

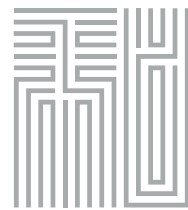
2023

Social Responsibility Report

China National Machinery Industry Corporation

China National Machinery Industry Corporation

2023 Social Responsibility Report



Work Together, Win Together





About this Report

Reporting Period

The time frame of this Report is from January 1, 2023 to December 31, 2023. The Report also includes additional contents and data that predates the stated reporting period.

Reporting Cycle

This is the fourteenth annual 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 organizational structure in the "About Us" section).

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 High-Standard Fulfillment of Corporate Social Responsibilities in the New Era by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)

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

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

The 2030 Agenda for Sustainable Development by the United Nations

GB/T 36001-2015 Guidance on Social Responsibility Reporting by General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and Standardization Administration of the PRC

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 Federation of Industrial Economics

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 Report, please contact us.



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Message from the Chairman

The year 2023 was pivotal for the ongoing 14th Five-Year Plan. Throughout the year, SINOMACH advanced its high-quality development and accelerated its journey towards becoming a world-class enterprise. The Group steadfastly followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and resolutely implemented the important instructions of General Secretary Xi Jinping. Focusing on the primary task of high-quality development, we leveraged our strengths to serve the nation and played a vital role in advancing new industrialization of the new era. We fostered new quality productive forces and continually strengthened our main businesses. This enhanced our core functions and improved our core competitiveness, thereby maximizing our comprehensive economic, social, and environmental value.

We have benchmarked against world-class enterprises and completed the three-year action plan for SOE reform, with a new round of actions for high-standard reform formulated to particularly enhance our core functions and core competitiveness. We have improved the corporate governance mechanism with statutory and transparent powers and responsibilities, coordinated operation, and effective balances, which is conducive to improving corporate management and constantly fueling the high-quality development of the Group.

Pursuing innovation and making breakthroughs to develop more high-end, green and intelligent products. While focusing on our

main business, we have accelerated the development of heavy equipment and manufactured the world's first runner center body forgings of single-engine capacity 500 MW impact hydraulic turbine as well as the world's first multi-functional continuous casting machine. To promote the high-quality development of agricultural machinery and equipment, we have independently developed China's first specialized tractor for hilly and mountainous terrain and the largest 400 kW self-propelled forage harvester in China. The three-year action plan has been launched to revitalize textile machinery and create a new demonstration project for a complete set of cotton spinning intelligent manufacturing. In terms of forestry machinery, we have developed the GQ-60 drilling rig to set a new world record for coring. We have vigorously implemented the innovation-driven strategy, created a cradle for original technologies, ensured the high-quality operation of the innovation alliance, and constructed a high-standard national key laboratory and other national scientific research platforms. We have received approval to establish the the National Innovation Center for Basic Components of General Machinery and the National Measurement and Testing Center for Agricultural Machinery and Equipment Industry. Moreover, we have won more than 200 science and technology awards at or above the provincial and ministerial levels, obtained 878 invention patents, and formulated or revised 440 standards. We have further contributed to the "dual

circulation," enhanced our strengths in engineering contracting and supply chain business, and engaged in the high-quality development of the Belt and Road Initiative (BRI). New progress in international cooperation has been achieved, with nearly 70 envoys to China visiting SINOMACH and expressing their approval.

Following the trend and caring for employees to fulfill our responsibilities with quality service. Bearing in mind the new development philosophy, we have improved the environmental management system and made constant efforts in green equipment, technology, design, engineering and service, etc., thus building a beautiful China together with all sectors of society. We have undertaken a series of projects such as new energy vehicle construction projects at home and abroad, expanded the hydrogen sealing market, and become one of the first certified zero-carbon factories in China. We have strengthened the culture of work safety to build a solid line of defense, and carried out the "Year of Enhanced Safety Management" initiative to strictly control major safety risks. We value our collaboration with stakeholders and implement strategic cooperation with government departments, industry organizations, central SOEs, etc., with new progress achieved in the fields of smart factories, medical care, warehousing and logistics, low carbon and environmental protection, etc. We explore new models of rural vitalization in combination with our strengths in planning and design, and we have been rated as "good", the highest rating, in the assessment of

paired assistance for six consecutive years. Adopting a people-oriented approach, we have implemented talent planning, supported and visited employees in need and retirees, organized diverse activities, and enhanced vocational training. These efforts have effectively improved their quality of life and genuinely brought them greater happiness.

As 2024 marks the 75th anniversary of the People's Republic of China (PRC), we will shoulder new missions

for central SOEs in the new era and carry out reform and innovation in our pursuit of excellence. We will enhance our ESG capabilities, pursue sustainable development, and strive to play a vital role in new industrialization, thereby creating a blueprint for the high-quality development of new quality productive forces!



Chairman of China National Machinery Industry Corporation

Zhang Xiaolun

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 is developed from more than 70 scientific research and design institutes, equipment manufacturing and industrial and trade enterprises of the former Ministry of Machine Building.

The Group has nearly 120,000 employees, 11 listed companies, and more than 350 overseas service agencies in over 100 countries and regions, with the most diverse lines of businesses,

strongest R&D capabilities, and an excellent supply chain with distinct advantages, ranking first among the top 100 enterprises of China's machinery industry for many years in a row.

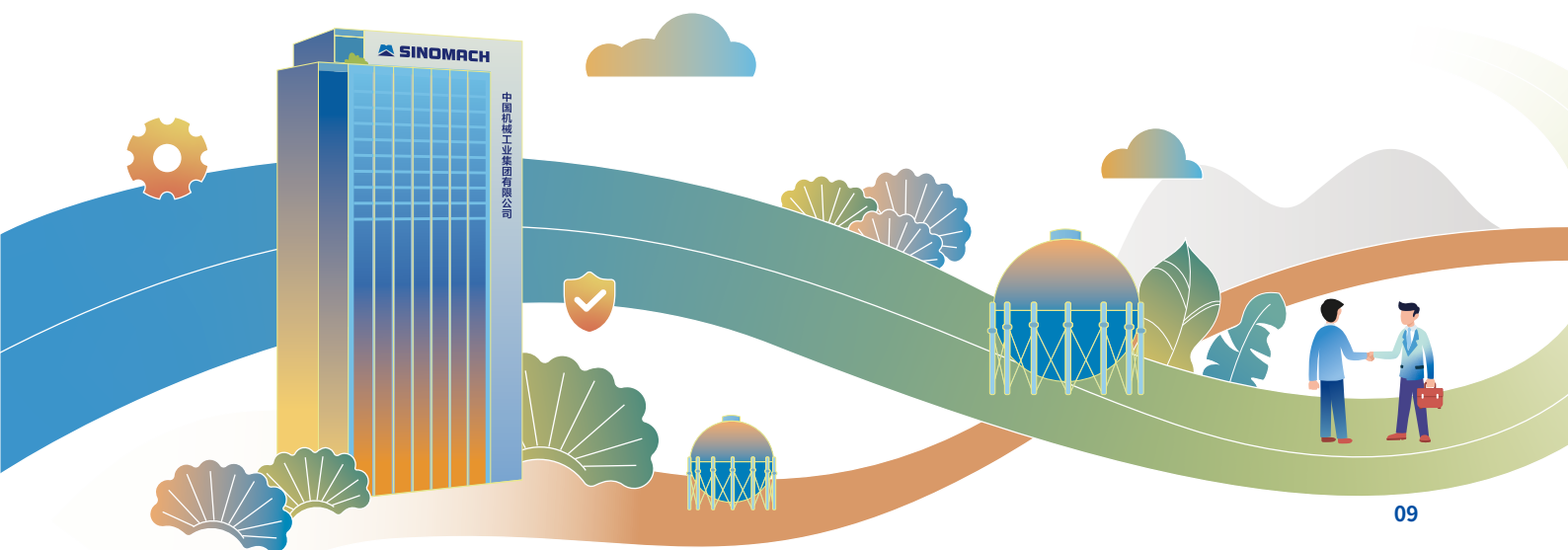
Focused on the three primary businesses of advanced equipment manufacturing, industrial foundation development and services, project contracting and supply chains, we strive to become a safeguarding force for the security of the industrial chain of advanced equipment, a strategic technological force in the machinery industry, and a supporting force for international capacity cooperation and supply chain integration.

Adhering to the principle of "developing strengths of SINOMACH and serving the needs of the country" and with the mission of "guiding the development of the machinery industry and promoting the progress of the human society," we uphold the core value of "work together, win together." We are committed to making efforts to build China into a power in manufacturing and agriculture, participating in high-quality Belt and Road cooperation, and taking on a role as the mainstay in new industrialization, so as to strive to build ourselves as a world-class comprehensive mechanical and equipment industrial group.

Listed Companies

Shanghai Stock Exchange		
SUMEC	LH	SINOMACH AUTO
600710.SH	600099.SH	600335.SH
FIRST TRACTOR	SINOMACH General Machinery	CEI
601038.SH	600444.SH	688128.SH
LANPEC	SINOMACH-HE	
601798.SH	601399.SH	
Shenzhen Stock Exchange		
CAMCE	SINOMACH-PI	
002051.SZ	002046.SZ	
Hong Kong Exchanges and Clearing Limited		
FIRST TRACTOR	CHTC Fong's	
00038.HK	00641.HK	

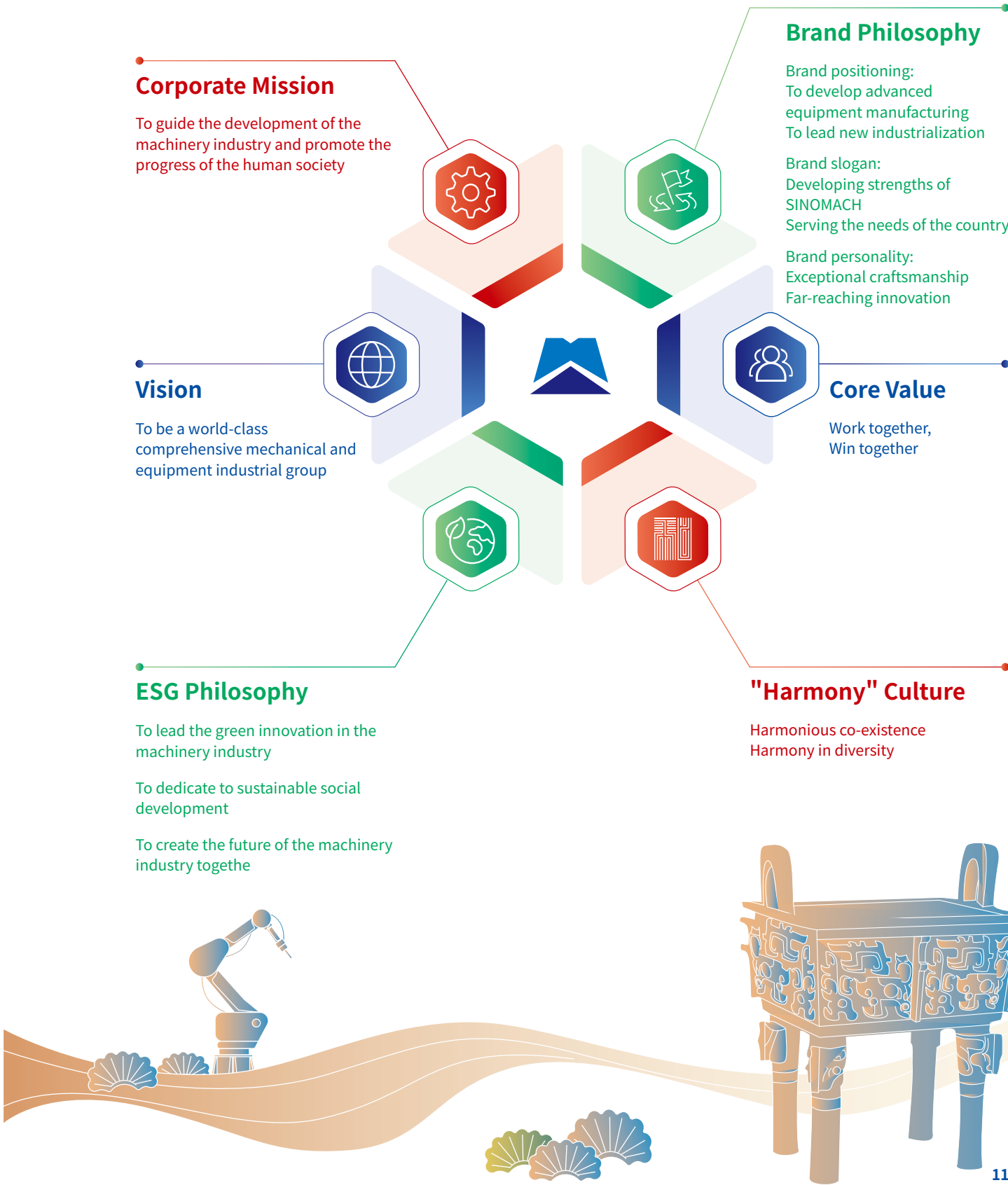
Organizational Structure



Strategic Layout



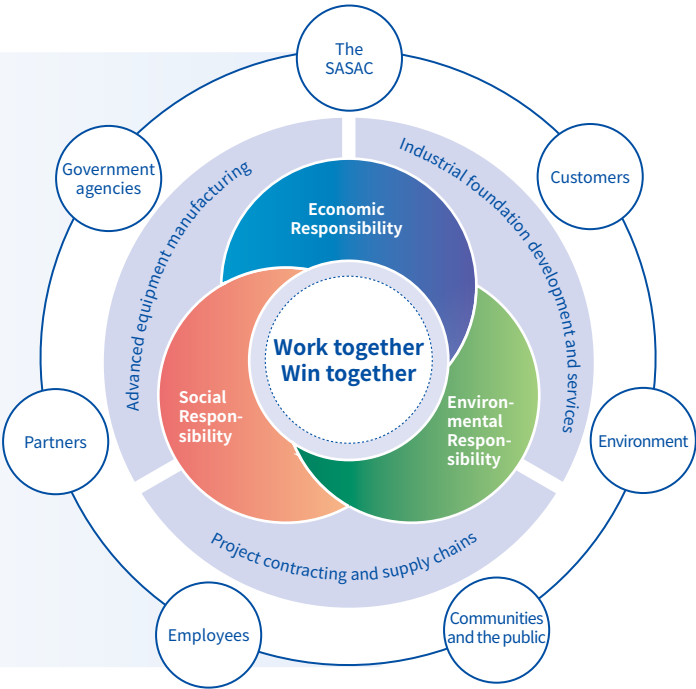
Brand Culture



ESG Management

ESG Management Model

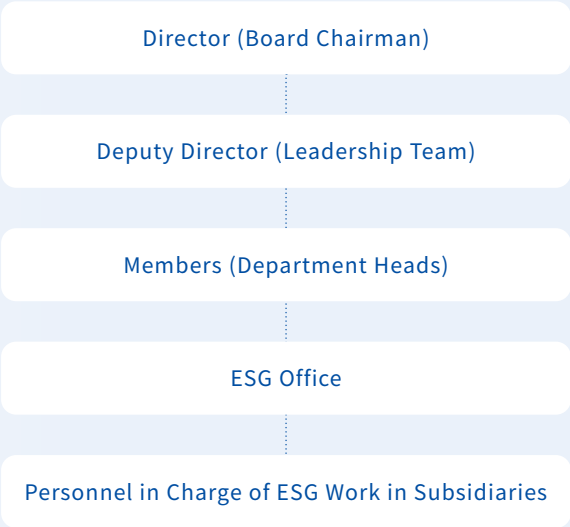
In line with the core value of "work together, win together", SINOMACH strives to create economic, social and environmental values. We join hands with all stakeholders to move towards a future of sustainable development.



