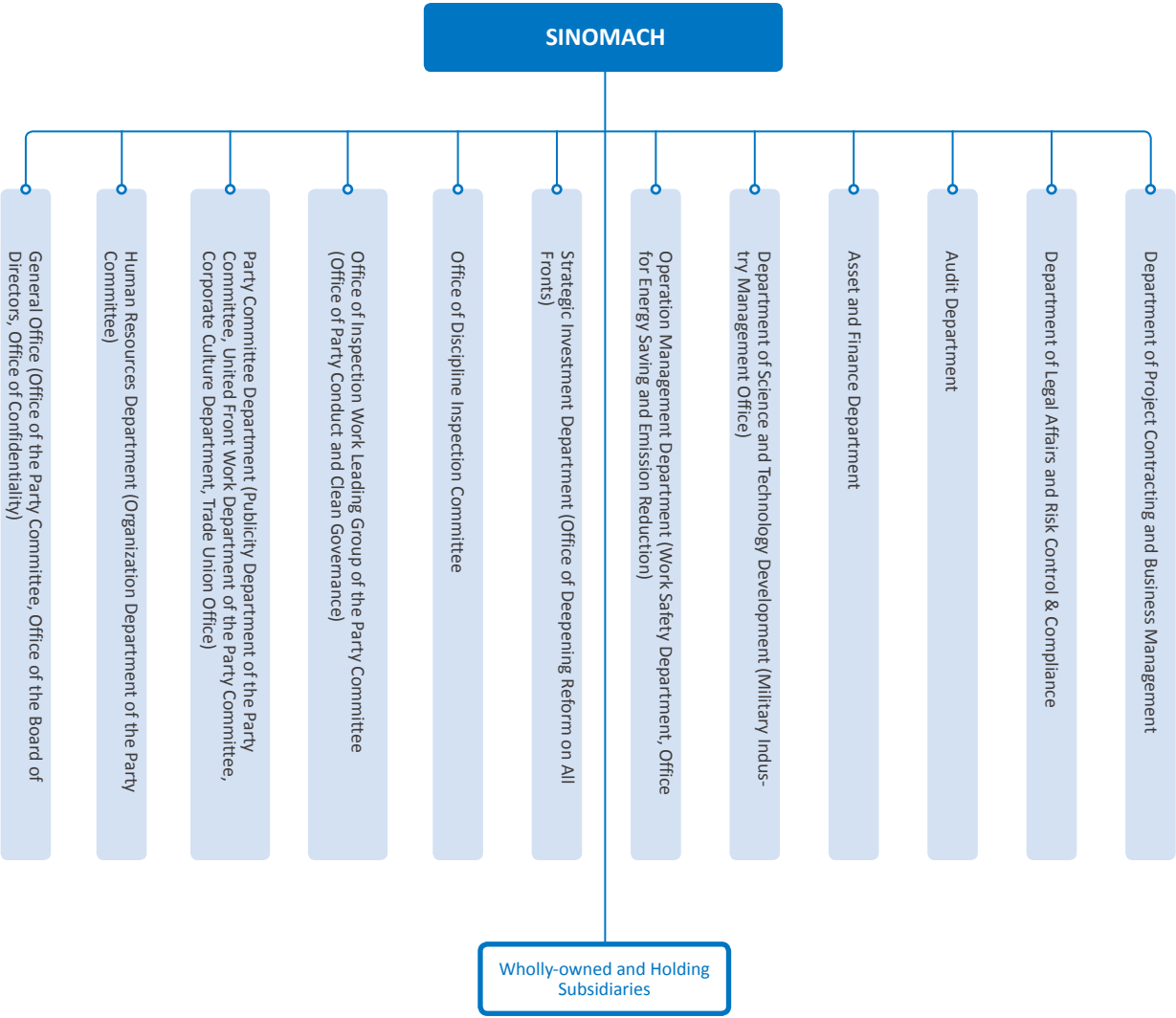
# Enhancing Basic Management

SINOMACH continues to strengthen basic management and modernize corporate governance system and governance capacity. We ensure compliance management, step up risk control, and improve finance, IT-based, and brand management to sustain the sound development of the Group.

## Corporate governance

We improve both the modern corporate governance system and governance efficiency. Continued progress has been made in the “Three Majors and One Large” decision-making system to integrate the Party leadership into corporate

governance. The responsibility of each player in corporate governance has been specified to ensure that responsibilities in corporate governance are well-defined and transparent in a coordinated and checks-and-balances manner.





## Compliance

We fulfill compliance management and continues to deepen law-based corporate governance. We conduct a legal review of major decisions, economic contracts, rules and regulations, compile management documents of major cases, and strengthen the follow-up of and support for major cases. The legal service center is established with an expert project team and a legal consultant group. We also advance the establishment of the Group's rules and regulations and enhance the popularization on laws within the Group.

## Risk control

### Taking multiple measures to strengthen the annual major risk assessment

We have compiled the *2020 Major Risk Assessment Report of SINOMACH*, in which various internal and external risks and challenges are clarified to lay a solid foundation for risk prevention and control.

### Enhancing overseas risk monitoring

By adopting comprehensive classification, analysis and judgment, we urge enterprises to bring risk prevention and control of overseas projects into key monitoring, guide the investigation of potential risks in key countries, regions, and projects, and strengthen risk monitoring and early warning.

### Launching quarterly monitoring and real-time reporting mechanism of major risks

We have released the *Rules for Reporting Major Operational Risks of SINOMACH* to further facilitate risk reporting channels. We also enhance the management of key risk points to achieve all-around interconnected risk control from the previous one-way practice.

### Management and control of major risks are highlighted

We verify major business and credit risks that have occurred in enterprises to identify countermeasures and put forward risk management suggestions. We also compile documents of risk events to track and guide enterprises in their rectification.



### Legal education in full swing

In order to publicize the *Civil Code of the People's Republic of China*, SINOMACH soon issued the *Notice on Learning and Promoting the Civil Code of the People's Republic of China*, calling on all subsidiaries to organize relevant activities. We also distributed the copy of the *Civil Code* to the employees at the headquarters and held the "SINOMACH Law Lecture on Civil Code" for subsidiaries, which encouraged all employees to learn, understand, and abide by the law.



◆ SINOMACH law lecture on Civil Code

## Financial management

We continue to improve the financial management system. For example, we prepare and release performance assessment measures and adopt comprehensive budget management to improve our financial management. We also enhance the Group's capital control and financing capacity, reduce leverage and debt, and carry out special research on exchange rates and interest rates to help the Group's business development. Rectification of existing issues is prioritized and the quality of financial information is improved. We attach great importance to optimizing the management of property rights, standardizing asset assessment and supervision, and safeguarding the rights and interests of state-owned assets. While reinforcing tax risk management, we also hold dedicated training sessions in which enterprises learn how to make use of preferential tax policies to help the Group reduce costs and increase efficiency.

## IT-based management

Information technologies are increasingly adopted to improve the Group's management and control capabilities. We have compiled the *SINOMACH Plan for Developing Digital and On-line Supervision*, sort out the indicators in the *Supervision Indicator Database of State-owned Assets* and the Group's supervision database, and built a digital asset management platform. In 2020, the Group's video conference and cloud video conference functions were upgraded to guarantee more than 150 various video conferences. We also upgraded and enlarged the computing resource pool and the utilization efficiency of the Group's basic information resources increased by 70%.

## Brand management

In pursuit of greater brand integration, we check the implementation and effectiveness of brand integration undertaken by all subsidiaries and improve the VI application. While evaluating the implementation of the Group's brand strategy from 2018 to 2020, we also start preparing the new plan during the 14th Five-Year Plan period. Brand communication is furthered with activities held on "China Brand Day" that falls on May 10. We send a proposal to all employees to improve their brand awareness. In the Third Competition of Central State-owned Enterprises' Brand Story in 2020, the Group's two works were awarded the Excellent Brand Story Prize of Central State-owned Enterprises.



### SINOMACH wins the Annual Excellent Brand Story Prize of Central SOEs

SINOMACH's video *The Weight of Time* and the narrative *Who Makes the Sheep Shepherds Create Miracles-Chinese Masters and their Foreign Apprentices in Pakistan's Thar Project* were awarded the Excellent Brand Story Prize of Central

State-owned Enterprises in the Third Competition of Central State-owned Enterprises' Brand Story sponsored by the SASAC. The remarkable stories that know no time and geographical boundaries demonstrate SINAMACH's strength.



◆ The Weight of Time, recognized in the Third Competition of Central State-owned Enterprises' Brand Story



# Optimizing Business Layout

SINOMACH fulfills its responsibility and mission by focusing on its main business and promoting high-quality development. We see technology R&D and services as the leading business, supplemented by advanced equipment manufacturing and project contracting and supply chains. While focusing on eight business sectors, we also develop new businesses. Continued efforts are made to shape and give full play to the Group's advantages and capabilities so as to meet China's development needs with first-class technologies, products, and services.

## Technology R&D and services

Committed to technological innovation, we support the national strategy of making the foundation of industry development more solid and aim to make the Group the cradle of original technologies and the leader of the modern industrial chain. Breakthroughs are made in several core technologies to resolve the "bottle-neck" issues and shore up weak links in several

industries, thus improving the Group's innovation capability as an important force holding China's strategic science and technology. This provides important support for the Group to achieve high-quality development, advance industrial technologies, and serve the national strategy.