SINOMACH ESG Management Model

ESG Management System

SINOMACH explores an effective path to integrate the sustainability philosophy into our strategy and business development. Specifically, we strengthen the top-level design, systems and the organizational structure of ESG management to standardize functions and responsibilities and optimize the operation mechanism, thus continuously improving the Group's ESG management capability.



SINOMACH ESG Management System

ESG Promotion

SINOMACH actively responds to and implements the Sustainable Development Goals (SDGs) and actively fulfills economic, social, and environmental responsibilities to contribute our wisdom and strength to global sustainable development.

SINOMACH won

"ESG Golden Bull Excellence Contribution Award"

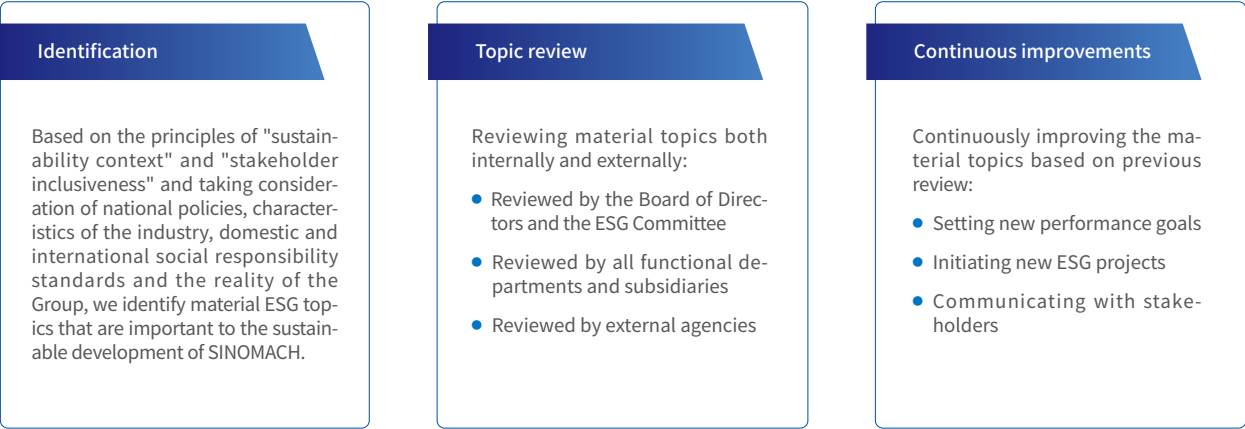
SINOMACH's targeted assistance for rural revitalization was recognized as a

"Typical Case of Social Responsibility in the Rural Vitalization Empowerment Program"

ESG areas	ESG actions	UN SDGs
Reaffirming SINOMACH's Commitment to High-Quality Development	<ul style="list-style-type: none">Gathering Strength Through Featured Corporate CultureImproving the Quality and Efficiency of Development Through InnovationStaying True to the Right Path and Moving Forward to Solidify the Foundation of Governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Striving to Build a Strong Foundation for New Industrialization	<ul style="list-style-type: none">Creating High-End and Intelligent Equipment of Strategic ImportanceBoosting China's Self-Reliance and Strength in Science and TechnologyConnecting Resources to Facilitate Economic Circulation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Demonstrating Commitment to Social Harmony and Development	<ul style="list-style-type: none">Protecting the Environment with Clean and Low-Carbon SolutionsSparing No Effort in Ensuring SafetyWorking together to Promote Industry ProsperitySharing for Development to Help Rural VitalizationDedicating to Social Charity with Utmost SincerityPutting Employee First to Stimulate Their Vitality	1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

Material ESG Topics Management

We continue to improve the process of identifying, evaluating, and analyzing material ESG topics. Based on the general trends in global sustainable development and the development plan of the Group as well as the expectations and demands of stakeholders, we select SINOMACH's 2023 material ESG topics from the two perspectives of "important to SINOMACH's sustainable development" and "important to stakeholders."



The procedure for identifying material ESG topics of SINOMACH in 2023

Major material ESG topics of SINOMACH



Stakeholder Communication

Bearing in mind the expectations and demands of stakeholders, we strive to expand and enrich the communication channels and participation methods of stakeholders and improve our business transparency.

Key stakeholders	Expectations and demands	Ways of communication and participation
 Government agencies	Supporting macro-regulation Serving rural vitalization Paying taxes according to law Driving local economic development	Top-level talks Communications and exchanges Information reporting Conferences participation
 The SASAC	Compliance with laws and regulations Value maintenance and appreciation of assets Work safety	Featured report Information reporting Conferences participation Company announcement
 Communities, the Public and NGOs	Improving community environment Respecting community culture Supporting public welfare	Community publicity Community communication meeting Community seminar
 Customers	Honoring commitments Providing quality products and service Open communication and service channels	Business meeting Service hotlines Business visits
 Employees	Occupational health and safety protection Shared growth Compensation and benefits guarantee Humanistic care Employee localization	Worker's Congress Petition Making company affairs public <i>SINOMACH News</i> Social responsibility report Chairman mailbox
 Environment	Energy conservation and emissions reduction Ecological protection Environmental charity Serving China's 30·60 Decarbonization Goal	Strengthening information disclosure Regularly reporting energy-saving and emission-reduction information to regulatory authorities
 Suppliers/Contractors	Fair competition Integrity and honesty Information confidentiality	Supplier conference Bidding information disclosure Strategic cooperation Cooperation agreement
 Partners	Regular communication Long-term stable relationship	High-level visits Strategic cooperation
 Peers	Fair competition Promoting industrial development	Communication within peers Attending industrial forums and meetings Paying exchange visit
 Media	Information disclosure and transparency	Official website WeChat official account of SINOMACH Social responsibility report Company announcement Interview Press conference

01

Reaffirming SINOMACH's Commitment to High-Quality Development

SINOMACH always keeps in mind its responsibilities and missions as a central SOE. We closely follow the major strategic plan of promoting new industrialization proposed in the Report to the 20th National Congress of the Communist Party of China and the important instructions of General Secretary Xi Jinping on promoting the high-quality development of the equipment manufacturing industry. We stay focused on strengthening our core business to provide a strong political guarantee and a driving force for our reform, innovation, and excellence.

Contributions to UN SDGs:



RMB **325.4** billion
Total assets

RMB **329.1** billion
Revenue

RMB **7.3** billion
Total profits



Gathering Strength Through Featured Corporate Culture

To implement the instructions of the National Conference on the Work of Public Communication and Culture, SINOMACH has created a number of high-quality works to introduce from multiple dimensions important events such as the 10th anniversary of the restructuring of SINOMACH China Erzhong and visits by foreign ambassadors, which effectively enhanced the Group's influence and reputation. We have carried out the SINOMACH Machinery Industry Anniversary themed with "Ten Years of Joint Endeavor and Responsibilities" to enhance the unity of the Group. We have also greatly enhanced the qualities of young people and carried out activities encouraging employees to offer suggestions, so as to guide employees to unite as one for greater achievements.



Improving the Quality and Efficiency of Development Through Innovation

SINOMACH thoroughly studies and implements the major decisions and plans of deepening SOE reform by the CPC Central Committee and State Council. In response to the work requirement of the SASAC of the State Council, SINOMACH has formulated a new round of actions to deepen reform and benchmark against world-class enterprises in value creation. This aims to further consolidate the Group's foundation for high-quality development, fuel its transformation and upgrading, and make greater contribution to economic and social development.



Rapid and steady reform

In 2023, the Group's three-year action plan for SOE reform was finished and the *Collection of Outstanding Systems and Cases of during the Three-Year Reform of SINOMACH* was compiled to select outstanding business cases

and form SINOMACH models that can be replicated and popularized. Focusing on the requirements of the State Council's SASAC on deepening reform, the *SINOMACH Action Plan for Deepening Reform (2023-2025)* has

been formulated. The plan outlines a new set of high-standard reform initiatives across six key areas to drive the Group's high-quality development.

SINOMACH was rated level **A** in the key tasks assessment of the three-year action for central SOE reform 2023.

Improving modern corporate governance of SOEs with Chinese characteristics

We adhere to Party leadership to accelerate the building of a professional, responsible, standardized and efficient Board of Directors.

Deepening the reform of market-oriented operation mechanism

We deepen the reform of the three systems and constantly improve the market-oriented operation mechanism; improve the market-oriented compensation mechanism and strengthen the market-oriented employees withdrawal; expand and improve medium and long-term incentives to establish a community with a shared future for both employees and the Group, so as to stimulate the vitality of the Group for innovation.

10

"Science and Technology Reform Demonstration Enterprises" and "Double Hundred Enterprises" were all rated **"benchmarking" or "excellent"** in the special assessment by the SASAC in 2023.

Focusing on core business

To enhance core functions and core competitiveness, we dedicate all attention and gather all resources to our core business for further development. We are committed to a long-term approach to create enduring value, and strive to harness our strengths in industrial control, technological innovation, and security support.

Implementing special reform projects

We strive to motivate the 10 "Double Hundred Enterprises" and "Science and Technology Reform Demonstration Enterprises" to lead by example in areas such as sci-tech innovation, incentive mechanism, governance mechanism, market-oriented operation mechanism, etc.



Meeting on deepening reform and innovation of SINOMACH's "Double Hundred Enterprises" and "Science and Technology Reform Demonstration Enterprises"

Aspiring to world-class excellence

By benchmarking against world-class enterprises to achieve top standards and set a model, we have implemented special actions such as accelerating the building of a world-class enterprise, enhancing value creation, and improving management. In-depth benchmark against industry-leading enterprises has been conducted to accurately identify our weaknesses, thereby strengthening the Group's value creation capabilities and core competitiveness.

Strengthening leadership



A leading group, a working group, and an office for accelerating the building of a world-class enterprise have been established. These bodies have clearly defined responsibilities and comprehensive work mechanisms to ensure the effective implementation of each task. The SINOMACH Implementation Plan for Accelerating the Building of a World-Class Enterprise has been formulated, outlining measures across five key areas: innovation, competitiveness, governance, influence, and entrepreneurial leadership.

Enhancing work coordination



The building of a world-class enterprise has been integrated with the mid-term revision of the 14th Five-Year Plan, the action plan for deepening reform and the pilot reform of state-owned capital investment companies, so as to draw a blueprint in a coordinated manner.

Highlighting SINOMACH features



We are committed to building a cluster of leading professional enterprises, with SINOMACH Hefei General Machinery Research Institute, First Tractor Company Limited, and Sinotest Equipment selected as world-class professional leading demonstration enterprises.

Staying True to the Right Path and Moving Forward to Solidify the Foundation of Governance



Governance mechanism

We keep promoting the development of a modern enterprise system with Chinese characteristics. We have revised and improved the implementation measures, decision-making matters, and authority tables of the Group's decision-making system on major decisions,

important personnel appointments and removals, major project arrangements, and large-scale financial operations. We also further clarify the functional positioning and responsibilities of the Group's Board of Directors and the management, and have optimized and

adjusted decision-making authority and procedures, so as to improve a corporate governance mechanism with statutory and transparent powers and responsibilities, coordinated operation, and effective balances.

SINOMACH continues to enhance enterprise management and the management system of the Group, steadily advancing progress toward becoming a world-class enterprise.



SINOMACH's 2023 collective investor communication event for listed companies

Strategic management

We have made mid-term adjustments to the development plan set for the "14th Five-Year Plan" period, focusing on enhancing our core competitiveness and functions. This involves optimizing and adjusting development goals, main responsibilities and primary businesses, strategic measures,

and major tasks. The result is the "1368 Strategy," that is, forging three forces, practicing six approaches, and implementing eight tasks, which aims to accelerate the development of a world-class cluster of leading specialized enterprises. Through this Strategy, we further highlight our

functional positioning, main responsibilities and primary businesses, new driving forces, internal coordination, unique characteristics, and market-oriented mechanism reform, which will guide us in writing a new chapter of high-quality development in the new era.

Risk control

We have established and improved a whole-process risk control and management mechanism with monthly warnings, quarterly monitoring, and annual evaluations. Meanwhile, we strengthen the construction of a major risk prevention and control mechanism and improve the monitoring,

early warning, and response capabilities for significant risks. In 2023, we initiated the on-site inspection work of supervision and evaluation for the Group's internal control, developed and issued the *Work Plan of Supervision and Evaluation for SINOMACH Enterprise Internal Control System*

2023-2025, completed supervision and evaluation for internal control and risk compliance of some secondary subsidiaries, promoting the effective operation and continuous optimization of the Group's internal control system.

Compliance

To strengthen the top-level design of the rule of law within SINOMACH, we have issued the *Guiding Opinions on the Construction of the Rule of Law in SINOMACH* and the *Guiding Opinions on Fully Strengthening the Legal Work Related to Foreign Affairs in SINOMACH to Promote Overseas Compliance Operations*. We have also revised and issued the *Management*

Measures for Legal Disputes and Cases of SINOMACH, improving the management mechanism for major cases. We strengthen the compliance management system to enhance compliance operation capabilities, with 22 secondary subsidiaries appointing Chief Compliance Officers and establishing a team of nearly a thousand part-time and full-time compliance managers.

Furthermore, we work to establish a compliance management system governed by the heads of the Group, with the Chief Compliance Officers taking the lead, the compliance management department as the central authority, and coordinated actions by relevant departments. Rich legal training and publicity activities are launched to raise the legal awareness of all employees.

Financial management

Starting with the *Three-Year Action Plan for Improving Financial Management*, we continuously advance the construction of a world-class financial management system, effectively exerting the role of finance in

implementing strategies, supporting decision-making, serving business needs, creating value, and preventing and controlling risks, so as to further enhance the standardization and normalization of accounting for

the continuous improvement of the quality of accounting information. In 2023, we were recognized as an advanced unit in final accounting work by the Ministry of Finance.

IT-based management

With a strong focus on the overall goal of building a "Digital SINOMACH," we continuously strengthen our top-level digital design. We have issued the Plan on Cybersecurity and IT-based Development for the "14th Five-Year Plan" Period and the Special Implementation Plan for Digital Transformation Actions for the Group, enabling

us to coordinate the Group's cybersecurity and IT-based development. We have fully advanced the construction of "One Center and Three Platforms," continuously strengthening data governance and exploring the value of enterprise data. We have upgraded the Group's cybersecurity system, integrated with the national

e-government intranet, and further enhanced our IT infrastructure to bolster supporting capabilities and fortify our cybersecurity defenses, making high-quality progress in the Group's digital transformation. In 2023, six of our subsidiaries received awards in the First China Digital Scenario Innovation Competition for SOEs.

Brand management

Advancing the Group's brand initiatives, SINOMACH showcased at the Exposition on China Brand 2023, shaping its brand image and continuously developing a world-class brand through innovation.

Case SINOMACH has three cases selected for the "Top 100 Typical Brand Building Cases of SOEs" and "Top 100 Excellent Brand Stories of SOEs"

In July 2023, the SASAC issued the lists of 2022 Typical Brand Building Cases of SOEs and Excellent Brand Stories of SOEs. SINOMACH's brand internationalization strategy case, *Going in and Going up! Promoting Internationalization Through Localization-The "YARDFORCE" Brand Building Case*, was listed among the "Top 100 Typical Brand Building Cases of SOEs," and the short video *A Thousand Miles of Rivers and Mountains Connected by Thousands of Cable Cars* and the illustration *A More Better and Free World Just For You* were listed among the "Top 100 Excellent Brand Stories of SOEs." The inclusion of Typical Brand Building Cases and Excellent Brand Stories is a reflection of SINOMACH's growing brand influence, further demonstrating the brand image and increasingly enhanced soft power of the Group.



Scan the QR code to watch SINOMACH's excellent brand cases and stories

02

Striving to Build a Strong Foundation for New Industrialization

SINOMACH prioritizes the enhancement of core functions and core competitiveness, and strives to play a vital role in new industrialization. Focusing on the three main business sectors of "advanced equipment manufacturing, industrial foundation research and services, and engineering contracting and supply chain," we leverage technological innovation to accelerate the development of new quality productive forces. Concurrently, we continuously enhance our capabilities to secure the advanced equipment industry chain, bolster the nation's strategic scientific and technological strength, and facilitate international capacity cooperation and supply chain integration. These efforts collectively support China's strategy of becoming a global leader in manufacturing and technology.

Contributions to UN SDGs:



RMB **9.7** billion
R&D investment

6
State Key Laboratories

200+
Provincial and ministerial-level
technological awards and above



Creating High-End and Intelligent Equipment of Strategic Importance

We fully leverage our strengths in equipment R&D and manufacturing while staying true to our original aspiration. To create equipment with strategic importance for the country, SINOMACH has promoted the high-quality development of agricultural machinery and equipment, launched the three-year action plan to revitalize textile machinery, and realized the original purpose of forestry machinery. In terms of geological equipment, we have seized the strategic opportunity in a new round of prospecting to develop our main business and safeguard the industrial chain of advanced equipment.

R&D of key equipment

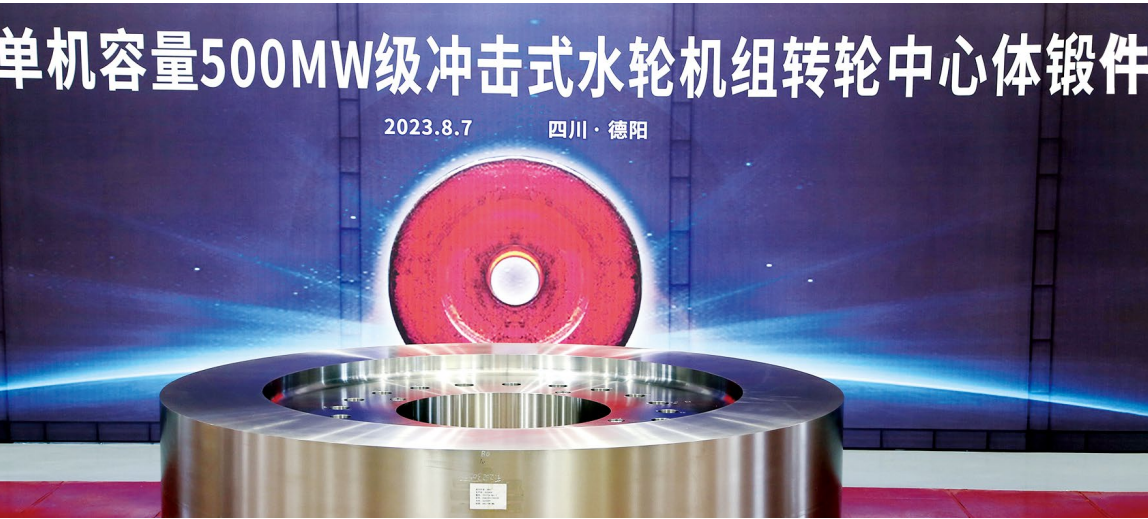
We strengthen the R&D of major technological equipment, improve our extreme manufacturing capabilities, and actively participate in new industrialization. This enables us to provide robust support for enhancing China's self-reliance in equipment manufacturing.

Case The world's first runner center body forgings of single-engine capacity 500MW impact hydraulic turbine successfully developed and delivered

SINOMACH's Erzhong (Deyang) Heavy Equipment Co.,Ltd., or EHEC, successfully developed the world's first runner center body forgings of single-engine capacity 500 MW impact hydraulic turbine and delivered it to Dongfang Electric Machinery Co., Ltd., which was a key breakthrough in center body forgings, a core component of impact hydraulic turbines. It is also the first 500 MW

martensitic stainless steel impact runner forging. The finished center body forging weighs hundreds of tons and it will be applied in the only hydroelectric project in China that is currently able to carry out 500 MW high-head and large-capacity impact unit development and application. EHEC has overcome a series of key technical issues encountered from smelting to the final joint inspection

of the product. Major breakthroughs, such as purified melting of molten steel, thick cake-like shape control and forging and heat treatment regulation, have been made in the field of extra-large martensitic stainless steel forgings for hydropower, which ensure zero defects in flaw detection and that all the inspection indicators are in full compliance with technical requirements.



Center body forgings

Case SINOMACH contributes to the C919 project

In recent years, the C919 large aerospace die forgings development team of SINOMACH China Erzhong has leveraged its expertise to meet the country's critical needs. As part of the C919 project, the team has completed over 130 forgings, including the landing gear, wing spars, engine pylon and tailfin etc, supporting China's ambition to de-

velop a major aircraft. At the 10th anniversary of the restructuring of SINOMACH and China Erzhong, directors of the COMAC C919 project team presented the "Friend of Big Aircraft" award to China Erzhong's C919 large aerospace die forgings development team. Four team members—Luo Hengjun, Ye Linwei (the first operator who re-

ceived the 27th National Youth May Fourth Medal), Zhang Haicheng, and Zeng Detao—were honored with the "Dedicator to Big Aircraft" award. These awards recognize their significant contributions to the C919 project and encourage all participants to continue contributing their expertise and effort to the development of large aircraft.

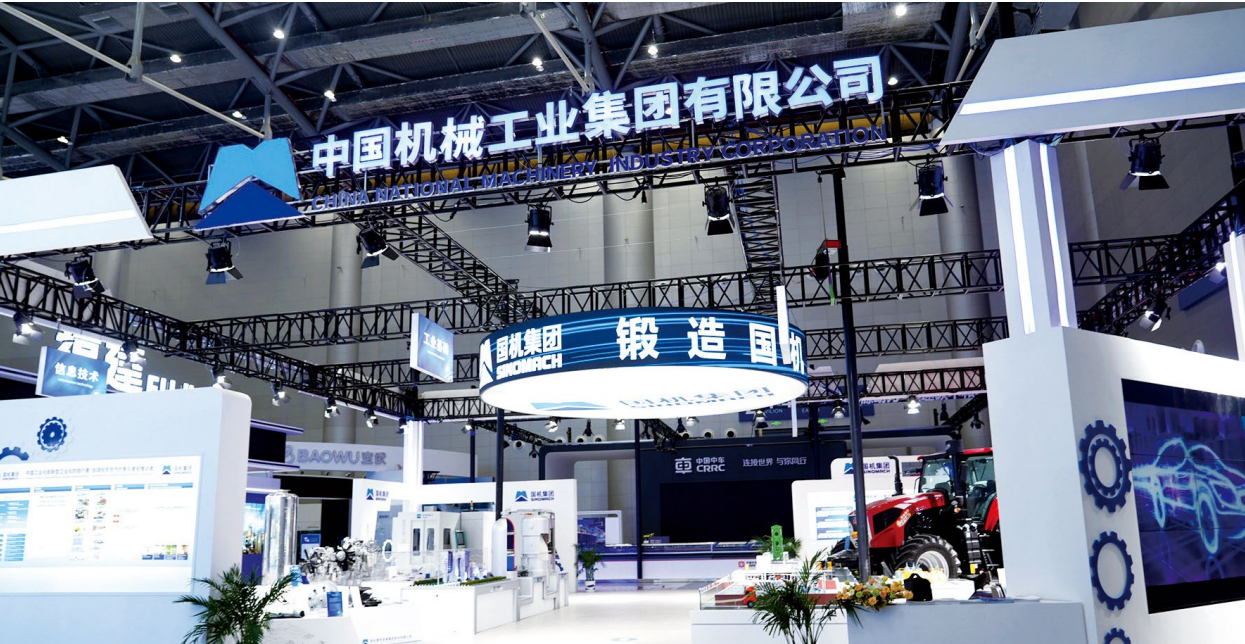


Strengthening food security with technology

As a state-owned enterprise specialized in agricultural machinery, we are committed to building up strength in agricultural machinery equipment and creating a cradle for original technologies. We advance the import substitution of high-end, green and intelligent agricultural machinery equipment to further enhance the resilience and competitiveness of the modern agricultural machinery industry chain, thereby safeguarding national food security.



After undergoing validations in both spring and fall, the 45 high-end, intelligent, high-horsepower tractors delivered by SINOMACH YTO Group Corporation to Beidahuang Group have shown performance and operational efficiency on par with internationally renowned brands, while offering a superior cost-performance ratio.



Advanced equipment of SINOMACH exhibited at the 2023 World Manufacturing Convention

Case China's first 220 horsepower hybrid tractor launched

YTO-HB2204, a new energy tractor independently developed by SINOMACH YTO Group Corporation has been launched. It can be used mainly for deep ploughing, deep easing, joint land preparation and transportation in large farms. It can carry out intelligent joint and cooperative operation with other agricultural machinery, with efficient operation, accurate control, comfortable operation and clean emission. The tractor marks an important exploration and practice of YTO in high-horsepower advanced intelligent tractors. It will greatly help the innovation and development of China's large agricultural equipment, and provide better equipment support for ensuring national food security and the construction of an agricultural powerful country.



YTO-HB2204 hybrid tractor

Case China's first self-propelled blueberry (honeyberry) harvesting machine successfully developed

Chinese Academy of Agricultural Mechanization Sciences Group Co., Ltd. under SINOMACH has successfully developed the first ever self-propelled blueberry (honeyberry) harvester in China. Featuring a ride-on, single-row operation mode, the harvester is equipped with fish-scale fruit picking boards, dual-channel flexible conveyors, and efficient air cleaning devices. This allows it to complete fruit harvesting, conveying, cleaning, and packing operations in a single pass. The harvester has undergone field harvesting trials in major blueberry (honeyberry) planting areas, such as Qiqihar City in Heilongjiang Province. It has been praised for its exceptional harvesting efficiency, while maintaining low rates of fruit impurity and damage.



The first self-propelled blueberry (honeyberry) harvester in China

Empowering textile with digitization

Committed to advancing the high-quality development of the textile machinery industry and becoming a global leader in this field, we focus on driving innovation in textile machinery. Our goal is to lead the textile machinery industry chain, enhancing the security and stability of both the industry and supply chains.



A three-year action plan launched to revitalize textile machinery

Case "800 m/min high-speed complete SMS nonwoven equipment and process technology" obtains the certificate for scientific and technological achievement

SINOMACH's Hongda Research Institute Co., Ltd. participated in the development of the lightweight and low-energy "800 m/min high-speed complete SMS nonwoven equipment and process technology." As China's first high-end nonwoven equipment, it has obtained the certificate for scientific and technological achievement. To make breakthroughs in the ultra-light and high-quality high-speed SMS nonwoven equipment and technical issues,

the project has developed the gradient uniform side-blowing cooling and tangential and uniform negative-pressure drafting technology, high-speed transmission mesh curtain deflection correction technology, melt-blown mesh curtain protection technology and equipment, hot air drafting and control technology and equipment, integrated web forming machine and composite SMS nonwoven production line control system, etc. The complete

composite SMS nonwoven equipment manufactured in China has achieved international advanced standards in production efficiency, energy consumption, and product quality. It enables high-speed and stable production of ultra-low-gram products, with all performance indicators meeting global advanced benchmarks.