### SINOMACH Machinery completes the first gravity measurement of Mount Qomolangma in human history

In May 2020, eight climbers of the Mount Qomolangma Elevation Measurement Team climbed to the top where they completed the first gravity measurement of Mount Qomolangma in human history by using the gravimeter developed and manufactured by Beijing Aodi Detection

Instruments Co., Ltd. under SINOMACH. With intensive research in gravimeter for more than 50 years, the company is in a leading position globally. The conclusion of the measurement provides the best benchmark in history for measuring the height of Mount Qomolangma.



◆ "Made in China" machinery in the top of Mount Qomolangma



◆ SR&D and application project of 200MPa ultra-high pressure hydraulic equipment for heavy deep-sea pipeline by SINOMACH HE

## Advanced equipment manufacturing

Under China's strategy to turn itself into a world manufacturing power, we leverage our advantages in the R&D and manufacturing of high-end equipment such as high-end heavy equipment, high-end agricultural, forestry, and geological equipment, and high-end textile equipment and other fields. We also improve the basic industrial capacity and industrial chain level and automate major technical equipment, making us an important force to ensure the safety of the major equipment industrial chain.



### Machine application in agriculture

Bumper harvests in China highly depend on the progress made in agricultural science and technology and agricultural machinery. Centering around the needs in China, China Academy of Agricultural Mechanization Sciences (CAAMS) works hard in R&D and innovation in national key areas such as smart agricultural machinery and equipment, helping to promote food security and rural vitalization. CAAMS has developed agricultural machinery digital monitoring technology and made "Internet plus" agricultural

machinery possible, which is widely applied in Jilin, Shandong, Jiangxi, and other places to realize digital and intelligent development of agricultural equipment. Several high-performance intelligent agricultural machinery and equipment are developed, and breakthroughs are made in precise sowing, variable fertilization, and other technologies, creating a system of whole-process supporting equipment for corn and cotton fields of different sizes and realizing full mechanized agricultural production.



◆ The green feed high-efficiency harvesting technology and equipment developed by CAAMS realize the full-value utilization of crops.



◆ SINOMACH HE's automatic weld overlay technology for the inner wall of the third-generation nuclear power pump.



◆ New high-speed "Hongda V-type" complete equipment for spun-melt nonwovens built by Hongda Institute, SINOMACH.



## Project contracting and supply chains

Positioned as a world-class contractor, engineering system service provider and project investor and developer, we create new business models and pool together our strengths in the development of key regional markets in BRI counties, Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Economic Belt. We give full play to our capabilities of providing integrated supply chain services in commodities, mechanical and electrical equipment, automotive, exhibitions, industrial-financial investment. We also continue to improve our competitiveness as the major force of China's equipment "going global" and an important platform of integrated supply chain services for China's mechanical and electrical products. In 2020, SINOMACH was ranked 25th in the ENR 2020 Top 250 Global Contractors, 59th in the ENR 2020 Top 225 International Design Firms, and 24th in China's Top 500 Foreign Trade Enterprises.



### A model of pragmatic cooperation between China and Tunisia

The China-assisted Tunisian general hospital, planned and designed by SIPPR Engineering Group Co., Ltd, is located in Sfax, Tunisia, covering a total construction area of over 26,000 square meters with 14 buildings that can offer 246 beds. It is the largest China-as-

sisted project in Tunisia so far. Designated as the hospital for COVID-19 patients, the facility provides strong support to Tunisia at the critical moment of COVID-19 control, which is of special significance to friendly exchanges between the two countries.



◆ Belgrano freight railway reconstruction project undertaken by CMEC



### Finance-empowered production – SINOMF's financial services in the industrial chain facilitates all-win outcomes

The buyer's credit financing project for the production line of wood-based panel continuous press by CFMC was concluded in 6 years. The production project started with an investment of around RMB 200-400 million. In order to help Deli Wood raise funds, SINOMF, recommended by CFMC, adopted domestic buyer's credit and took effective measures to tackle risks in buyer's credit, thus achieving all-win outcomes. This was an attempt by SINOMF in the integration of industry and finance within the Group, and it also sets an example of helping subsidiaries to make into new markets for product sales through financing.



◆ The first electrophoresis vehicle runs off the assembly line in the painting workshop of Beijing Benz Shunyi Factory contracted by Automotive Engineering Corporation (AE), SINOMACH.



◆ The 2020 Beijing International Automotive Exhibition held by SINOMACHINT

25<sup>th</sup>

ENR Top 250 International Contractors

59<sup>th</sup>

ENR 2020 Top 225 International Design Firms

24<sup>th</sup>

China's Top 500 Foreign Trade Enterprises



◆ Systematic solutions for school uniforms provided by SUMEC



# 02.

## Innovative SINOMACH Driving Reform and Transformation

### Our Action

- Deepening reforms
- Stimulating innovation

### Our Performance

RMB **7.5** billion

Scientific research investment

**470**

International, national and industry standards compiled, revised, issued and implemented by SINOMACH

**390**

Provincial and ministerial-level and national industrial awards and above



We need to hold major achievements in sci-tech innovation in our own hands, and use them for the good of the nation. We should rely on self-dependent innovation.

—Xi Jinping  
Chinese President



### Contribution to SDGs



◆ Whole-process intelligent spinning machine



## Deepening Reforms

In response to uncertainties, SINOMACH, guided by the *Three-year Action of State-owned Enterprise Reform*, deepens its reform by reinforcing restructuring, M&A, and market value management and improving its market-oriented operation mechanism to boost the Group's vitality.

### SOE reform

We boost our dynamism for growth by fulfilling tasks included in the three-year action plan for SOE reform. We have formulated the *Three-Year Action Plan for SINOMACH Reform* and carried out the pilot reform of state-owned capital investment companies in an orderly manner. Under campaigns such as "Double Hundred Action for SOE Reform" and the action plan for technological SOEs to deepen market-oriented reforms, we push forward the reform of mixed ownership and employee share scheme.

We improve the efficiency of state-owned capital allocation and operation and continue to optimize and adjust our business layout. We also carry out dedicated programs to streamline the Group, strip non-main and non-dominant businesses, and solve outstanding issues. In 2020, a total of 343,000 contracted subsidiaries under SINOMACH completed the handover of "water supply, power supply, heat supply, and property management" businesses, hitting the target set by the SASAC on schedule. By the end of 2020, a total of about 116,000 employees of SINOMACH had retired. 106,000 of retirees were included in or granted access to community-based pension management.



#### Sharing reform practices under the "Double Hundred Action for SOE Reform"

In October 2020, the meeting of "Double Hundred Action for SOE Reform" was held by the Office of State-owned Enterprise Reform Task Force of the State Council in CEI. The meeting allowed participants to share their practices in SOE reform and deliver requirements of the three-year action plan of SOE reform, gathering momentum for the Double Hundred Action. CEI, as the first listed central SOE under a pilot program allowing employees to hold stakes, created a business platform of "shared work, benefits, and responsibilities" through the reform of mixed ownership and employee share scheme. Corresponding reforms were completed to transform itself from a traditional research institute into a tech company.

### Restructuring and M&A

Under the revised *SINOMACH Restructuring Management*, we carry forward the M&A and restructuring with external enterprises in major technical equipment, industrial automation, and other fields. We also reallocate the Group's resources to set up SMHN and SINOMACH Commercial Factoring and restructure the Group's financing and leasing business. We propose to build a think tank for the machinery industry and a special equipment inspection platform for SINOMACH to implement SINOMACH's projects faster. SINOMACH Special Equipment Inspection, Sinotest Equipment Co., Ltd. and

SINOMACH Seal were shortlisted for listing.

In addition, we optimize the investment management system and better the Group's annual investment plan. We have revised the *Guidelines on M&A* and *Guidelines on Investment Declaration Documents*. The strategic information industry database is established based on the Group's key businesses, providing strong support for the Group's business development, cooperation, and M&A.

### Market value management

The top-level design of the Group's market value management is reinforced with the completion of the *Three-Year Action Framework for Market Value Management*. We strengthen the daily management of listed companies to promote their high-quality development. In 2020, the relisting of SINOMACH HE was selected as a typical case into the *Case Collection of "Learning and Promoting SOE Reform"* by the SASAC.



#### SINOMACH HE made a comeback

China Erzhong, one of the leading heavy equipment manufacturing enterprises in China, was relisted in 2020 after its withdrawal in 2015. Multiple reform measures, such as mechanism improvement, transformation, and upgrading, revitalized the company, allowing its return to the main board market with a new image and a good performance to its investors.

In 2011

Many factors pushed China Erzhong to the brink of bankruptcy.

In July 2013

China Erzhong was restructured into SINOMACH, which formulated the overall plan for its reform and revitalization.

In May 2015

China Erzhong withdrew from the capital market, setting a precedent in China's delisting reform.

From 2015 to 2016

China Erzhong and Erzhong (Deyang) Heavy Equipment Co., LTD. adopted multiple measures such as putting idle assets to use, reducing production capacity, inventory, and costs, and improving quality and efficiency, to improve asset quality and the operation mechanism.

On June 8, 2020

SINOMACH HE made a comeback by listing on the market.

In 2019

China Erzhong maintained a good momentum of high-quality development, and applied for listing in December.

In 2018

SINOMACH pooled together high-quality resources from China National Heavy Machinery Corporation and SINO-HEAVY-MACH to establish SINOMACH HE.

In 2016, 2017

China Erzhong realized total profits of RMB 533 million and RMB 566 million respectively.