Case World's first 6-foot continuous press production line for fabric fiberboard advances sustainable textile waste utilization

The world's first 6-foot fabric fiberboard continuous press production line developed by SINOMACH's Sufoma Machinery Co., Ltd. in collaboration with other companies has been finished, marking a solid

step forward for SINOMACH's continuous press machines to explore new materials and processes for board production. The forming and continuous press process of the main equipment of this produc-

tion line recycles textile waste to produce reusable boards, offering a sustainable solution for managing discarded clothing and fabric scraps in China.

Developing high-end forestry and geological equipment

We have formulated and implemented the forestry machinery development plan, and held discussions on the development of the strategic forestry machinery industry. The *Three-Year Action Plan for the Development of Geological Equipment* has been implemented. In addition, discussions on supporting prospecting breakthroughs with geological equipment have been organized, and a strategic cooperation agreement has been signed with the China Geological Survey. We aim to improve our forestry and geological equipment to be large, efficient, intelligent, green, and service-oriented.

Case GQ-60 drilling rig sets a new world record for coring

The GQ-60 drilling rig, independently developed by China Geological Equipment Group Co., Ltd. (CGEG), successfully extracted a low-heat concrete core sample measuring 36.74 meters in length and 245 millimeters in diameter at the Baihetan hydropower station. This achievement surpasses the previous world record for the longest low-heat concrete core sample, which was 34.86 meters. The GQ-60 engineering drilling rig has a gantry structure with a up-and-down moving power head, providing high strength and good rigidity. Its compact and innovative design enables flexible operation and relocation, making it suitable for foundation grouting pile hole construction in houses, high-rise buildings, dams, port terminals, and bridges, as well as for drilling large-diameter water wells.

Case Digital gravimeters utilized in China's 39th Antarctic scientific expedition

During China's 39th Antarctic scientific expedition, SINOMACH's Beijing Aodi Detection Instruments Co., Ltd., one of the few companies globally with key and core technology in gravimeter, successfully conducted gravity measurement with its independently developed digital relative gravimeters. This marks the first time China has conducted gravity measurements in Antarctica using domestically produced digital relative gravimeters. The instrument is highly accurate, stable, and reliable. After nearly a month of ocean transport and testing in the high-latitude, low-temperature polar region, multiple digital relative gravimeters remained in normal working condition and fully suitable for scientific expedition missions in the polar region.



Digital relative gravimeter

Boosting China's Self-Reliance and Strength in Science and Technology

SINOMACH has accelerated the implementation of the innovation-driven development strategy and improved its innovation system. Concurrently, the Group has conducted research on core technologies in key fields, cultivated exceptional tech professionals, and worked to build strength in strategic technologies, all to support China in achieving greater self-reliance and strength in science and technology. Four technological achievements of SINOMACH won the second prize of the State Scientific and Technological Progress Award for 2023.

Improving the innovation system

We actively create a cradle for original technologies and strive to be a leader of the modern industry chain. We have led the establishment of an innovation alliance and built high-quality, state-level research platforms to comprehensively elevate the industrial foundation and modernize the industry chain.

Developing state-level research platforms

We have promoted the construction of national key laboratories by a high standard, established a leading group and a strategic steering committee, and held the first Annual Academic Conference for National Key Laboratories. The National Innovation Center for Basic Components of General Machinery and the National Measurement and Testing Center for Agricultural Machinery and Equipment Industry have been approved for construction. Moreover, the Industrial Metrology Testing Center for Abrasives has been completed and accepted.

Creating a cradle for original technologies

We have made steady progress in the research of four types of technological issues that are basic, urgent, cutting-edge, and revolutionary. Breakthroughs have been achieved in key technologies such as the evolution mechanism of mechanical seal service performance and the precision machine tool mainshaft bearings. We have independently developed several industry firsts in China, including the country's first specialized tractor for hilly and mountainous terrain, the largest 400 kW self-propelled forage harvester, and the first 15 kg high-capacity combine harvester.

Advancing innovation alliance management

The annual work promotion meeting for the innovation alliance has been held and an innovative mechanism with deep integration of industry, university and research has been established. While focusing on the research of 74 key and basic components of major equipment, we promote the integrated development of the whole industry chain and enterprises of all sizes.



SINOMACH Annual Academic Conference for National Key Laboratories in 2023

SINOMACH state-level research and service platforms



Case SINOMACH gets approved to build the National Innovation Center for Basic Components of General Machinery and actively participates in the national top-level planning of technological innovation

SINOMACH actively engages in national top-level technological innovation planning and creates a national strategic technological force by creating a cradle for original technologies. In 2023, we received approval to establish the National Innovation Center for Basic Components of General Machinery, one of only 27 such centers approved nationwide by the end of the year. Integrating the efforts of enterprises, universities and research institutions, the center is a new "company + alliance" R&D institution. Led by SINOMACH Hefei General Machinery Research Institute, the center brings together SINOMACH-HE, China Electric Institute, SINOMACH Intelligence Technology Co., Ltd., Luoyang Bearing Research Institute Co., Ltd., Chongqing Materials Research Institute Co., Ltd., Shenyang Academy of Instrumentation Science Co., Ltd., Tianjin Research Institute of Electric Science Co., Ltd., etc. This collaboration integrates internal and external innovation resources and high-caliber talent to create an innovation hub that deeply integrates the industry chain and the innovation chain. It is the second national manufacturing innovation center led by the Group, following the National Intelligent Agricultural Machinery Innovation Center.

Making key technological breakthroughs

We contribute to national key technological equipment research projects and have conducted R&D of a batch of core technologies in key fields in response to the needs of new industrialization for high-end, intelligent, and green equipment. Our efforts also facilitate the transformation of advanced scientific research into practical productivity, aiding in China's advancement as a technological power. We have undertaken the research of key and basic components of integrated circuit. Eleven new specialized scientific research projects have been approved, and 15 R&D tasks have been completed, resulting in significant advancements in key technologies across fields such as nuclear power equipment and petrochemical equipment.



Case 10,000-ton aviation aluminum alloy plate stretching equipment wins the China Grand Awards for Industry

SINOMACH's China National Heavy Machinery Research Institute Co., Ltd. led eight companies to set up an industry-university-research innovation team. Based on the national major technological project, the team has developed the stretching equipment for 10,000-ton aviation aluminum alloy plates, which won the 7th China Grand Awards for Industry in 2023. To address nine technical challenges across four categories, including large load stretching, high-precision control and belt break buffer etc, the team has developed the first 12,000-ton aviation aluminum alloy plate stretching equipment with fully independent intellectual property rights. This achievement follows the acquisition of 14 key and core technologies and the formulation of two national standards. The equipment has generally reached the international advanced level, boasting world-leading key performance indicators. This represents a significant breakthrough in China's production technology and core equipment for aviation aluminum alloy thick plates. It has been in stable operation since it was put into production. Having produced 107,000 tons of products in the past three years, it has greatly contributed to the technological progress of China's aviation, aluminum processing, equipment manufacturing and other industries.

Case "Precision Optical Thin Film Filtering Technology" selected for the Innovation China Pioneering Technology List 2022

SINOMACH's Shenyang Academy of Instrumentation Science Co., Ltd. has had its "Precision Optical Thin Film Filtering Technology" selected for the Innovation China Pioneering Technology List 2022. Utilizing proprietary core technologies such as "dual-core coherent coupling, cascade interference for optimized design, and precise control of ultra-multilayer film thickness", the company has developed a series of biomedical optical thin-film filtering devices with ultra-high signal-to-noise ratio and ultra-high precision, providing precision filtering solutions and high-performance filtering devices for the optical systems applied in biomedicine and life sciences. The product has been widely used in China's fluorescence real-time quantitative PCR, flow cytometry fluorescence detection, advanced gene sequencing, and other medical testing instruments. It effectively addresses the "bottleneck" in precision optical filter technology and disrupts the previous foreign monopoly in this area. It has been put into mass production and application, with some precision optical filters now being exported internationally, yielding significant social and economic benefits.

Fostering a talent pool for innovation

Attaching importance to the cultivation of young talents, we have formulated the *Opinions on Further Strengthening Incentives for Technological Talents and the Opinions on Further Strengthening the Cultivation and Utilization of Young Technological Talents*. The mechanisms for training, recruiting, and discovering young technological talents have been further optimized to allocate more policies and resources, thereby enabling more young talents to excel and stand out. Leveraging major national scientific research and engineering projects, we nurture leading technological innovators and mid-career technical experts with extensive engineering experience, robust innovation skills, significant academic accomplishments, and a strong sense of responsibility. We have established strategic partnerships with renowned international technology institutions to develop exceptional innovation talents with a global perspective. This is achieved through joint R&D projects, sending visiting scholars, attracting top-tier overseas talents, hosting lectures by leading experts, etc.

SINOMACH professionals and technical team



Improving industry standards

We actively participate in the compilation of international standards and work to globalize domestic standards, focusing particularly on advancing domestic technical standards with distinct advantages and unique features to gain global recognition. We aim to lead quality improvement with advanced standards, thus achieving the high-quality development of industries in China and moving towards the middle- and high-end of the global value chain.

440

Standards compiled or revised

100%

Proportion of applied innovations



SINOMACH's China Electric Institute, Hefei General Machinery Research Institute and Erzhong (Deyang) Heavy Equipment Co.,Ltd. were authorized as national standard validation sites.

Case International standard ISO 24652 led by SINOMACH released

The international standard ISO 24652 *Spherical plain bearings-spherical plain bearings rod ends for hydraulic fluid power cylinders* led by SINOMACH's Luoyang Bearing Research Institute Co., Ltd. has been released. This marks the first time China has led the formulation of a

formal international standard in the field of rolling bearings, representing a significant breakthrough in China's efforts to establish international standards in this area. The standard specifies the structure, dimension, tolerance, and technical requirement of the spherical plain bearings rod

ends for hydraulic fluid power cylinders, which helps to standardize the spherical plain bearings delivered by manufacturers from various countries. The release of this standard has also enhanced China's influence in the global area of rolling bearing standards.

Case Two national standards led by SINOMACH approved for release

SINOMACH's Hefei General Machinery Research Institute has spearheaded the development of the national standard GB/T 43142-2023 *Surface preparation equipment with ultra-high pressure water jet for ships* in the jetting equipment field, and led the revision of the national standard GB/T 28778-2023 *Pilot operated safety valves* in the valve sector. Both standards have been officially approved and released. The former standard addresses

the development needs of ship rust removal equipment by standardizing the design, production, transportation, and other aspects of surface preparation equipment. The implementation of this standard will standardize the production technology and inspection of surface preparation equipment, which is of great significance for promoting the development of surface preparation equipment products in China and driving the growth of related industries. The

latter specifies the design, materials, and structure requirements of pilot operated safety valves, the calculation of rated discharge capacity and flow area, as well as marking and sealing, etc. The revision of the standard followed the new ISO international standard and expanded the coverage of products, providing an important support for improving the technical level of pilot operated safety valve products in China.

Case "A method for evaluating the insulation performance of sulfur hexafluoride gas" invention patent obtains authorization

"A method for evaluating the insulation performance of sulfur hexafluoride gas," an invention developed by SINOMACH's Guangzhou Mechanical Engineering Research Institute Co., Ltd. has been granted by the China National Intellectual Property Administration. The invention provides

a simple, fast, practical and efficient method for evaluating the insulation performance of sulfur hexafluoride, addressing the limitations and deficiencies of existing methods. It directly reflects the arc extinction and insulation abilities of equipment by measuring the change of breakdown

voltage. This is achieved by simulating the equipment at different times and voltage levels for constant potential electrolysis. It is the first method to directly evaluate the insulation performance of sulfur hexafluoride gas.

Accelerating digitization and intelligence

We continuously pursue innovation in areas such as intelligent equipment, smart products, smart factory construction, and intelligent O&M services. Our goal is to develop new quality productive forces and drive new industrialization through cutting-edge, intelligent technologies.

The intelligent manufacturing system of SINOMACH's SIPPR Engineering Group Co., Ltd. was certified the **highest level (AAA)** under the integration and implementation category

8 achievements were selected by the SASAC of the State Council for the "List of the First Batch of Public Cloud Projects of Central SOEs in Different Industries" the "List of Winners of the First SOEs Professional Competition for Digital Scene Innovation"

Agricultural Machinery Cloud

Machinery Equipment Industry Cloud

Case SINOMACH Digital Technology Co., Ltd. established to boost digitization

To achieve the overarching goal of building a digital SINOMACH, the Group has established the SINOMACH Digital Technology Co., Ltd. to advance its cybersecurity and informatization initiatives. The collaborative office platform "SINOMACH Pass" has been launched, and the integrated control platform is under construction as scheduled. We develop digital business in a coordinated way, carry out business in "new tracks," and cultivate strategic

emerging industries. We have established and continue to operate two industry public clouds, the Agricultural Machinery Cloud and the Machinery Equipment Industry Cloud, after taking into full consideration equipment products, services, industry data, regulations and standards. We have further leveraged our strength as a leader of the industry chain and a cradle for original technologies to drive the digital transformation of partners. A memorandum of strategic

cooperation has been signed with the Nanjing Municipal Government and Dassault Systèmes to advance the construction of the joint R&D center for basic industrial software. We leverage digital technology to modernize agriculture and rural areas and advance new industrialization, striving to become a leader in the digital economy and the building of a digital China while driving the Group's digital transformation and high-quality development.

Case Developing the National Agricultural Machinery Operation Command and Dispatch Platform

SINOMACH Digital Technology Co., Ltd. actively participates in the development of the National Agricultural Machinery Operation Command and Dispatch Platform. As a core application of the Agricultural Machinery Cloud, the platform allows users to track agricultural machinery, monitor their status, and dispatch them across China. Adhering to the principle of "satisfying the needs of both slack and peak seasons", we aim to establish within three years the "National Agricultural Machinery Operation Command and Dispatch Platform" that covers the entire process of planting, management, harvesting, and agricultural machinery operations for grain and important agricultural products. Integrating real-time monitoring, disaster warning, scientific dispatching, emergency support, and other functions, the platform will fully utilize digital means to efficiently dispatch agricultural machinery and enhance the capabilities of agricultural disaster prevention, reduction, and relief.



The National Agricultural Machinery Operation Command and Dispatch Platform

Connecting Resources to Facilitate Economic Circulation

While further enhancing our strengths in engineering contracting and supply chain, we capitalize on domestic market opportunities, support major regional development strategies, and steadily advance innovative overseas business. Through these efforts, we aim to facilitate dual circulation, and actively serve and integrate into the new development pattern.

Serving coordinated regional development

We leverage our expertise in engineering survey, design, and consultation to bolster our capabilities in localized operations and delivering comprehensive and diverse services. New progress has been made in smart factories, medical care, warehousing and logistics, low-carbon development, environmental protection, rural vitalization, scientific apparatus, etc.

Case Purple perilla fine processing, a project for rural vitalization

SINOMACH has won the bid for a rural vitalization project in Huanan County, Heilongjiang Province - the purple perilla fine processing project. Huanan County is known as the "home to purple perilla" in China. It is the core production area of purple perilla in northeast China, with a total planting area exceeding 100,000

mu (approximately 6,667 hectares) for many years. SINOMACH's China National Packaging & Food Machinery Corporation (CPFMC) will adopt internationally advanced transesterification and multi-level embedding technologies and equipment to build high-standard workshops for the production of purple perilla rice,

powder, oil, ethyl linolenate etc., with the aim of improving the quality of fine-processed purple perilla products and oil processing. Upon completion, the project will enhance the market competitiveness of purple perilla oil produced in Huanan and contribute to rural vitalization.

Case Bolstering the new energy vehicle industry with the Industrial Infrastructure Improvement Project in the Anqing Economic and Technological Development Zone

The Industrial Infrastructure Improvement Project is conducted in the Anqing Economic and Technological Development Zone, Anqing City, Anhui Province. SINOMACH SINOCONST is responsible for constructing facilities such as the

stamping workshop, the stamping parts workshop, the welding workshop, etc. The project is committed to building a green, intelligent, and standardized plant. Once operational, it will enable digital, interconnected, and intelligent

manufacturing of new energy vehicles, thereby supporting Anqing in becoming the "third pole" of the automobile industry in Anhui Province and contributing to the development of the industrial cluster of the Yangtze River Delta.



Project rendering

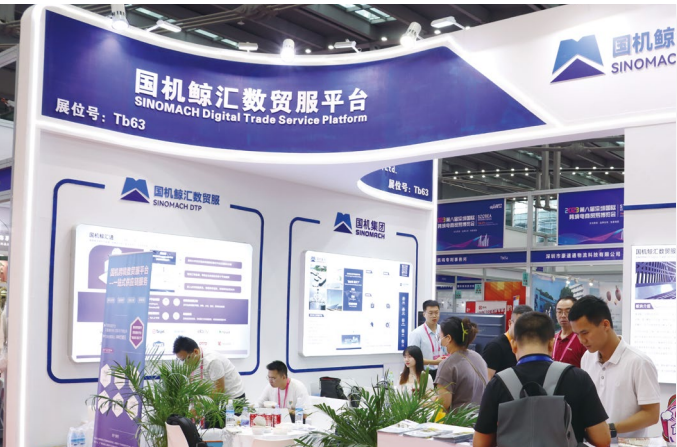
Strengthening open cooperation across industry and supply chains

We strengthen open cooperation across industry and supply chains to drive the common development of upstream and downstream enterprises. As an initiator of the economic and trade alliance for central SOEs, we have deeply participated in national exhibitions such as the China-ASEAN Expo and the China International Supply Chain Expo, contributing our bits to promoting international capacity cooperation and interconnectivity.



The SINOMACH signing ceremony of the 6th CIIE was held at the NECC (Shanghai). Twenty- three cooperation agreements totaling nearly USD 2.3 billion were signed with multiple partners.

Luo Qianyi, General Manager of SINOMACH, attended the launching ceremony of the central SOEs industry chain integration action.



The SINOMACH Digital Trade Service Platform was jointly established by SINOMACH Hainan Development Co., Ltd., China Export & Credit Insurance Corporation and Nanjing Bluewhale E-commerce Technology Co., Ltd. Emphasizing strength, speed, and reliability, the platform adheres to the principle of "Uniting the world, benefiting the world". It boasts outstanding advantages such as direct shipment from overseas warehouses (shorter shipping time) and dedicated account services for small and medium-sized traders.

Implementing the belt and road initiative

As a pioneer of China's industrializa-
tion and neo-industrialization as well
as a contributor and propeller of global
economic cooperation, SINOMACH
actively participates in the Belt and
Road Initiative (BRI) with an open and

inclusive mind. While accelerating our
integration into the global industry sys-
tem, we are committed to effectively
promoting infrastructure upgrades, in-
dustry recovery, job growth, improve-
ment in public welfare, and national

environmental protection in countries
and regions along the Belt and Road.
We hope to pool the greatest joint
effort to build a better world and con-
tribute to the development of a human
community with a shared future.

353

Overseas service agencies established in
over 102 countries and regions

8

Cooperation agreements signed with partners during the Third
Belt and Road Forum for International Cooperation and the
Belt and Road CEO Conference

2,000+

Large and medium-sized engineering projects
contracted along the Belt and Road

Approximately USD 3.4 billion

Total signing amount

Case Ambassadors visit SINOMACH to further upgrade win-win cooperation under the BRI

In July 2023, the "Ambassadors Face to Face with SINOMACH", a part of the "Ambassadors Face to Face with SOEs" activities, was held by the Ministry of Foreign Affairs in Beijing. Sixty-six ambassadors from 63 embassies and international organizations stationed in China came to SINOMACH to visit the SINOMACH international operation exhibition and the machinery R&D exhibition. They also visited the SINOMACH National Key Laboratory of Agricultural Equipment Technology and the National Engineering Research Center for Agricultural Machinery to gain insights into SINOMACH's achievements in machinery R&D and its global operations. They were impressed by the efforts of Chinese enterprises to drive national industrialization and new industrialization, as well as their involvement in global economic cooperation to fuel global economic development.



Ambassadors with leaders of the Group



The Al Dhafra PV2 solar plant project contracted by SINOMACH CMEC has obtained the commercial operation certificate, marking the completion of the main body of the plant and the start of power generation.

Case China-Belarus Industrial Park selected by Xinhua News Agency for the A Decade of the Belt and Road Initiative: Insights from Ten Major Projects

With the efforts of both the Chinese and Belarusian governments, the Chi-na-Belarus Industrial Park constructed and operated by SINOMACH and Chi-na Merchants Group has become the largest investment project in Belarus and one of China's overseas economic cooperation zones with the largest area and the highest level of cooperation. As the largest shareholder in the park development company, SINOMACH has been advancing the high-quality construction and operation of the park. By the end of 2023, the park had attracted a total of 120 resident enterprises and 26 newly registered ones from 14 countries, with a total contracted investment of USD 1.44 billion and 2,719 employees. In addition, the park incorporated environmental protection re-quirements early in the planning stages, aiming to maximize the protection, utilization, and renewal of existing natural resources to achieve long-term sustainable development.



The column A Decade of the Belt and Road Initiative: Insights from Ten Major Projects, released by Xinhua News Agency, highlights the significant achievements of the China-Belarus Industrial Park. Partially constructed by SINOMACH CAMCE, this project has played a crucial role in advancing the Belt and Road Initiative over the past decade.



The first episode of The Road to Prosperity, a documentary produced by China Media Group (CMG) on the tenth anniversary of the BRI, introduces the China-aided National Wrestling Arena in Senegal designed by SINOMACH IPPR.



The second episode of The Road to Prosperity introduces the Bales No.1 Sugar Factory in Ethiopia undertaken by SINOMACH CAMCE.



The People's Daily reports that a central Asia train "Tashkent -Luoyang" arrived at the Dongfanghong (Luoyang) International Land Port, which was constructed and operated by SINOMACH YTO Group Corporation.

03

Demonstrating Commitment to Social Harmony and Development

Committed to building a supportive organization, SINOMACH pursues sustainable development and strives to make a meaningful impact on people's livelihood. Internally, we are dedicated to creating a safe, stable, and harmonious corporate environment, continuously enhancing employee well-being and supporting their growth. We cultivate a cohesive culture that unites our workforce, and elevate our corporate spirit. Externally, we actively give back to society by promoting green and low-carbon initiatives, spreading warmth and care, and collaborating with partners to advance social harmony, stability, and prosperity.

Contributions to UN SDGs:

1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION

RMB **312.62** million
Investment in energy saving and environmental protection

RMB **600** million
Investment in work safety

RMB **87.6** million
Investment in staff training




Protecting the Environment with Clean and Low-Carbon Solutions

"Green" is an important keyword in SINOMACH's industrial development strategy. Aligned with the major strategic goals of carbon peak and neutrality and committed to advancing the Beautiful China Initiative, SINOMACH focuses on integrating green development with enhancing operational efficiency and transforming and upgrading industrial structures. Consistent efforts have been made in green equipment, green engineering, and green technology to contribute to the development of a green, low-carbon, and circular economy.


Environmental management

We have strengthened basic management and clarified responsibilities at each level. Environmental risk assessment and identification of potential hazards have been strengthened, with detailed measures implemented for achieving carbon peak and neutrality, as well as energy conservation and environmental protection. These efforts have significantly enhanced the Group's environmental management standards and capabilities.




Ensuring the fulfillment of responsibilities

We coordinated carbon accounting across our subsidiaries, and conducted in-depth research on carbon reduction pathways. The Responsibility Pledges 2023 for Carbon Peak and Neutrality, Energy Conservation and Environmental Protection has been signed, and an incentive and restraint mechanism for carbon emission reduction has been established to ensure the completion of the Group's targets in these fields.




Strengthening performance assessment

Carbon peak and neutrality, energy conservation, and environmental protection have all been incorporated into the comprehensive performance assessment system. The Regulations on Energy Conservation and Environmental Protection Assessment has been released after revision, and supervision and inspections have been carried out. Enterprises detected with problems have received feedback and follow-up supervision to ensure effective rectification.



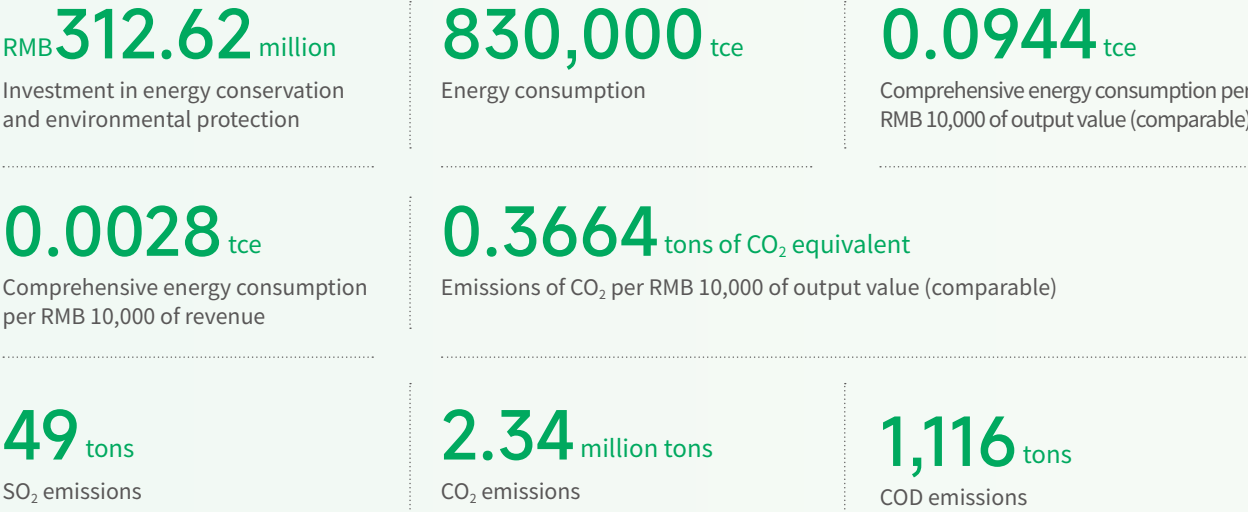
Enhancing risk control

The Notice on the Special Action of Environmental Risk Investigation and Remediation and other policies have been published. Measures have been taken to thoroughly prevent and control environmental risks. Environmental risk investigations have been conducted to record such risks and prompt timely corrective actions. Comprehensive air pollution investigations and remediation efforts have been conducted to identify and document issues that need to be addressed. The control of unorganized emissions has been enhanced, and measures have been strictly implemented to control dust on construction sites, roads, yards, and bare grounds.



Providing environmental education and training

We organized a range of activities, such as specialized training, seminars, and site visits, for the SINOMACH 2023 sessions on work safety, energy conservation, environmental protection, and carbon peak and neutrality. These events also included focused training on energy conservation, low-carbon practices, and environmental protection themes. The aim was to enhance education on energy conservation, low-carbon practices, and environmental protection, and to improve the awareness and skills of all staff in these areas.



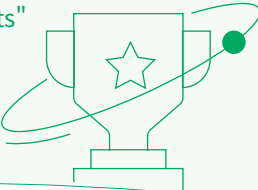
SINOMACH YTO Group Corporation was awarded "China's Top Runner for Industrial Carbon Peaking 2023"

SINOMACH CRAT Testing and Certification Company Ltd. was awarded by the China Energy Conservation Association

"Zero-Carbon Factory Evaluation and Certification Body"

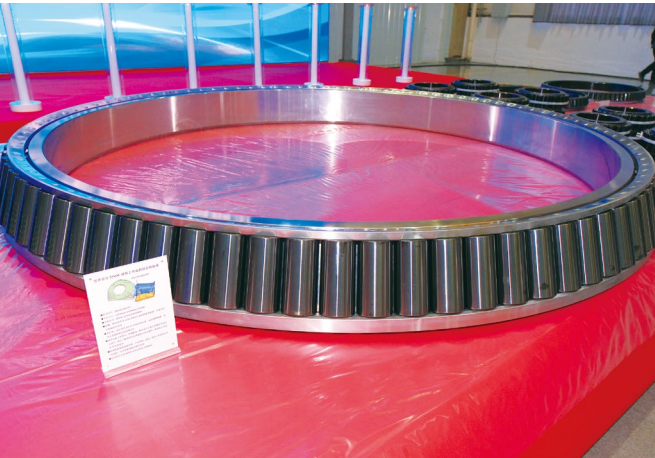
SINOMACH Hi-tech Heavy Industry Co., Ltd. was awarded by the Ministry of Industry and Information Technology

"Demonstration Enterprise for Green Design of Industrial Products"



Green equipment

SINOMACH-HE is qualified and capable of manufacturing reactor pressure vessels, voltage regulators, main pipelines, core makeup tanks, and other nuclear island main equipment. The company has developed a series of third-generation nuclear power main pipelines with core and proprietary technologies. They have been applied to all nuclear materials of main equipment on nuclear islands of nuclear power plants (NPPs), including the CAP 1400 and the Hualong One (HPR 1000), as well as domestic and foreign demonstration projects. They have reached the international advanced level in terms of technology and quality.