# 343,000

Contracted subsidiaries completed the handover of "water supply, power supply, heat supply, and property management" businesses

# 106,000

Retirees included in or granted access to community-based pension management



◆ SINOMACH HE relisted on Shanghai Stock Exchange



## Stimulating Innovation

With an emphasis on technological innovation, SINOMACH pursues innovation along its industrial chain and develops new drivers for innovation-driven development, which provides strong support for the Group's high-quality development.

### Management of technological innovation

We have formulated the Group's technological development plan based on the national strategy to drive high-quality development. We also improve the Group's technological innovation

system and the management level to write a new chapter in the Group's technological development.

#### Improving the system

Research on core technologies is strengthened to ensure that they are self-dependent and controllable and enable us to move up the industrial chain and value chain. More efforts are paid to make into new market sectors such as the Internet of Things, new materials, intelligent manufacturing, big data, and other new infrastructure markets. We uphold our own values and stimulate corporate development.

#### Elevating management capacities

Bettering the top-level design, we have set up the Group's 14th Five-Year Plan for technological development and implemented the *Key Tasks and Measures of Reform in Technological Innovation*. We also adjust relevant policies and measures, organize the annual conference, and carry out activities such as the application for the Group's scientific and technological awards, selection of excellent scientific and technological journals, standards, and patent. In addition, we improve the incentive mechanism for technological innovation.

During the 13th Five-Year Plan period

438

National research projects undertaken and completed

8,204

Accumulated authorized patents

1,861

Provincial and ministerial-level and national industrial awards

2,605

International, national, and industry standards formulated or revised

### The 2020 SINOMACH Science and Technology Conference

Putting technological innovation at the heart of corporate development, SINOMACH continues to make breakthroughs in core technologies, formulates plans for major technologies, and enhances the innovation system and capacity building to stimulate innovation. In November 2020, the 2020 SINOMACH Science and Technology Conference was held

in Beijing, which presented the Group's achievements in innovation during the 13th Five-Year Plan period (2016-2020) and set out the five areas of focus in the upcoming 14th Five-Year Plan period (2021-2025). The conference was of great significance for the Group to accelerate innovation in the next five years.



The 2020 SINOMACH Science and Technology Conference

### Building sci-tech innovation team

Aiming to elevate self-dependent innovation capabilities and realize self-reliance in science and technology, we ramp up investment in innovation, build stronger teams, and set up a platform for innovation to make the Group do better in innovation.

#### Ramping up R&D input

We explore a joint mechanism for the Group's annual budget for major sci-tech funds and the Group's revenues. In 2020, SINOMACH invested RMB 7.5 billion in research.

#### Building stronger teams

We continue to step up the training of national sci-tech pioneers, high-level technological experts, and multi-level professionals, introduce more talents, and implement national major talent projects and policies. We also optimize the selection of high-level sci-tech experts and high-level professionals of the Group to see that high-level experts can play a leading role in their respective fields. In 2020, we allocated talent subsidies of RMB 9.67 million and provided financial support to 10 Skill Master Studios totaling RMB one million.



### The First BIM Application Competition held by SINOMACH

In October 2020, SINOMACH held the first Building Information Modeling (BIM) Application Competition for frontline employees. Divided into team and individual competitions, the event attracted 95 contestants from 10 subsidiaries whose performance was evaluated by well-known

industrial experts. Finally, six teams and 12 individuals were awarded. This competition, testing the Group's BIM application, was important to motivate employees to improve their skills, strive for success, and promote the Group's high-quality development.



The First BIM Application Competition held by SINOMACH

### SINOMACH Talent Team

1

Academician of Chinese Academy of Sciences

4

Academicians of Chinese Academy of Engineering

27

State-level candidates of Talents Project

2

Winners of China Science and Technology Award for Youth

10

National Engineering Monitoring & Design Experts

2

Engineering Supervision Experts in China

1,077

Experts Receiving the Special Government Allowance Granted by the State Council

53,565

Total technicians

12,184

Junior technicians

15,618

Intermediate technicians

11,354

Senior technicians



Creating a platform for innovation

Focusing on improving the R&D and supply capabilities of the “five industrial basics,” we take the lead in setting up the National Innovation Alliance of Industrial Basics for Major Equipment. A survey of the operation of all national research platforms under the Group enables us to optimize the national technological innovation base. In 2020, SINOMACH was approved to build 19 research platforms at the provincial level and above.

19  
Approved research platforms at the provincial level and above

**Tianjin Research Institute of Electric Science Co., Ltd. and Luoyang Bearing Research Institute Co., Ltd. approved as the national enterprise technology center**

The Tianjin Research Institute of Electric Science Co., Ltd. and Luoyang Bearing Research Institute Co., Ltd. were approved as the National Enterprise Technology Center due to their own technological innovation and R&D capacities. Aiming to sharpen its competitiveness, Tianjin Research Institute of Electric Science Co., Ltd. leverages its technological advantages and ventures into multiple fields, making

itself more influential. Luoyang Bearing Research Institute Co., Ltd. conducts in-depth research on key bearing products and technologies in fields such as new generation IT, high-end CNC machine tools and robots, aeronautics and astronautics, and develops into an R&D and integrated high-tech demonstration center of high-end bearings in China.



SIPPR relies on the project digital management platform of state-local joint laboratory for green building information modeling to link survey, design, construction, and delivery together by establishing the three-dimensional building information modeling, realizing efficient service in the whole process from planning to delivery.



Outcomes of sci-tech innovation

Guided by national strategies, we undertake major strategic consulting and research tasks and ensure that scientific and technological achievements can be applied for innovation-driven development in a faster way. By doing so, we contribute to major national strategies and industry-specific technological development.

Core technologies

Assuming an active role in undertaking “bottleneck” research projects for major technologies, we have produced prototypes for seven projects in agricultural machinery and equipment,

bearings, filters, detectors, and other fields and achieved multiple breakthroughs. In 2020, SINOMACH added 49 national research projects.

**Making breakthroughs in core technologies to promote the development of agricultural machinery**

Under the “Special Project of Typical High-end Intelligent Agricultural Equipment,” YTO developed 5-6kg/s and 8-10kg/s crawler-type and 9-12kg/s wheeled harvesters and their platforms. YTO has made breakthroughs in the key technologies of whole-feeding harvesters, making its machine smarter for harvesting corn, wheat, rice, coarse cereals, and other crops. The

harvesters have been applied in high-standard farmlands of modern agriculture and their supporting equipment and tools are used to plow, plant, sow, and harvest large pieces of land. The company ensures the functions of dominant products to provide equipment for agricultural mechanization and food security.

**New tests developed to improve the quality of abrasives**

SINOMACH-PI can make resin liquid into sand belts and blades with the help of the sand planting testing machine, peel strength testing machine, and blade application performance testing machine. The peel strength and grinding performance of sand belts as well as the grinding performance of blades can be tested to show the application performance of resin liquid. The methods combine both application performance test and physical and chemical performance test to have an

overall evaluation of resin liquid, which is expressed in the indicators. The new tests save a lot of time waiting for downstream feedback for relevant enterprises, improve the accuracy of application performance tests, and elevate the R&D efficiency and product quality of resin liquid. Problems such as inaccuracies, lack of tests, and low efficiency in testing the whole life cycle of resin-bonded grinding wheels can be resolved.

49  
New national research projects



Unmanned high-speed transplanters developed by Jiangsu LINHAI Group to advance agricultural mechanization



390

Awards for outstanding achievements at provincial, ministerial, and national level



### Accelerating the smart transformation and upgrading of the spinning industry

The major scientific and technological project, “Intelligent Cotton Spinning Equipment”, led by Jingwei Textile Machinery Co., Ltd. was accepted in November 2020. The project developed 18 new products and devices, which were demonstrated and applied in enterprises such as Wuhan Yudahua Textile and Garment Group and Weiqiao Pioneering

in Shandong. Making breakthroughs in core technologies of textile machinery, the new high-end equipment owns proprietary intellectual property rights with a set of solutions consisting of spinning equipment in the whole process. It could make the spinning process go automated, digital, and smart and make it possible to have production unattended at night.



### The first smart manufacturing production line of service robot in China

SINOMACH Intelligent Technology Research Institute joined hands with CANBOT, a leading service robot company, to launch the first intelligent manufacturing demonstration production line under the theme of “Industrial Robot Producing Service Robot” in China, and will provide proprietary design services for the production line. The production line involves intel-

ligent warehousing, logistics, assembly, inspection, and other technologies, and adopts fully automatic stereo warehouses and unmanned forklifts to access materials. As a result, it can meet the target of better production efficiency and resource utilization, a shorter development cycle, and fewer factory operating costs and product defect losses.



◆ FIRMEN diesel generator set by SUMEC Machinery & Electric Co., Ltd



SINOMACH plays a role in China's first Mars exploration

2,726

Patent applications

1,046

Patents of invention

1,905

Authorized patents

353

Authorized patents of invention



Industry standard from SINOMACH

### Industry standards

Leveraging our industrial background and resource advantages, we lead or engage in the formulation of international, national, and industry standards, making the voice of SINOMACH heard in the industry. For example, we initiate the development of international standards for

the domestic wind power industry, the revision of international standards for industrial valves, making China's standards “go global.” In 2020, SINOMACH revised and released 470 standards, including 6 international standards and 194 national ones.



### The first international standard for electric devices of industrial valves

The international standard ISO22153, *General Requirements for Electric Devices of Industrial Valves*, which was developed by GMRI on behalf of China, was released. This is the first international standard for industrial valve electric devices developed by China, signaling a breakthrough made by China in valve industry international standards. It is also significant in making China's valve electric devices to go global.



### Ground-breaking achievements in the international crane standard

The international standard ISO4306-4:2020, *Crane – Terminology – Part 4: Boom Crane* developed by Beijing Materials Handling Research Institute as the leading agency, was released. It is the first international crane standard, a ground-breaking achievement for China in setting crane international standards.



### The National Technical Standard Innovation Base settled in CEI

The Standardization Administration approved the establishment of the National Technical Standard Innovation Base (International Standardization of Household Appliances and Accessories) in CEI. The Innovation Base, planned in April 2018 in CEI, focuses on the high-quality development strategy of household appliances and electrical accessories and creates a new mechanism, bringing multiple achieve-

ments in revising international standards and training international standardization talents. In the future, CEI will continue to give full play to the resources of the Innovation Base, make standards go global faster, and enable China to have a greater say in international standards, impressing the international technology circle with “Quality Made in China.”



◆ Zhengzhou Third Abrasive Institute of SINOMACH takes the lead in building China's first demonstration line for intelligent manufacturing of super-hard materials.



# 03.

## Green SINOMACH Building a Beautiful China

### Our Action

- Enhancing environmental management
- Conducting green operations
- Advocating low-carbon life

### Our Performance

**538,000** tce

Total energy consumption

**159.8** tons

SO<sub>2</sub> emissions

**299.4** tons

COD emissions



We want lucid waters and lush mountains as well as mountains of gold and silver. We prefer lucid waters and lush mountains, which are invaluable assets, over mountains of gold and silver.



—Xi Jinping  
Chinese President

### Contribution to SDGs




◆ Murum Hydropower Plant Project in Malaysia



# Enhancing Environmental Management

Following the concept of green development, SINOMACH improves the environmental management system, and implements environmental risks measures to lay a solid foundation for energy conservation and environmental protection. We strive for better environmental management to facilitate our green transformation. In 2020, SINOMACH registered no major environmental pollution incidents.



**[Response to Public Concerns]**

**Q**

Chinese President Xi Jinping made a solemn commitment to “peak CO<sub>2</sub> emissions before 2030 and achieve carbon neutrality before 2060.” What will SINOMACH do to help achieve “carbon peak and carbon neutrality?”

**A**

SINOMACH will give full play to its technological advantages and incorporate the concept of low-carbon and eco-friendly development into its business operations. By the end of the 14th Five-Year Plan, we will see that comprehensive energy consumption per RMB 10,000 of output value down by 15% and the carbon dioxide emissions per RMB 10,000 of output drop by 20%. We play an active role in green design, green manufacturing, green engineering, green technologies, green trade services, and other industries. Centering around environmental protection, we will strengthen technology R&D and innovation and continue to advance renewable energy projects, contributing our shares of efforts to “carbon peak and carbon neutrality.”

**SINOMACH Measures in Environmental Management**

**Improving the organizational structure to ensure responsibility fulfillment**

- We have adjusted the task force and office of energy conservation and environmental protection to ensure responsibility fulfillment.
- Subsidiaries decomposed responsibility goals to ensure that each shouldered its responsibilities.

**Enhancing the management system and statistical monitoring**

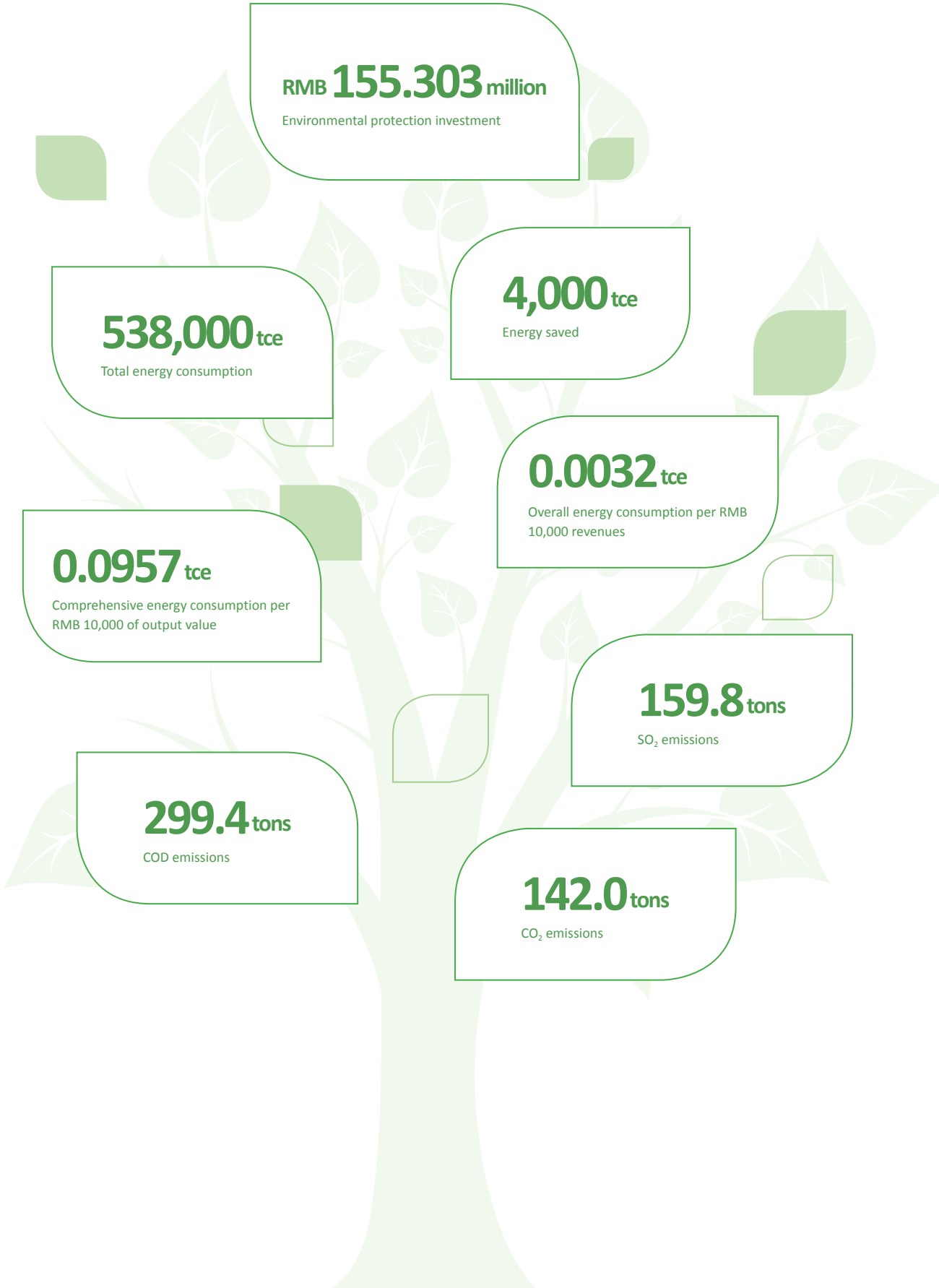
- We have released the *Notice on Strengthening Energy Conservation and Environmental Protection* and *Guidelines on Improving Energy Conservation and Emission Reduction* to enhance the environmental supervision mechanism and guide all subsidiaries to fulfill their work in a standardized manner.
- We have established a mechanism of *Quarterly Dynamics of Energy Conservation and Environmental Protection* to make public the implementation of all subsidiaries and strengthen quarterly monitoring.

**Investigating hidden dangers to reinforce risk management**

- We have carried out dynamic monitoring and included the investigation and management of environmental protection risks into our routine.
- We have formulated the *Checklist for the Investigation and Management of Environmental Protection Risks of SINOMACH*, to continue the investigation and management of environmental risks, and carry out regular work reviews.

**Benchmarking against world-class standards to improve management**

- We have carried out benchmarking exchanges with General Electric, Siemens, China Resources Group, COFCO, and other enterprises and set out the *Action Plan and Work List for Benchmarking and Improvement* to ensure the Group’s green development.
- SINOMACH HE benchmarks itself against Mitsubishi Heavy Industries Group and CFHI, ensuring that safety, environmental protection, and energy consumption of the company can reach the level of first-class enterprises at home and abroad. SINOCONST promotes special activities in clean production and eco-friendly construction such as saving energy, land, water, material, and pursuing environmental protection. SINOMACH STRI strengthens delicacy management to reduce overall energy consumption per unit of output, and realize energy conservation and emission reduction.





## Conducting Green Operation

SINOMACH incorporates ecological civilization and green development into the whole process of corporate reform and development, gives full play to our advantages in technology R&D and technical services, and vigorously advances green industries and industrial upgrading.

### Green design

#### GMRI

GMRI designs the heat transfer enhancement scheme based on the spoiler components, a green design of environmental protection, energy conservation, and noise reduction.

#### CMIE

The Longping Rice Museum project adopts green technologies such as energy-saving lighting and rain recycling, saving about 1.008 GWh of electricity each year, an equivalent to saving 363 tons of standard coal, and reducing carbon dioxide by 963 tons, sulfur dioxide by 30 tons, and nitrogen oxide by 15 tons. The project has been granted the three-star green building design logo.



◆ SIPPR provides consulting services for designing the “East Area Construction Project of Xiangyang Civilian-Military Integrated Industrial Park by Hubei Jiangshan Heavy Industry Co., Ltd.” It incorporates the concepts of sustainable development and low-carbon recycling into the design for building an intelligent, green, and lean modern intelligent manufacturing base. After it is put into production, the consumption of energy, water, and other resources per unit of product will reach the leading level in the same industry in China.