The 25 MW wind turbine main shaft and gearbox bearings developed by SINOMACH-PI have set a new global record for the largest single-unit capacity of wind power bearings. This milestone demonstrates that China now has the capability to independently research, develop, and manufacture key components for ultra-large wind turbines, ensuring self-reliance and security in the core components and supply chain of the country's wind power industry. It is estimated that a 25 MW offshore wind turbine unit can generate about 64.67 kWh of electricity per revolution under rated conditions, and about 26,000 kWh in one hour. A single unit can deliver about 104.39 GWh of clean electricity per year, enough to meet the electricity needs of 58,000 households. Compared with coal-fired power plants, it saves more than 34,000 tce and reduces CO₂ emissions by over 80,000 tons.

Green technologies

SINOMACH's China Heavy Industries Research Institute has independently developed the ultra-clean emission equipment system and application technology for large steel converter primary fumes, including groundbreaking innovations such as China's largest Φ13.5 m cylindrical electrostatic precipitator, the modular steam-water evaporative cooling system, and the high-efficiency ash conveyor. The dust concentration of purified fume has met the ultra-low emission standard (PM emission concentration ≤ 10 mg/Nm³). The technology has been widely used by large iron and steel enterprises in China, helping them achieve A-level environmental performance ratings and delivering significant social and economic benefits. It was included in the *Catalog of Major Environmental Protection Technologies and Equipment Encouraged by the State for Development 2023*, and was recognized as one of the "Top Ten Green and Low-Carbon Events of Chinese Iron and Steel Industry 2023."



Green design



The new plant of the BlueScope Building System (Xi'an) Co., Ltd. designed by SINOMACH's SIPPR Engineering Group Co., Ltd. incorporates various green technologies, such as ground source heat pumps, intelligent lighting, precise reactive power compensation and filtering, waste heat recovery from air compressors, rainwater utilization, and reclaimed water reuse. The weight of recyclable materials accounts for 12.6% of the total weight of all construction materials, with an energy-saving rate of 71.09%. The project is the first industrial building in China to be certified the Three-Star Green Building Design Label (the highest grade). It has also won the China Steel Structure Gold Award, the second prize of the National Green Building Innovation Award and the third International Carbon-Value Award.

SINOMACH's China United Northeast Institute for Engineering Design& Research Co., Ltd. has participated in the design of the swimming center of Fengxi New City, located in the Xixian New Area of Xi'an, Shaanxi Province. The project is the first AAA precast near-zero energy consumption swimming pool in China, and has been awarded the certificate of near-zero energy consumption building. While integrating green and low-carbon concepts into the design and construction, the project highlights the application of renewable energy, resource recycling, and intelligent management. It adopts technologies such as medium-deep geothermal energy non-interference clean heating and solar photovoltaic building integration. The swimming center can save approximately RMB 550,000 in electricity costs, reduce energy consumption by about 329 tce, and cut CO₂ emissions by about 879 tons annually. The building achieves an energy savings rate of 46.49% and utilizes renewable energy at a rate of 84.38%. Overall, the project boasts an impressive energy savings rate of 91.64%, underscoring its substantial impact on energy efficiency.



SINOMACH Hefei General Machinery Research Institute has independently conducted R&D on hydrogen storage and transportation equipment, achieving significant progress in the design, manufacturing, testing, evaluation, and in-service safety assurance of gaseous and solid hydrogen storage systems and key components. The institute has developed the "ultra-high-pressure hydrogen cycling fatigue testing system for hydrogen storage and transportation equipment, and acquired key technologies of designing and manufacturing ultra-high-pressure hydrogen storage vessels, ultra-high-pressure hydrogen compressors, and high-pressure and high-frequency cut-off valves. These advancements have resolved challenges in hydrogen cycle fatigue performance testing for domestically produced equipment (including hydrogen storage tanks, valve heads, seals, end plugs, etc.) and enhanced safety supervision for imported equipment.

Green engineering

The mountain-river-forest-farmland-lake-grassland ecological protection and restoration project in Changbai Mountain, contracted by SINOMACH IPPR, is among the second batch of national pilot mountain-river-forest-farmland-lake-grassland ecological protection and restoration projects. The project includes forest protection and tending, protection of habitats for rare species, ecological remediation of rivers, wetland restoration, etc. Fifty-one subprojects are spread across 3,200 km² of the Changbai Mountain area. The project has expanded the coverage of local forests and other ecosystems by 12.26 km², significantly boosting the biodiversity and ecosystem service capabilities of the Changbai Mountain Reserve. It has won the Bronze Prize of the First Mountain-River-Forest-Farmland-Lake-Grassland-Sandland Ecological Protection and Restoration Innovation and Entrepreneurship Competition (Social Group).



The ecological restoration project of the Chongqing Tongluoshan mining area built by SINOMACH's CMCU Engineering Co. Ltd. has been recognized as Good Practices by the United Nations for the UN Decade on Ecosystem Restoration. The project has conducted unified planning and phased ecological restoration of 14.87 km² abandoned mines from dimensions of design, implementation, construction and operation. On the mountain, the project focuses on the greening, eco-belt construction, and biodiversity conservation along the mountain roads. On the mountainside, efforts are concentrated on the ecological restoration of abandoned mines, their affected areas, and the water body of open pits. At the foot of the mountain, the project focuses on the comprehensive improvement of the land, including fields, water, roads, forests, villages, etc., thus realizing regional systematic restoration. The once-abandoned mines have been transformed into a place with clear water and beautiful scenery, a model area for ecological protection and restoration of mining areas, and a pilot area for realizing the value of ecological products.



Part of the painting and assembly workshops undertaken by SINOMACH's Automotive Engineering Corporation for the BMW Group Plant Debrecen in Hungary is scheduled for completion in 2025. The project uses independently designed and integrated cutting-edge equipment, such as the conveying production mode that combines AGV and BMW's unique crossbar, featuring high flexibility, intelligence, and high-level integration. Upon completion, it will set a new global standard for a green, lean, and digitally advanced model factory.

Green service

CVC Testing Technology Co. Ltd., a subsidiary of SINOMACH's China Electric Institute, has launched a range of services, including enterprise greenhouse gas verification, product carbon footprint evaluation and full life cycle evaluation& analysis, green manufacturing project application, energy conservation diagnosis and green technology training, etc. It has provided professional services for nearly 100 enterprises across various industries, including electric power, chemical industry, cement, papermaking, ceramics, home appliances, electric motors, electronics, building materials, compressors, lighting, new energy materials, metallurgical materials, and iron and steel. The company has carried out carbon emission verification and energy conservation diagnosis organized by the Ministry of Industry and Information Technology (MIIT) over emission-control enterprises in Guangdong Province and throughout China. This includes greenhouse gas verification for over 40 enterprises and energy conservation diagnostics for more than 20 enterprises.



The "Oil Online Monitoring System" independently developed by SINOMACH Intelligence Technology Co., Ltd. has significantly enhanced the monitoring capabilities for major equipment. It enables remote monitoring and provides intelligent early warnings for lubrication failures. By breaking the foreign monopoly on oil monitoring sensor technology, it has effectively prevented major lubrication and wear failures of equipment, thereby enhancing the reliability of enterprises. This advancement has equipped enterprises with intelligent production capabilities, supporting their energy conservation efforts and fostering green, low-carbon development.



Sparing No Effort in Ensuring Safety

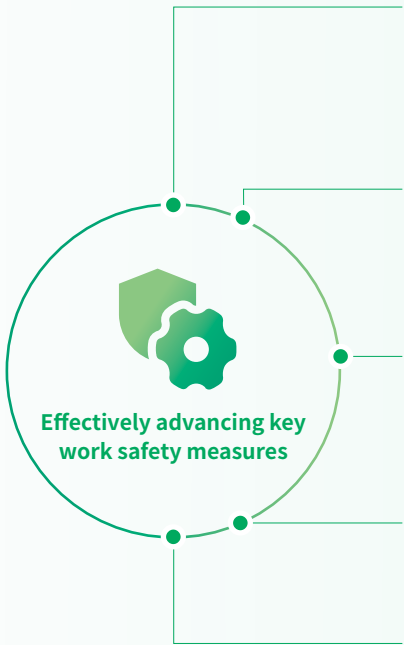
SINOMACH steadfastly upholds the principle of prioritizing life above all else, and firmly places employee safety at the forefront. The Group places great emphasis on work safety, firmly establishes a bottom-line mindset, and enforces strict safety standards. We deeply embed a safety culture within our organization, balancing development with safety and mitigating major work safety risks to ensure the continuous stability of our safety performance.

Ensuring safety with strict measures

We have actively carried out the "Year of Enhanced Safety Management" initiative, while fully implementing work safety tasks and intensifying the investigation and rectification of major accident hazards. To strictly control significant safety risks, we

have strengthened accountability measures and rigorously enforced safety performance assessments. Moreover, we have enhanced overseas safety risk management through comprehensive video inspections of overseas projects and improved safety protections for

our global staff. In 2023, the Group did not experience any major or significant work safety accidents, nor did we encounter any overseas safety incidents with severe adverse impacts.



Investigation and rectification of major hazards. We have set up a leadership team and task force for the "Year of Enhanced Safety Management" initiative and developed the *Implementation Plan for the Year of Enhanced Safety Management*, which includes 59 key action points. We have also improved the reporting mechanism for work safety incidents and hazard investigations. In 2023, we identified 53 major hazards, successfully rectifying 52 of them.

Graded control of safety risks. We have advanced the development of a dual-prevention system, organizing subsidiaries at all levels to identify and assess hazard factors throughout the entire production and operational processes. In addition, we have issued the *SINOMACH 2023 List of Major and Significant Hazard Factors* and conducted specialized safety inspections targeting hazardous chemicals, special equipment, construction activities, and other critical areas.

Standardization of safety management. We have increased investment in safety to improve work conditions and the operational environment, as well as to standardize safe work practices. In 2023, the Group was honored with the title of "Outstanding Organization in the Annual National Safety Management Standardization Demonstration Team Creation Activity" by the China Association of Work Safety.

Strict implementation of safety assessments. We rigorously enforce work safety assessments, linking safety performance to promotions, rewards, and penalties. We strictly apply the "one-vote veto" rule and related assessment downgrade systems to ensure compliance with work safety standards.

Enhanced overseas safety control. We have issued the *Overseas Safety Management Measures* to provide better guidance for subsidiaries in effectively handling overseas emergencies and mitigating safety risks. In addition, we have established an emergency command system to ensure the safety of SINOMACH's Chinese employees working abroad.

RMB **600** million
Investment in work safety

9,054
Special inspections on work safety

50,540
Hidden work safety dangers investigated

99.89%
Rectification rate of potential risks

26
Subsidiaries that have completed work safety responsibility target assessments

124
Subsidiaries granted the work safety standardization certificates

106
Subsidiaries granted occupational health and safety management certificates



Work safety inspection

Case SINOMACH-HE conducts grid-based management for work safety

SINOMACH-HE has integrated checklist-based management with the dual-prevention system for work safety, and optimized the safety responsibility checklist to create a comprehensive system that is thorough both horizontally and vertically. The subsidiary focuses on work teams (project teams) as key units and has adopted grid-based management principles for work safety, emphasizing "grid-based

safety responsibility enforcement" and "grid-based safety risk control." In mechanical cold processing, SINOMACH-HE strictly follows pre-shift meeting and shift turnover requirements, and has seamlessly integrated safety management, progress management, quality management, and equipment management, while standardizing processes to enhance and ensure work safety.

Before processing

SINOMACH-HE standardizes hazard identification and pre-shift inspections through structured pre-shift meetings. This process involves recognizing operational hazards, implementing control measures, and checking equipment status, tool conditions, process flows, procedural codes, and the work environment. Meanwhile, team members conduct mutual checks of personal protective equipment to underpin their safety.

During processing

SINOMACH-HE rigorously follows the *Mechanical Processing Safety Technical Operating Procedures*, ensuring that while one person operates the machinery, another person is assigned to observe. Both individuals maintain effective communication to promptly address any emergencies and prevent accidents related to mechanical injuries, object impacts, and other hazards.

Continuously cultivating a culture of safety

Centered on the theme "Everyone Values Safety and Masters Emergency Skills," we have launched the "Work Safety Month" campaign. Through safety publicity, training, inspections, and emergency drills, we have enhanced the safety awareness and skills of all employees, thereby ensuring the safe and stable development of the Group.

3,448

Work safety training sessions

284,210

Participants of internal work safety training sessions

12,816

Participants of external training sessions

1,905

Emergency drills on work safety



SINOCONST conducts an emergency drill for flood and typhoon prevention.



SINOMACH Capital Management Corporation organizes an emergency safety experience for all employees, where they learn about home fire safety and practice "fire escape" routes and high-altitude descent techniques.

Demonstrating Commitment to Social Harmony and Development

Key measures to foster a safety culture



Conducting themed publicity activities to enhance safety awareness

During the Work Safety Month, the Group held 997 lectures with 55,309 participants and organized 552 awareness events focused on the risks of hot work, engaging 21,388 participants. We also delivered 543 safety training sessions for hazardous roles, such as welders, with 16,071 participants. Moreover, we held 279 warning education sessions on common violations related to outsourcing and rental practices, reaching 5,928 participants.