### Green manufacturing

#### CHTC

The production of Baoding Swan Lyocell Fiber consumes less energy and generates no toxic waste or pollution. The fiber can be naturally degraded. Known as the “green fiber in the 21st century”, it is widely used in high-grade clothing, maternity and baby products, medical materials and other fields. The project won 27 patents and the first prize of scientific and technological progress from the China National Textile and Apparel Council.

#### CGEG

The mobile powerful sewage absorption multifunctional treatment vehicle developed by SINOMACH (Chongqing) Environmental Protection Engineering Co., Ltd. has rolled off the assembly line.

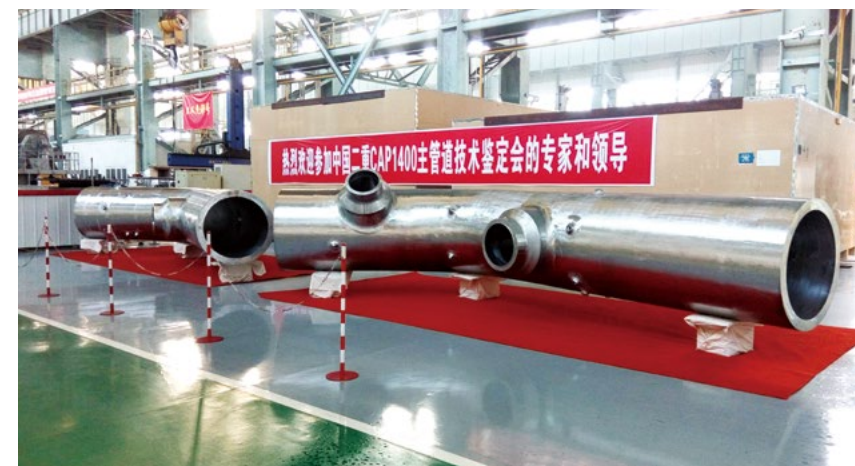
#### China Heavy Equipment Institute

The institute develops “key equipment for the slab continuous casting production line with high quality and low energy consumption,” which is applied in dozens of slab continuous casting production lines at home and abroad, reducing energy consumption and emissions of sulfur dioxide and nitrogen oxides effectively.

◆ The “Dongfanghong” electric removable garbage truck developed by YTO is composed of a carriage-removable truck and multiple mobile compression stations, replacing fuel-powered large truck of the same tonnage. The electric truck emits no emission, pollution, or stink. One vehicle can support the operation of several mobile compression stations, a great improvement in efficiency.



◆ Hangzhou Jiufeng Waste-to-Power Project jointly designed by CUC achieved “near-zero” emission for the first time in the industry. The project meets the most advanced emission standards of similar projects at home and abroad, with annual incineration of domestic garbage exceeding 1.3 million tons and an annual on-grid power supply of 440 GWh, which was sufficient for 400,000 families for one year.



◆ Erzhong (Deyang) Heavy Equipment Co., Ltd. takes the lead in undertaking “the innovation and application of whole-process green manufacturing for key sophisticated components of nuclear power,” and creates two green manufacturing standards.



⚙️ Green projects

CPF

The four major environmental protection projects in Ji'an, Jiangxi Province: the improvement of the first-phase Ji'an domestic waste landfill, the closure of Yongxin Maoping domestic waste landfill, and the expansion and upgrading of Jinggangshan wastewater treatment plant were completed, advancing ecological progress in the old revolutionary bases.

CMEC

CMEC increases the shares of solar energy, wind power generation, geothermal energy pump, and lithium battery, etc., and transforms the industry's energy structure through projects such as contracting complete sets of equipment.



◆ The Bolivian potash plant contracted by CAMCE aims at green construction and operation by adopting energy-saving and eco-friendly production processes and technologies such as water recycling and solar street lamps, which realizes zero emission and pollution and sets a good example for building an eco-friendly project.

⚙️ Green technologies

EHEC

In the past year, the pyrolysis device for treating 100 tons of garbage per day has been running in Wushi Town, Leizhou City, Guangdong Province. Its advanced, comprehensive, and efficient garbage treatment technologies greatly improved the environment for 230,000 residents in the local and surrounding areas.

CEI

The Green Manufacturing Technology Innovation Center of CEI is a leading research institution of green and low-carbon use and recycling of electrical and electronic products in China. Focusing on typical home appliances that are eliminated, mobile terminals, and service terminals, the center has conducted key research and application projects such as the building of reverse logistics recycling system based on

"Internet plus", intelligent disassembly and identification of eliminated products, and reuse or remanufacturing of key devices. By doing so, it has achieved several standards, norms, and achievements, supporting the sustainable development of electrical and electronic products for its green, low carbon use and recycling in China in an all-around way.



◆ The production line for eliminated refrigerator recycling developed by CEI

◆ Jiangbei Waste Comprehensive Treatment Center undertaken by SUMEC serves as the first food residue treatment project with a complete process, advanced technologies, and high degree of resource utilization in China. It is also the first municipal food waste treatment plant built and put into operation in Nanjing. The center can treat up to 146,000 tons of food residue, 73,000 tons of kitchen waste, and 18,000 tons of oil waste every year.





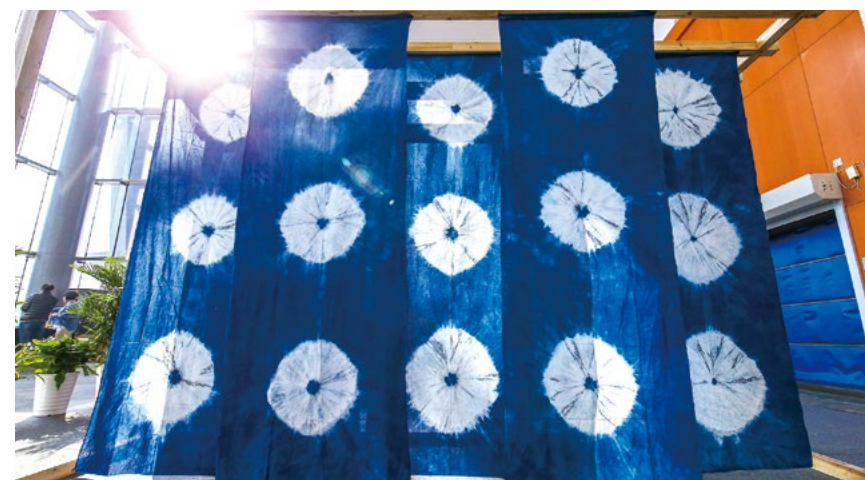
## Green trade and services

### SUMEC

SUMEC builds an online display system and invites technology companies to the "Online Canton Fair." The total value of new orders approached USD 5.8 million.

### SINOMACHINT

In many exhibitions, SINOMACHINT uses the online channel to hold live streaming events such as "online car discovering", "online car selection", and "online car viewing." It gives full play to the cloud platform, providing new examples for industry development and making the industrial chain more efficient to offer value-added services to customers.



◆ SINOMACH Eton Kidd's UPCYCLE Project sends light-colored defective shirts and leftover materials generated in the production process to remote mountain villages in Guizhou. It cooperates with local NGOs to organize village women to transform them into cultural and creative handicrafts through local intangible traditional techniques, which are purchased at market price by the company to support women's handicraft workshops and local children's education while reducing cloth waste.

◆ Automotive Engineering Corporation of SINOMACH provides comprehensive green upgrading services for the parts manufacturing project of SSF, which controls dust and waste sand generated in the casting production process. The dust collection and treatment rate has been improved to over 95% and the organic waste gas purification efficiency to over 99%. The energy consumption has dropped by 20%-40%. The overall energy consumption is around 210-250 kg standard coal equivalent/ton of casting. The green services are in a leading role in China.



## Advocating Low-carbon Life

Actively advocating energy conservation and emission reduction and the green and low-carbon concept, SINOMACH promotes paperless office and strives to create a green office environment. We have innovated in the mode of energy-saving publicity, and built the green development brand activity — "Green SINOMACH, I'm an actor" under the themes of "for lucid water and green mountains, we conserve energy and improve efficiency" and "green and low-carbon practices for an all-round well-off society". Besides, we promote green production and lifestyle to raise employees' awareness of environmental protection.

## Green office

We have included the requirements of energy conservation and environmental protection into employee norms, and encourage everyone to practice a green lifestyle, such as, to save every kilowatt-hour of electricity, every drop of water and every piece of paper. CHTC advocates the recycling of office supplies, reduces energy consumption by turning off power timely and holds video conferences to reduce pollution caused by vehicle trip. CAAMS carries out information collection, investigation, management and submission through such technical means as corporate WeChat and online questionnaire to reduce the number of paper materials.

## Green charity

SUMEC has established the Waterdrop Volunteer Association to carry out river cleaning and campus cleaning activities. SINOMACH AUTO organizes the theme activity of "sowing hope and reaping green" on April 22, the World Earth Day, to guard the beautiful homeland by sowing flower seeds.



### "Green SINOMACH, I'm an actor"

Focusing on "promoting green and high-quality development through energy conservation and low carbon", SINOMACH created the green brand activity – the series of activity of "Green SINOMACH, I'm an actor". Through selecting "excellent photographic works of ecological civilization", "top ten green cases" and "the most beautiful energy-saving and environmental protection workers", we fully displayed our achievements in ecological conservation and employees' spiritual outlook and created an atmosphere that all participate in environmental protection. At

the same time, to realize the work objective of "facilitating improvement by activities", all the subsidiaries carried out a series of basic activities, including knowledge popularization, skills competition, and achievement display through online learning and training, in an effort to enhance employees' enthusiasm of energy conservation, consumption reduction and environmental protection, thus developing a green development mode and lifestyle.



◆ CPF holds a voluntary street cleaning activity.



# 04. Responsible SINOMACH Sharing the Fruits of Development

## Our Action

- Joining hands with partners for win-win outcomes
- Safeguarding the bottom line of safety
- Building harmonious communities together

## Our Performance

42

Strategic cooperation agreements signed by SINOMACH  
(2017-2020)

RMB 710 million

Work safety input

1,994

Emergency drills



We should build a world of common prosperity through mutually beneficial cooperation.



—Xi Jinping  
Chinese President



## Contribution to SDGs



1 NO POVERTY



2 ZERO HUNGER



4 QUALITY EDUCATION



6 CLEAN WATER AND SANITATION



◆ GROWN series 63,500-ton bulk carrier: Gloria Confidence



# Joining Hands with Partners for Win-win Outcomes

Adhering to the concept of mutual benefits and win-win outcomes, SINOMACH, with its solemn commitments and pragmatic actions, unites multiple players and leverages its resource advantages to build a responsible supply chain and achieve common progress with stakeholders.

## Excellent quality

Guided by the philosophy of “practicing high-quality development and pursuing high-quality business performance,” we improve the quality management system and working mechanism, strengthen the quality supervision of key projects and major equipment. By advancing quality reform within the Group, we improve the quality of products, projects, and services, providing high-quality products and services for stakeholders.

A

### Continuing to improve the management efficiency

- Compiling and releasing the *Management Manual (GLSC-2020)* and *Procedure Document (CXWJ-2020)*
- Completing the management system review and organizing the reviews of “three systems” conducted by external participants
- Holding the “four-standard integration” management review meeting in 2020

B

### Carrying out quality improvement activities

- Formulating the *Work Plan for Actions to Improve the Quality of Equipment Manufacturing* and the *Guidelines on Promoting the Quality Improvement of Equipment Manufacturing* and carrying out dedicated research on quality improvement
- Holding events such as the “Nine Points” themed activity, “Quality Stories Around Me” and “I Speak for Quality” and launching the Group’s “Quality Month” activities
- Participating in the comprehensive management knowledge competition for central state-owned enterprises, which attracted many employees who have excellent performance

C

### Strengthening qualification guarantee

- Leveraging the expert resources to communicate with the relevant national qualification examination and approval departments. A total of 24 Grade-A enterprise qualifications have been approved by relevant ministries
- Releasing qualification policy guidelines promptly and striving for the approval of high-level design and construction qualifications
- Learning the adjustment of qualification policies by different ministries and guiding enterprises to apply for relevant qualifications

Measures to Improve Quality Management by SINOMACH

★

Standard Science and Technology Innovation Award – Excellent Organization

SINOMACH

★

Henan Provincial Governor Quality Award

Zhengzhou Third Abrasive Institute

★

Second Prize of Quality and Technology Award by China Association for Quality

GMRI

★

2020 National Excellent Quality Management Team

Qingdao Hongda Textile Machinery Co., Ltd.

★

The practice in implementing the whole-life-cycle product quality project has become the national quality benchmark

JWTM

## Many subsidiaries of SINOMACH shortlisted as recommended suppliers of MIIT

Several subsidiaries of SINOMACH have been shortlisted as solution providers of intelligent manufacturing systems in 2020, solution providers of green manufacturing systems in 2020, and solution providers of industrial Internet platforms supporting COVID-19 response and economic reopening by Ministry of Industry and Information Technology (MIIT). They created value with high-quality products, services, and solutions. CMIE, devoted to intelligent manufacturing, won the bid to provide solutions for the intelligent manufacturing system in 2020. With its know-how in green casting and other technologies, CMCU Engineering Co., Ltd. won the bid as the supplier of “Casting Energy Conservation and Upgrading Project,” a green manufacturing system solution in 2020. “SINOMACH INTELTECH iSINOPlat Intelligent Operation and Maintenance Solution for Preventive Supplies Manufacturing Equipment” was selected into the list of industrial Internet platform solutions supporting COVID-19 response and economic reopening – resuming production capacity of manufacturing enterprises.

## Perfect quality creates an evergreen brand

Regarding quality as the lifeline of corporate development, SINOMACH, under the theme of “practicing high-quality development and pursuing high-quality business performance,” organized special activities in the “Quality Month” such as “Nine Points,” “Quality Stories Around Me”, and “QC Presentation Competition.” We gave play to leading examples of outstanding employees to create a quality improvement atmosphere of “setting a model and learning from examples.” We strengthen employees’ quality awareness, promote quality culture, improve the quality system, prevent quality risks and build quality brands, to provide strong support for the Group’s high-quality development.



◆ SINOMACH HE holds a quality experience sharing and policy promotion meeting.



## Responsible supply chains

We continue to improve the procurement management system and consolidate our management foundation. We also carry out special inspections of procurement management and enhance supervision to make our procurement standardized and transparent.

### Improving the procurement system

We revise and release the Group's policies related to procurement management, performance assessment, rewards and punishments, and improve the regulations on supplier management and non-tendering selection, to make our procurement more efficient.

### Establishing a special inspection mechanism for procurement management

We carry out special inspections of procurement management based on enterprise self-examination and cross-inspection, to promote the transparency.

### Building a collaborative supervision mechanism for procurement management

We clarify the supervision and management responsibilities of relevant departments on procurement management and cooperate with relevant departments to focus on key review points among procurement management issues, thus putting in place a working mechanism of collaborative supervision.

### Establishing a procurement center

We plan for the construction of the procurement center, which lays the foundation for better procurement management.

Responsible Procurement Management Measures of SINOMACH



◆ CMEC signs a strategic cooperation agreement and an order initiation agreement with General Electric of the United States for onshore wind turbines.

## Strategic cooperation

We give full play to the Group's advantages to establish strategic cooperation with partners such as the government, enterprises, universities, and financial institutions for mutual complementarity as well as friendly and common development.

### The government

- Cooperation was carried out in areas such as technology R&D and service, design consulting and engineering, automobiles and exhibitions.
- The Group implemented 334 projects with nine local governments, which reached the value of RMB 11.67 billion.

### Enterprises

- Cooperation was carried out in high-end heavy equipment, technology R&D and service, integrated supply chain services, automobiles and exhibitions, design consulting and engineering, and industrial-financial investment.
- The Group cooperated with 16 enterprises in different forms, with a total value of RMB 10.64 billion.

### Universities

- Cooperation was carried out with nice universities in talent recruitment, and industry-university-research cooperation, among others.
- Projects worth RMB 90.69 million were declared by our subsidiaries together with universities. The amount of joint research projects amounted to RMB 440 million.

### Financial institutions

- The Group signed strategic cooperation agreements with four banks. A total of about RMB 47.57 billion of credit was granted to the Group, among which about RMB 18.56 billion was loaned.

SINOMACH's Areas of Cooperation in 2020

From 2017 to 2020

42

Strategic cooperation agreements signed by the Group



◆ SINOMACH signs a strategic agreement to deepen cooperation with the Hainan Provincial People's Government.



# Safeguarding the Bottom Line of Safety

Holding on to the red line of work safety, SINOMACH focuses on work safety risk prevention under regular COVID-19 prevention, aims at preventing serious accidents, and implements the three-year action of special rectification of work safety. To improve the responsibility system and build the responsibility chain, we conduct in-depth investigation and management of hidden dangers in work safety and improve relevant education and training. In 2020, we did not register any major work safety accidents.

## Work safety management

### Increasing input

We increase work safety funds for the purchase and maintenance of work safety and emergency rescue equipment and protective equipment for operators. In 2020, we invested RMB 710 million in work safety, effectively improving safety at work.

### Improving the management

We work out safety management manuals for project contracting and equipment manufacturing to improve production conditions and the working environment. Improvements are also made in the occupational health and safety management system to make sure that safety risks are addressed at the root as they emerge. By the end of 2020, a total of 179 SINOMACH subsidiaries have been granted the work safety standardization certificates, and 142 subsidiaries have received the occupational health and safety management certificates.

### Improving the system

We have formulated and issued the *Regulations on Work Safety Responsibilities* and put in place a system of “different work safety responsibilities at different levels shouldered by different players”. Besides signing of the responsibility letter on work safety objectives, we provide detailed and quantitative assessments to improve our work safety.

### Implementing the three-year action

The three-year action plan for special rectification of work safety is developed to deal with hazardous chemicals and fire protection, make and update the list of hidden problems and institutional measures. All subsidiaries have organized activities such as “Ongoing Investigation and Rectification” and “Work Safety Woodpeckers”, to further troubleshoot potential risks and prevent accidents.



◆ The fire protection activity held by SUMEC

179

Subsidiaries granted the work safety standardization certificates

142

Subsidiaries granted the occupational health and safety management certificates

## Safety risk prevention

### Strengthening risk prevention

We identify and assess new risks in work safety on the premise of COVID-19 response and organize our subsidiaries to formulate feasible and safe plans for resuming production. We released the *Notice on Strengthening the Prevention and Control of Overseas Safety Risks Before and After the Spring Festival*, to assess risks and ensure pandemic prevention for overseas projects.