Addressing deficiencies through safety inspections

The Group leverages the expertise of external specialists by inviting safety experts from industries such as machinery manufacturing, shipbuilding, and chemical engineering to provide on-site supervision and guidance at key subsidiaries and major hazard points. These experts precisely identify accident hazards. Meanwhile, the Group creates checklists, sets clear requirements, assigns responsibilities, and imposes deadlines for rectification. This approach helps subsidiaries resolve persistent safety issues and fundamentally eliminate major accident hazards.



Enhancing employees' knowledge through science popularization and training

By recreating scenarios, offering hands-on experiences, and popularizing emergency knowledge, we combine theoretical knowledge with practical application to effectively strengthen employees' safety awareness and emergency response capabilities.



Improving employees' practical skills through emergency drills

We organize a series of emergency drills, including fire evacuation, initial fire suppression, medical rescue, confined space incident response, and crane accident rescue. These exercises provide employees with practical experience in rescue operations, significantly improving their emergency response capabilities.



Working Together to Promote Industry Prosperity

SINOMACH places a high value on and actively responds to the expectations of stakeholders such as customers and suppliers, and continuously perfects its partnership mechanism. Adhering to the philosophy of sustainability, the Company continues to improve the service level of the supply chain and insists on sincere cooperation to strive to create social value and build a bright future with business partners.

Sharing quality achievements

Deeply practicing the strategy of boosting national strength in quality, we are devoted to building a "lean, efficient and effectively controlled" quality management system to vigorously carry out quality improvement projects. We persist in providing customers with high-quality products and services, and actively guide and

promote the enterprises under the Group to continuously strengthen quality technology accumulation and innovation. In 2023, we got a total of 67 quality honors at or above the provincial and ministerial level, and the service satisfaction score of all departments of the Group's head-quarters was 94.64.

67 quality honors were at Provincial, ministerial and above level



19 engineering projects got National Quality Project Award

33 projects won awards in the Second National Product Quality Innovation Competition for the Machinery Industry (including 10 gold awards)

YTO was awarded the title of 2023 National Quality Benchmark

SINOMACH INTELTECH's Yongtuo QC Team was honored with the title of 2023 National Excellent Quality Management Team

3 projects got China Quality Technical Award

3 projects won China Installation Engineering Quality Award

Case Serving the Hangzhou Asian Games by professionalism and quality

China United Engineering Corporation (CUC) made active contributions to the preparation of the Hangzhou Asian Games and empowered the event with professional design and services, including the design for renovation and upgrading of over ten venues, venue operation designs, and the design and construction of over ten supporting infrastructures. CUC took practical actions in its participation in and contribution to the games and showcased a great sporting event that is distinctly Chinese, uniquely Asian and spectacular, demonstrating the responsibility as a SOE.



SINOMACH participates in the renovation, upgrading and supporting infrastructure construction for the Hangzhou Asian Games venues.

Case FIRMAN brand wins the "Africa's Best World Class Quality Generator Brand" award

FIRMAN brand of SUMEC won the "Africa's Best World Class Quality Generator Brand" award at the African quality exhibition of the World Quality Alliance in Lagos, Nigeria. Since its establishment, the brand has put quality at its core all the time and attached great importance to raw material selection and supply chain management. The brand actively innovates technologies and improves processes, and is committed

to creating reliable products and offering high-quality services and more efficient and energy-saving power solutions for customers. The FIRMAN brand has 79 international safety certifications and industry certifications, including EPA, CARB, CSA, CETL and SONCAP, providing professional products and services to customers in more than 100 countries and regions worldwide.



FIRMAN brand has been awarded "Africa's Best World Class Quality Generator Brand".

Building a responsible supply chain

We have established a procurement and supply chain management leading group and an office under this group to build a unified-leading and resource-sharing procurement and supply chain system with promotions according to segments. We also comprehensively enhance the level of procurement and supply chain management by improving the management system, strengthening supply chain risk control and further promoting the application of the Group's smart procurement platform.



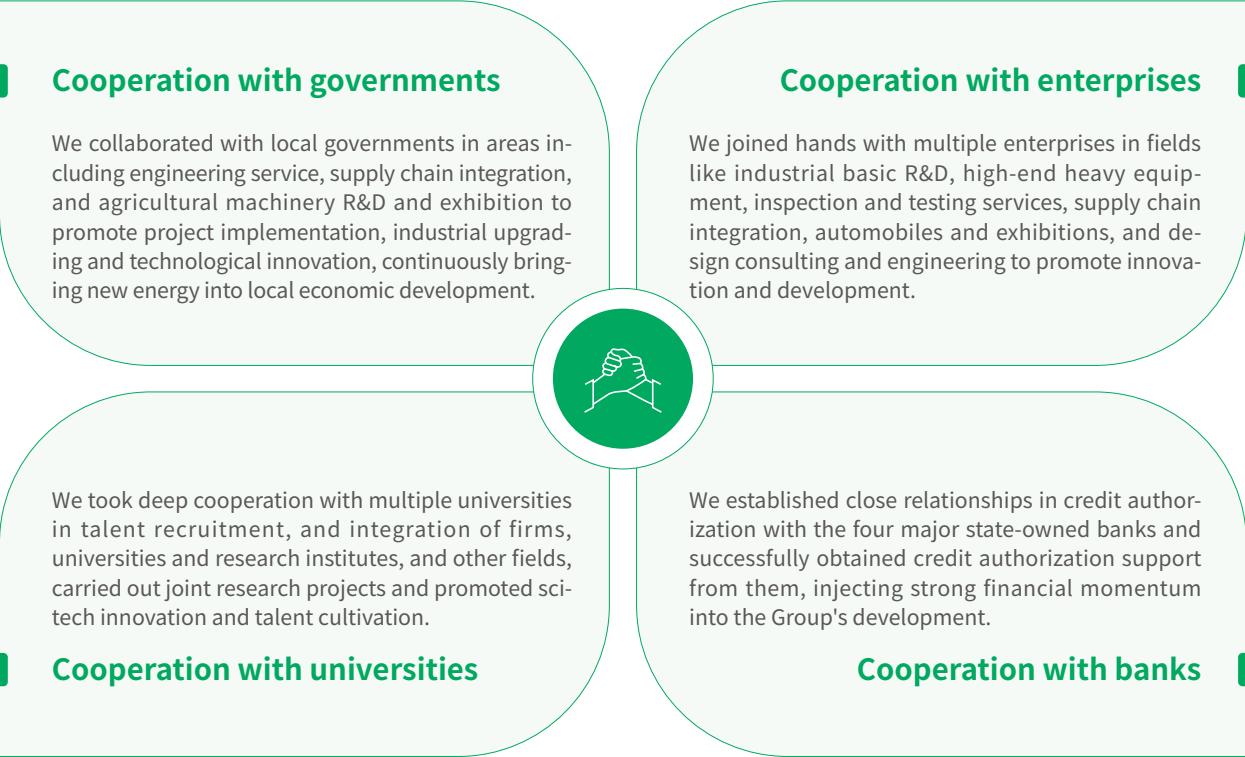
Case SINOMACH E-Chain helps solve financing difficulties for SME suppliers

SINOMACH provides certificates of electronic bonds for accounts receivable that are financing, separable, and transferable for SME suppliers through its exclusive supply chain finance service platform, SINOMACH E-Chain, to effectively solve their problems such as difficult, expensive and slow financing. The platform ensures the safety of suppliers to receive payments, improves payment flexibility, and reduces the overall cost of financing. By the end of 2023, SINOMACH E-Chain provided a total of RMB 1.25 billion in financing to 500 upstream and downstream enterprises, providing strong support for the stability and competitiveness of the entire supply chain.

Adhering to mutual benefits

We comprehensively deepen strategic partnerships, extensively build cooperation platforms and innovate cooperation models. Sincerely cooperating with suppliers, local governments, key enterprises, research institutions, etc., we strive to achieve win-win results, accelerate the speed in cultivating new quality productivity, and inject new momentum into the development, for the sake of joint promotion of high-quality development.

13
New strategic cooperations in 2023



SINOMACH signs the strategic cooperation framework agreement with Hangzhou Municipal People's Government.

Sharing for Development to Help Rural Vitalization

From "Support in intelligence, morale, industry, and people's livelihood" during the poverty alleviation period, to "planning and guidance, industry driving, agricultural machinery empowerment, and talent support" in the rural vitalization stage, SINOMACH keeps in mind the country's most fundamental interests, takes "Green Rural Revival Program" as an example, and constantly explores the "SINOMACH model" for rural vitalization. The Company achieves practical results through solid work to serve the modernization of agriculture and rural areas and contribute more strength to accelerate the construction of an agricultural power.

Leading by organization

We strengthen the top-level design by focusing on the stimulation of endogenous power among the masses, relying on local resource endowments, and taking the full play to the strengths of the Group as the cornerstone. We held a special meeting on paired assistance in 2023, formulated the 2023 Key Work Points for SINOMACH's Promotion for Rural Vitalization, and conducted in-depth investigations and research at the grassroots level, so as to help targeted assistance areas comprehensively go to a new stage in rural vitalization. In 2023, we organized 259 people to carry out investigations and research in 4 paired assistance areas, held 27 special meetings with various themes, conducted 17 supervision and guidance activities, and formed 5 supervision reports.

SINOMACH has been rated as "good", the highest rating, in the assessment of the paired assistance by central SOEs for six consecutive years.

RMB 41.71 million

Self-directed investment in four paired assistance areas

RMB 290 million

Funds raised

RMB 52.37 million

Consumption-driven assistance

Two cases, the Combination of Education and Training for Systematical Building of A Multi-Level Talent Team for Rural Vitalization and the Exploration of the "2+6+N" New Model and Building of a New Pattern of Industrial Assistance, were honored as the
Excellent Case of Central SOEs in Support for Rural Vitalization

SINOMACH's paired assistance for rural vitalization was evaluated as the
Typical Case of Social Responsibility in the Empowerment Plan for Rural Vitalization

The Exploration of the "2+6+N" New Model for Development in Multiple Points in Industrial Assistance, a case of SUMEC, was awarded the
2023 Best Practice Case of Rural Vitalization for Listed Companies of the China Association for Public Companies



Ding Hongxiang from SINOMACH goes to Chaotian District, Sichuan, to research paired assistance for rural vitalization.



A rural vitalization exchange conference held in Gushi County, Henan

Guiding by plans

Combining the advantages of corporate planning and design with the implementation of rural vitalization plans, we have established a "Planning First for Promotion of Assistance Teams" at the headquarters and subsidiaries levels. We apply the experiences from the "Green Rural Revival Program" to assist Chaotian District in Sichuan and Gushi County in Henan in formulating county-level rural vitalization plans, as well as Pinglu County in Shanxi in implementing the overall control plan for the central urban area. These have laid a planning basis for creating demonstration samples of rural vitalization.



"Gushi Model" for rural vitalization

In Chaotian District, based on the local resource endowment, we have integrated the urban-rural new area for integrated industries, the modern town coordinated with multiple industries, and the beautiful village

integrated of agriculture, culture and tourism. A rural vitalization and development system has been built in Chaotian District and is linked by three levels including a city (Jindui New Area), a hub town (Zhongzi

Town) and a pivot village (Dazhu Village). Also, a "Chaotian model" in Sichuan with "industry first and urban-rural integration" has been set up. Planning results have been recognized by the local government.

In Gushi County, we assisted in preparing the Rural Vitalization Development Plan for Gushi County, Henan, the Development Plan of the Rural Vitalization Demonstration Zone in Gushi County, and the Rural Revitalization Plan for Yingheji Village, Huzupu Town, Gushi Coun-

ty. We focus on the "Xinyang Rural Revival Program" to comprehensively arrange the work about rural vitalization in Gushi County, and set up the "Gushi Model" of rural vitalization that is "cultural cohesion and common progress of humans and industries". With the idea of

urban-rural integration and regional coordination, a linkage of villages, cities and towns has been formed that is created by urban element empowerment, industrial coordination in towns, and rural characteristics, to comprehensively promote the overall layout of rural vitalization.

Driving by industries

We seriously practice the work requirements of "adhering to industrial leadership and strengthening the foundation of development" by the SASAC. 65% of the assistance funds have been used for industrial assistance. Meanwhile, based on the resource endowment of paired assistance areas, sticking to the principles of complementary advantages, mutual benefits, good driving effect, and sustainability, we focus on filling in the gaps in industrial development, and planning and cultivating rural industrial projects. In 2023, we introduced 8 assistance projects, built a total of 22 assistance workshops, supported 14 leading enterprises, assisted 43 cooperatives, helped 2,064 people transfer employment, and recruited 458 people having shaken off from poverty.



Workers in a clothing processing workshop



With close integration of our own advantages in industrial resource and the population resource endowments of Huaibin County and Gushi County in Henan, we established two clothing processing factories and six assistance workshops successively. We have also planned to continue building assistance workshops in eligible villages and towns and explore the "2+6+N" industrial assistance model of "clothing factories + assistance workshops" to promote rural vitalization.



In Pinglu County, we have relied on abundant fruit resources to assist in the construction of plants for deep processing of fruits and solve fruit growers' problems that high-quality fruits are difficult to keep prices and low-quality fruits to sell. We have also helped upgrade the industry, improved the mechanism of integrating, leading and enriching the farmers, and sincerely and fully guaranteed stable production and income for farmers.



In Gushi County, we have optimized the development structure of rice, developed a centralized rice breeding center, and assisted in developing a high-quality base of rice raw materials. What's more, we have created a fully integrated development model to connect the entire industry chain of rice planting, production, processing and sales, promoting the development of rural industries that benefit the residents.



In Chaotian District, focusing on the development needs of the walnut industry, we have provided agricultural machinery, promoted breed improvement and helped construct the R&D center to help achieve mechanization of walnut production, improvement of varieties, and modernization of scientific research. Extending the walnut industry chain, we have also actively promoted the development of walnut deep processing in Chaotian District and developed products mainly made from walnuts. Walnut trees have become a ready source of money for the masses, and the walnut industry has become a new driving force for rural vitalization in Chaotian District.

Case Breed improvement solving the development problems of walnut industry

In 2023, focusing on breed improvement and the breeding and promotion of new varieties, SINOMACH seized the key point to high yield and income increase of walnuts, and invested RMB 800,000 to implement the quality and efficiency improvement project of the walnut core industrial park in Chaotian District. By piloting and promoting the replacement and revitalization of 1,000 acres of walnut trees in Shahe Town, Chaotian District, and centering on the actual situation of the walnut industry in the district, we developed 100 portable soil cleaning machines for walnuts and conducted operation training to effectively solve the problems of low yield and poor quality of walnuts. This project will benefit more than 100 households (350 people), and the average income per household can be increased by more than RMB 200 through mechanized weeding control and management.