### Enhancing risk management

While strengthening daily supervision and control, we incorporated large and significant risk factors into the Group's list of key work safety monitoring and management in 2020. We also carried out special inspections on housing construction quality and safety, hazardous chemicals, among others and continued to improve the rectification related to work safety. In 2020, SINOMACH carried out 8,178 special inspections on work safety and investigated 44,378 hidden dangers, 99.7% of which were rectified.

### Improving emergency response

We handle overseas emergencies properly. For example, SINOCONST dealt with around 100 COVID-19 confirmed cases on the site of the Iraqi refinery project. CAMCE accomplished the emergency evacuation of employees of the Walkate sugar factory project in Ethiopia. Emergency drills were conducted to improve our on-site emergency response. In 2020, we organized 1,994 emergency drills with 63,543 participants.



◆ Work safety inspection of CFMC

## Organizing safety trainings

Starting with the building of the safety culture and demonstration teams, we urge subsidiaries to improve their employees' safety awareness and management capabilities. We also carry out special training on COVID-19 response and work safety management. Safety-themed activities are held in different forms such as safety-themed days, online open lessons, and micro-lessons. In 2020, we held 3,393 work safety training sessions, involving 168,485 participants.

168,485

Participants in work safety training

8,178

Special inspections on work safety

1,994

Emergency drills



# Building Harmonious Communities Together

SINOMACH engages in public welfare undertakings and strives to achieve common prosperity with the community. Making use of our own advantages, we help the community and give back to the society, contributing our own strength to overseas community building and public welfare undertakings.

## Community building

We strictly abide by the international conventions and local laws and regulations, and show respect and tolerance to the local religious beliefs and customs. Engaging in public welfare undertakings and community activities, we provide employment and training opportunities for

residents where the projects locate. For example, we help build livelihood facilities in Belarus, Zambia and other places, to improve regional living standards and promote economic and social development.



### CAMCE assists Uzbekistan's industrial development

The PVC, caustic soda and methanol production complex project jointly undertaken by CAMCE has been completed and put into operation. The project meets the needs of Uzbekistan's automobile, textile, metallurgy and chemical industries, and frees it from the dependence on imported chemical products, having achieved good economic benefits. Meanwhile, the project has helped Uzbekistan cultivate a group of new industrialization personnel, provided them the opportunity to study

advanced technology and production management concepts in China, and facilitated the establishment of chemical production system and industrial development in Uzbekistan in the future. In addition, CAMCE provided job opportunities for local workers, with over 1,100 local workers engaged in the project construction, and more than 900 local employees obtained long-term job opportunities.



### CMEC donates agricultural machinery and equipment to benefit the farmers

In Gangaramaya Temple, known as the royal temple, in Colombo, Sri Lanka, CMEC has provided social labor skills trainings for 650,000 people since 1997, with the aim to increase the income of local people and help the government solve social problems. In February 2020, CMEC donated

agricultural machinery and equipment to the temple to solve local irrigation problem. At the same time, CMEC assisted the temple with labor skills trainings and organic agriculture promotion to promote local agricultural development, which benefited more than 2,000 local farmers.



◆ CMEC donated agricultural machinery and equipment to Gangaramaya Temple in Sri Lanka.

## Public welfare undertakings

We actively organize public welfare activities and encourage employees to provide volunteer services, aiming to convey warmth and love to the society through good deeds.



◆ New Dayang Shipbuilding establishes a rescue team to carry out uninterrupted and dragnet patrol and inspection, helping flood control and disaster relief.



◆ The youth volunteer service team of Shanghai Lanbin Petrochemical Equipment makes donations to China Youth Development Foundation, practicing its original aspiration with practical actions.



### "Love knows no borders", SINOMACH adds warmth

The opening ceremony of the 12th "Love knows no borders" international charity sale was held in Beijing. SINOMACH, as a representative of Chinese enterprises, attended the opening ceremony. The funds raised would be used to finance the unsupported children in Jinping County and Malipo County, Yunnan Province, including offering growth grants and providing long-term care services. In the event, SINOMACH donated a total of RMB 800,000, contributing to both China's poverty alleviation and international poverty alleviation.



◆ SIPPR carries out the "Fighting COVID-19 together" blood donation.



# 05.

## Happy SINOMACH Bringing Our Dream to Fruition

### Our Action

- Safeguarding employee rights and interests
- Supporting employee growth
- Caring for employee life

### Our Performance

**139,453**

Total employees

**RMB 90.29 million**

Investment in staff training

**3**

National Model Workers



The striver is the person with the richest spirit, and also the one who knows and enjoys happiness most.



—Xi Jinping  
Chinese President

### Contribution to SDGs





## Safeguarding Employee Rights and Interests

Taking employees as the most valuable asset, SINOMACH strictly abides by the laws and regulations, and is committed to protecting the legitimate rights and interests as well as democratic rights of employees and caring about their physical and mental health, aiming to achieve common growth of employees and the Group.

### Standardized employment

We strictly comply with the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China* and other laws and regulations to protect employees' basic rights and interests. We eliminate child labor and employment discrimination, striving to establish harmonious and stable labor relations with employees by equal employment. In 2020, we had a total of 139,453 employees, among which 14,209 were newly employed.

### Compensation and benefits

We adopt equal pay for equal work both for men and women, and constantly optimize our incentive system to provide competitive salary for employees. We provide five insurances (pension insurance, medical insurance, unemployment insurance, work injury insurance and maternity insurance) and the housing fund in full for employees and have established a scientific and sound welfare guarantee mechanism.

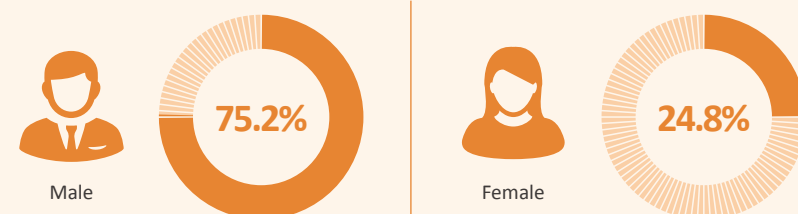
### Occupational health and safety

We care about employees' physical and mental health. To this end, we continue to improve the health management system, and provide labor protection articles to enhance safety protection of employees. Besides, we organize physical examination for employees and hold activities such as occupational health publicity week regularly. For the post-COVID period, we strengthen regular epidemic prevention and make every effort to ensure employees' life safety and health.

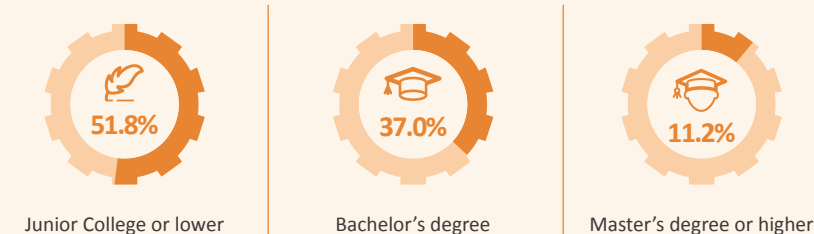
### Democratic management

We keep improving the democratic management system with the workers' congress as the basic form, and the factory affairs disclosure system, to fully listen to employees' opinions and suggestions, and also ensure their rights to know, to participate, to express and to supervise. Employee seminars are held on a regular basis to solicit employees' opinions and suggestions and explore new ideas and methods of work. In 2020, all employees at the headquarters of SINOMACH joined in the trade union.

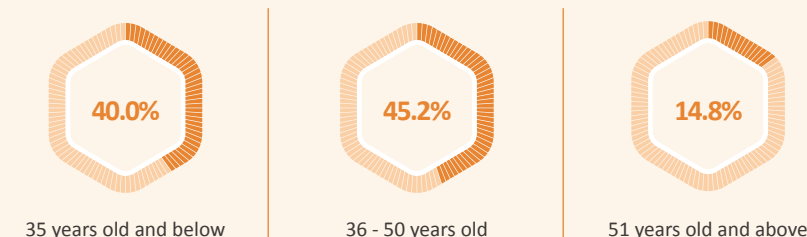
#### Gender Structure of Employees



#### Employee Education Background



#### Age Distribution



**139,453**

Number of employees

**100%**

Labor contract signing rate



SINOMACH 2020  
Law on Prevention and Control  
of Occupational  
Diseases  
Publicity Week

#### SINOMACH wins the honorary title of National Advanced Unit for Transparent Factory Affairs and Democratic Management

In December 2020, the national teleconference on experience exchange of transparent factory affairs and democratic management and commendation of advanced units was held in Beijing. SINOMACH and its subsidiary, Automotive Engineering Corporation, won the honorary title of National Advanced Unit for Transparent Factory Affairs and Democratic Management; Jingwei Textile Machinery won the honorary title of National Demonstration Unit for Transparent Factory Affairs and Democratic Management. The transparent factory affairs and democratic management has greatly mobilized the enthusiasm of employees, injected vitality and vigor to the Group and facilitated the sustainable and healthy development of the Group.



◆ SINOMACH Foundry and Metal Forming organized the post oath-taking activity of "occupational health protection · I'm acting".



# Supporting Employee Growth

Focusing on talent capacity-building, SINOMACH keeps deepening the reform of talent management system. We innovate on talent working mechanism and optimize talent environment, in an attempt to activate the inexhaustible source and help employees grow.

## Employee training

To optimize the allocation of human resources, we have improved the training system and provided rich courses to improve the comprehensive quality and professional ability of employees. Taking young and middle-aged officials, young talents and new employees as the main targets, we hold training programs such as action learning workshop for young and middle-aged officials, involving 159 participants.

Based on the Group's online learning platform, we have organized such online learning training activities as "COVID-19 protection competition" and "online learning platform administrator training class" in respond to the challenges of COVID-19, attracting over 10,000 participants. In 2020, there were 12,790 registered students on the online learning platform of SINOMACH.



### A platform for sparking innovative thoughts and gathering the strength of youth

SINOMACH organized the SINOMACH trial of "Revitalization Cup" National Youth Vocational Skills Competition and youth innovation work exchange on-site meeting, which built an important platform for the Group to cultivate knowledgeable,

skilled and innovative young skilled talents. In the competition, the competitors fully demonstrated their solid professional knowledge and gave full play to their professional expertise.

## Career development

We continuously improve the selection and employment system, unblock the career development channels, and expand the scale of high-level talent team, so as to form a more

scientific and reasonable hierarchical structure. We nurture and select excellent young officials and actively promote official exchanges to create a talent pool.



### Building a team led by high-end talents

Focusing on high-level talents, SINOMACH improves the quality of talent team building. To realize the goal of "improving the Group's independent innovation ability and realizing sci-tech self-reliance", SINOMACH constantly optimizes the selection mechanism of high-level sci-tech experts and high-level skilled experts,

and implements the major national talent projects and relevant policies, to promote more high-level experts to play a leading role in their own disciplines, industries and fields. In 2020, SINOMACH introduced 73 experts at all levels, selected 191 young talents and recommended 9 high-level evaluation experts.

RMB **90.29** million

Investment in staff training

**218,766**

Participants of employee training

## Cultural building

We consolidate the foundation of corporate culture management and enhance the corporate cohesion by carrying forward the "Harmony" corporate culture of "Work Together, Win Together", planning high-quality corporate culture projects, and launching activities such as machinery industry anniversary in an innovative way.



### Celebrating the first anniversary to advance the spirit of machinery industry

To commemorate the first machinery industry anniversary of SINOMACH, all our subsidiaries carried forward the fine traditions of the machinery industry and held commemorative activities such as national flag-raising ceremony and themed symposium to advance corporate culture building based on the needs of reform and development. The event further

deepened the understanding of members of SINOMACH on the formation and development of the corporate culture and increased their sense of identity and belonging. It would encourage members of SINOMACH to inherit the fine traditions of machinery industry and create the brilliance of machinery industry again.



◆ SINOMACH held the 12th excellent team leader training course.



## Caring for Employee Life

To enhance employees' sense of gain, happiness and security, SINOMACH tracks the expectations and demands of employees, solves the key, difficult and hot issues concerned by employees, and helps needy employees and retired employees. We organize a variety of cultural and recreational activities to help employees balance work and life. In 2020, we received a total of RMB 6.43 million of donations from employees during the "SINOMACH Love Fund" campaign. The total assistance fund of RMB 2.905 million in the "SINOMACH Love Fund" helped 503 people throughout the year, including 347 employees in need, 14 needy employees working overseas, 29 employees with severe illness, 97 employees' children, 16 employees and employee family members suffering from COVID-19.



◆ GLESI holds the Spring Festival garden activity.



◆ The performance of YTO's kindergarten at the closing ceremony of "Dongfanghong Cup" Men's Basketball Invitational Competition of SINOMACH



◆ Zhang Xiaolun, chairman of SINOMACH, visits Huang Xiyu and the design team on the eve of the Spring Festival.



◆ The "Zhonglian Cup" Badminton Invitational Competition of SINOMACH



◆ The youth League member representatives of SINOMACH AUTO collectively recite the essay *Youth*.



◆ CAMCE visits the families of employees stationed abroad on the eve of the festival.



◆ The handcraft show activity of YTO





# Outlook

## Value-Creating SINOMACH

- ◆ Putting ourselves in the context of “dual circulation” by engaging in the construction of infrastructure and public facilities
- ◆ Further exploring Belt and Road project opportunities and the new integrated model of “investment, financing, construction, and operation”
- ◆ Effectively preventing and resolving debt risks, financial risks, international business risks, and risks in safety, environmental protection, and stability and putting in place a safety bottom line for high-quality development
- ◆ Building and improving the business collaborative development system and promoting the co-building and sharing of resources within the Group and cooperation between upstream and downstream players of the industrial chain

## Innovative SINOMACH

- ◆ Deepening the reform of state-owned capital investment companies with the three-year action plan for SOE reform as the guidance
- ◆ Undertaking major national research tasks and leveraging our technological advantages in basic equipment and the industrial base
- ◆ Focusing on the three major technological development areas of national high-end equipment, green technologies, and intelligent technologies and continuing to advance research on core technologies
- ◆ Stimulating the enthusiasm for innovation and implementing the sci-tech planning system and operation mechanism of “integrated allocation of projects, scientific research platforms, talents, and funds”

## Green SINOMACH

- ◆ Strengthening environmental protection investigation and rectification in key business areas and resolutely preventing major environmental accidents
- ◆ Enhancing green operations and helping to achieve the goal of “carbon peak and carbon neutrality”
- ◆ Organizing environmental voluntary activities and advocating green office and life

## Responsible SINOMACH

- ◆ Improving communication and cooperation to shape the competitiveness of SINOMACH in quality
- ◆ Raising the awareness of work safety red line and implementing the three-year action of special rectification of work safety nationwide
- ◆ Implementing the “Transparent Procurement” project and making the procurement process go standardized and transparent
- ◆ Developing public welfare programs to build a harmonious society

## Happy SINOMACH

- ◆ Protecting the basic rights and interests of employees and paying attention to their health and safety
- ◆ Improving the market-oriented employment mechanism and the salary distribution mechanism to unleash the entrepreneurial enthusiasm of all kinds of talents
- ◆ Caring for employees in their daily work and life to improve employees’ sense of happiness



# Key Performance

## Economic Performance

Indicator	2018	2019	2020
Total assets (RMB Billion)	394.44	383.61	354.90
Operating revenue (RMB Billion)	300.47	297.91	287.81
Total profits (RMB Billion)	10.19	10.26	10.93
Value preservation and appreciation rate of state-owned assets (%)	103.2	105.6	104.1
Scientific research investment (RMB Billion)	6.66	7.17	7.50
Authorized patents (Items)	1,858	1,506	1,905
Provincial and ministerial-level and national industrial awards (Items)	370	389	390

## Environmental Performance

Indicator	2018	2019	2020
Total investment in environmental protection (RMB Million)	37.320	47.361	155.303
Total energy consumption (10,000 TCE)	88.6	67.2	53.8
Overall energy consumption per RMB 10,000 of operating revenue	0.0030	0.0034	0.0032
Energy saved (in TCE)	208,000	261,000	4,000
SO <sub>2</sub> emissions (Ton)	2355.0	1590.4	159.8
COD emissions (Ton)	894.0	471.6	299.4

Note: According to the change of statistical scope, the sulfur dioxide emissions and COD emissions in 2018 are adjusted accordingly.

## Social Performance

Indicator	2018	2019	2020
Total taxation (RMB Billion)	12.17	11.37	9.01
Number of employees	147,099	146,792	139,453
Total investment in targeted poverty alleviation (RMB Million)	27.531	30.497	33.866
Work safety input (RMB Billion)	0.61	0.84	0.71
Major safety accidents (Cases)	0	0	0
Labor contract signing rate (%)	100	100	100
Major complaints from partners (Cases)	0	0	0

# Comparison Table with the Ten Principles of UN Global Compact

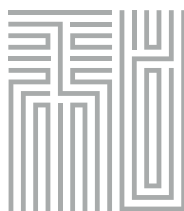
UN Global Compact’s Ten Principles		Progress in 2020
 Human Rights	<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights	Strictly abiding by laws and regulations to protect the legitimate interests and democratic rights of employees, and putting in place channels and platforms for employees to develop their career.
	<b>Principle 2:</b> Make sure that they are not complicit in human rights abuses	Incorporating supplier CSR performance into supplier screening criteria and prioritizing responsible suppliers.
 Labor	<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Improving the democratic management system and the system of transparent factory affairs with the workers’ congress as the foundation, listening to employees’ opinions and suggestions, and guaranteeing employees’ right rights to know, to participate, to express and to supervise.
	<b>Principle 4:</b> The elimination of all forms of forced and compulsory labor	Strictly observing laws and regulations, standardizing employment management, and resolutely eliminating child labor and forced labor.
	<b>Principle 5:</b> The effective abolition of child labor	
 Environment	<b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation	Sticking to equal employment, prohibiting employment discrimination, and protecting the basic rights and interests of employees.
	<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges	Practicing green development, improving ecosystem management, integrating ecological conservation and green development into the whole process of corporate reform and development to reduce the environmental impact.
	<b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility	Boosting technological innovation, adopting green operations, and improving environmental performance to build a resource-saving and eco-friendly model of production and operation.
 Anti-Corruption	<b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies	
	<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery	Continuing to advance clean governance and anti-corruption, strengthening discipline inspection and supervision, and carrying out education to raise employees’ awareness of staying away from corruption.



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Work Together, Win Together



**China National Machinery Industry Corporation**

Address: No.3 Danling Street, Haidian District, Beijing

P.C: 100080

Tel.: 86 - 10 - 82688888

Fax: 86 - 10 - 82688811

Website: <http://www.sinomach.com.cn>



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