Assistance in the construction of the walnut industry park in Chaotian District

Empowering by agricultural machinery

With the focus on the main responsibilities and businesses, we pay attention to the low mechanization level, high labor intensity, and other agricultural production problems in mountainous and hilly areas and try to solve them. We actively leverage the advantages of agricultural machinery and equipment R&D, assist in building comprehensive agricultural service centers, and donate funds to set up monorail transport tools, effectively improving the local level of agricultural mechanization.

Setting up comprehensive agricultural service centers

We researched to formulate the *Three-Year Action Plan (2023-2025) for SINOMACH's Paired Assistance in Developing Modern Agricultural Service Centers in Chaotian District*. Comprehensive agricultural service centers were built via the joint construction mode of "SINOMACH's assistance + Supply and marketing cooperatives + Village collective economy". Three centers in Zhongzi Town, Zengjia Town and Yangmu Town in Chaotian District were assisted to have been set up and a coordinated and clustered development pattern has been initially formed, driving the comprehensive mechanization rate of major crops in the whole district to reach over 60%. A comprehensive income of RMB 3.12 million was realized with profits of over RMB 400,000. 1,250 acres of abandoned land were rectified, driving more than 20,000 people, and per capita income was increased by over RMB 220.



A comprehensive agricultural service center

Constructing monorail transport tools

Accumulative 31 kilometers of mountain monorail transport lines were assisted to have been built with supporting transportation equipment. Walnuts, vegetables, fertilizers, etc. can be transported in the "roller coaster" (mountain monorail transport tool), effectively solving the transport problems in mountainous areas of Chaotian District, and filling the gap in the field of mountain mechanized transport in Chaotian District and even in Guangyuan City. Income of over RMB 200 per mu were increased by reducing costs.

Supporting by talents

Talents at the grassroots level trained in four paired assistance areas

10,653

Professional and technical talents

7,757



Primary-level cadres cultivation

Through the "SINOMACH Intelligence Support Program", we organized primary-level cadres and leaders to become rich in Gushi County and Huaibin County to study the experience of the "Green Rural Revival Program" in Zhejiang, promoting the rural vitalization by business capabilities. In Chaotian District, through the joint building of Party branches, we helped set up the first legal service assistance center at the village level to protect masses' rights in accordance with the law. 10,653 primary-level cadres were trained, including 1,147 rural primary-level cadres.

Professional talents cultivation

Based on the needs of grassroots development, we put our focus on prominent social governance problems caused by "people", for example, weak grassroots governance, imbalanced compulsory education, severe aging society, shortage of industrial workers, and occupational farmer gaps. Relying on the strong strength of talents in production, education, research, industry and trade of SINOMACH, we carried out specialized training in research, education, elderly care, clothing processing, agricultural machinery, planting, e-commerce, and other aspects. We provided training for 1,749 rural revitalization pioneers and 7,757 professional and technical personnel.

Case Combination of education and training systematically building a multi-level talent team for rural vitalization

Paying attention to leveraging the overall resources and platform advantages, based on the characteristics and needs of different age groups in four paired assistance areas, SINOMACH invested total funds of RMB 71 million in assistance. We combined education with training to carry out three-dimensional high-quality rural education and adult vocational skills education, so as to systematically build a multi-level talent team for rural vitalization. By the end of 2023, we successively assisted in building the SINOMACH Inspiration School in Gushi County and the Happiness SINOMACH School in Chaotian District. We helped nearly 10,000 children from poor families realize their dreams of learning, updated the infrastructure of more than 60 schools, and trained nearly 7,000 teachers, benefiting 400,000 students. We also actively leveraged the advantages of e-commerce and elderly care resources to help sell local agricultural products of nearly RMB 200 million at the SINOMACH Pinglu e-commerce platform. The platform was established under assistance. We provided training for close to 1,000 e-commerce personnel and drove e-commerce groups in the assisted areas to exceed their cumulative sales of RMB 4 billion. Additionally, we trained over 900 elderly care professionals and their average monthly income is over RMB 4,000 per person.



Trainees from the elderly care personnel training class of SINOMACH practice pressing backs to expel phlegm for the elderly.

Reviving by culture

We invest funds to special assistance to repair and renovate cultural and sports facilities, beautify cultural activity venues and build rural memory centers in the assistance areas, cultivating rural civilization and simple and sincere folk customs.

In Huaibin County, we continuously carried out activities such as "dumpling banquet" and "elderly collective birthday" to promote the cultivation of rural civilization. Besides, we promoted the integration of the points supermarket with the learning from the best activity, and regularly carried out selection activities such as "Civilized Households" and "Beautiful Courtyards", to encourage and guide villagers to change outdated customs and habits.

In Pinglu County, we held the first SINOMACH photography competition in the name of "Charming China and Colorful Pinglu". Vivid camera language showcased the beautiful scenes of harmonious coexistence between the Pinglu people and nature and the abundant achievements of rural vitalization. Photos also deeply explored the historical and cultural accumulation of the region, promoting the further integration of agriculture, culture and tourism.

In Gushi County, we organized the 11th Central Plains (Gushi) Roots and Kinship Culture Festival with the people's government, showing a grand gathering of family relationships and building a window platform for external exchange and cooperation between the Central Plains, Fujian, Taiwan, and overseas relatives. We also held the Gushi "Yinghe Citrus" Culture Festival and integrated "One Village with One Product" with Hanfu culture, promoting the integrated development of agriculture, culture and tourism.

In Chaotian District, we promoted the activity of model workers joining in the classes and encouraged primary school students to study hard, love jobs, work hard, and establish a healthy view of life values with the spirit of model workers, labor and craftsmanship. Also, we carried out the activity with the theme of "Hand in Hand and Heart to Heart to Grow Together" to celebrate Children's Day, taking actions by love, passing true feelings, and making schools full of sunshine.



SINOMACH-HE holds a basketball competition in Yulin Village, Chaotian District.



Donation ceremony for photography works of "Charming China and Colorful Pinglu"

Dedicating to Social Charity with Utmost Sincerity

SINOMACH firmly adheres to the philosophy of sustainability, integrates sustainability value into all aspects of business operations, and strives to build harmonious and win-win development relationships with local communities. The Company actively participates in global public welfare and charity undertakings, conveying warmth and love through practical actions.

Promoting community development deeply

With a deep understanding of the needs of communities where projects are taken both domestically and internationally, we positively participate in the planning and construction of major infrastructure in the communities, and strengthen the interaction and exchange with local culture in a further step. We promote harmony and integration of communities and are committed to improving residents' life quality and jointly creating livable environments.

Case Actively participating in the construction of local schools and local community activities for overseas projects

During the construction of the Lavag project in the Philippines, SUMEC actively participated in the construction of local community schools and took the initiative to repair the roofs and paint the walls of local primary schools to improve the learning environment. At the same time, SUMEC carried out safety learning and promoting activities in primary schools to enhance students' awareness of safety. In addition, the Project Department joined hands with project owners to participate in public benefit activities in communities, vigorously promoted photovoltaic projects, and improved the development and application of clean energy in the local area. They won wide praise from local communities through practical actions and established close friendships and partnerships with local communities.



Photo of SUMEC's Project Department and a local primary school

Case Building the "power artery" by craftsmanship to help the disaster area regain vitality

A sudden 7.8-magnitude earthquake hit Pedernales in Ecuador, making the city devastated and causing severe damage to its infrastructure. The city's power grid voltage became consistently below the rated voltage, electrical appliances were unable to start, and air conditioners stopped running during hot days

in summer. It was urgent to rebuild the infrastructure, including power facilities, to revitalize the city. Over the past four years, CMEC has overcome complex geological and climatic conditions such as hilly and mountainous areas and tropical rainforests, successfully constructed a 230/138/69 kV power transmission

and transformation system in Ecuador, and completed the transformer substation expansion project. This project is like a winding "power artery" to continuously deliver electricity resources from La Concordia to Pedernales, effectively solving the local power shortage and improving the electricity situation for people.



With active participation in community construction, in August 2023, CAMCE organized the cultural exchange activity of "Belarus youth visiting the industrial park" and invited multiple local families from Belarus to visit the China-Belarus Industrial Park, to strengthen international cultural communication.



Uniting the power of charity

We put a high value on social charity undertakings, actively make donations to social charity activities and carry out volunteer service activities, contributing to the harmonious development of society. In 2023, we organized 1,184 volunteer service activities for 86,110 people.

Case Conveying warmth and love with sincerity

Subsidiaries under SINOMACH, including SINOMF, SUMEC, CUC, SIPPR, CEI and SINOMACH Hainan, carried out voluntary activities such as blood donation, donation, heartwarming visits and guard for students to schools. Additionally, the companies mobilized members of the Communist Youth League to donate money and goods, visit lonely old people, guard students' travel safety, and carry out promotions and make crowd management at metro platforms, passing warmth into the hearts of the masses.



Subsidiaries of SINOMACH launch voluntary activities such as blood donation, donation, and guard for students to schools.

Putting Employee First to Stimulate Their Vitality

SINOMACH holds the people-oriented concept and attaches great importance to safeguarding the legitimate rights and interests of employees. With full respect to the development needs of employees, the Company perfects development channels to stimulate employees' vitality and potential, keeps honest management, and continuously protects employee health and safety. An equal, inclusive, and diverse workplace environment is striving to be created to promote the common growth of enterprises and employees.

Protecting basic rights and interests

In strict compliance with Chinese laws, such as the *Labor Law* and the *Labor Contract Law*, as well as relevant laws and regulations, we adhere to the bottom line of legal employment and people-oriented principles, respect and protect the legitimate rights and interests of employees, and improve and enrich humanized welfare protection. In addition, we pay great attention to democratic communications and listen to the voices of employees, striving to build harmonious and win-win labor relations.

Keeping equal employment



We adhere to the principle of equal employment and create a diverse and inclusive work environment. In terms of employment, salary, training, promotion opportunities and other aspects, we do not discriminate or treat employees unfairly based on age, disability, ethnicity, gender, etc. We firmly oppose any form of forced labor and strictly prohibit.

Optimizing compensation and benefits



We have revised the *Management Measures on Compensation for Employees in SINOMACH Headquarters*, improved the performance evaluation and incentive mechanism for employees in headquarters, and strengthened the integration of evaluation and distribution. Also, we continuously optimize the welfare and benefits for employees in headquarters and have formulated the *Management Measures on Welfare Expense for SINOMACH Headquarters* to standardize the management and use of welfare expenses for employees in headquarters.

Insisting on democratic management

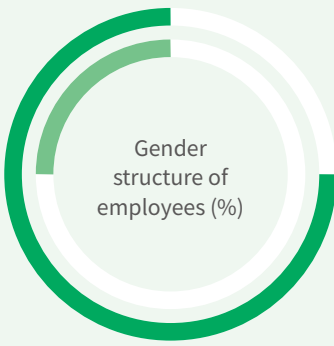


We improve the system of employee representative conference, encourage employees to contribute suggestions and ideas for the corporate development and provide channels such as workers' congress, seminars, and questionnaire survey to collect feedback from employees and promptly respond to their concerns and demands.

Guarding occupational health



We strictly implement the *Occupational Disease Prevention and Control Law of the People's Republic of China*, promote the certification of occupational health and safety management systems in our subsidiaries, and actively organize health care activities for employees, including physical examinations, free clinics, lectures, and special training on occupational disease prevention and control, so as to enhance employees' awareness of occupational disease prevention and control.



Male 75%
Female 25%



35 years old and below 36%
36-50 years old 48%
51 years old and above 16%



Junior college or lower 45%
Bachelor's degree 42%
Master's degree or higher 13%

In 2023

Employees in total

117,357

Signing rate of labor contracts

100%

Social insurance coverage

100%

Staff turnover rate

5%

Online and offline occupational health awareness-raising campaigns

1,090

Participants involved in occupational health awareness-raising campaigns

83,974

Coverage of employees' physical examinations

100%

Building development platforms

We implement the Group's talent team construction plan in the 14th Five-Year Plan period thoroughly. Through measures like introducing talents at sources, selecting talents with all forces, and focusing on talent cultivation, we promote to form a cadre team that has a reasonable structure, successive talents and works hard. A co-construction and sharing mechanism of education and

training resources has been established under the idea of "overall planning, complementary advantages, quality and efficiency improvement, and cooperation for win-win results". 160 courses have been shared in the whole system through informatization, with accumulated over 55,000 participants in trainings. We devote more efforts to the education and training for cadres and

continue to carry out action learning and training courses for young and middle-aged cadres. We organize high-quality courses such as the overseas personnel training course, the training course for new employees in headquarters, and SINOMACH lectures. In 2023, two youth collectives of the Group were awarded the National Youth Model Unit Award.

Invested in staff training

RMB 87.6 million

Participants in employee training

351,862



SINOMACH holds a vocational skills competition for fitters.

Creating a warm atmosphere

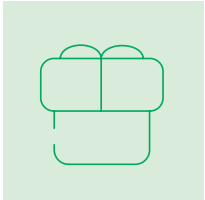
Employees assisted by
SINOMACH Love Fund

373

Funds for assistance

RMB 7.98 million

SINOMACH pays high attention to creating a workplace environment full of humanistic care. We take the "SINOMACH Love Day" as an opportunity to donate funds to employees meeting difficulties, strengthen visits and care for retired employees, organize various festival activities, and effectively improve the life quality of employees. Xu Shujun, an employee of China Foma, and his family were honored to be in the list of the "Most Beautiful Family in China".



1 Group leaders visit retired leaders and experts.

2 SINOMACH holds the employee fun games of "Moving Forward Together to Pursue Dreams".

3 SINOMACH launches the cooling activity in the summer.

4 SINOMACH organizes various activities to celebrate International Women's Day on March 8th.

5 SINOMF carries out the manual soap-making activity for the children of employees on Children's Day.

6 GLESI holds the employee healthy running activity of "Our Youth · Exciting Running in GLESI".

Outlook

Reaffirming SINOMACH's commitment to high-quality development

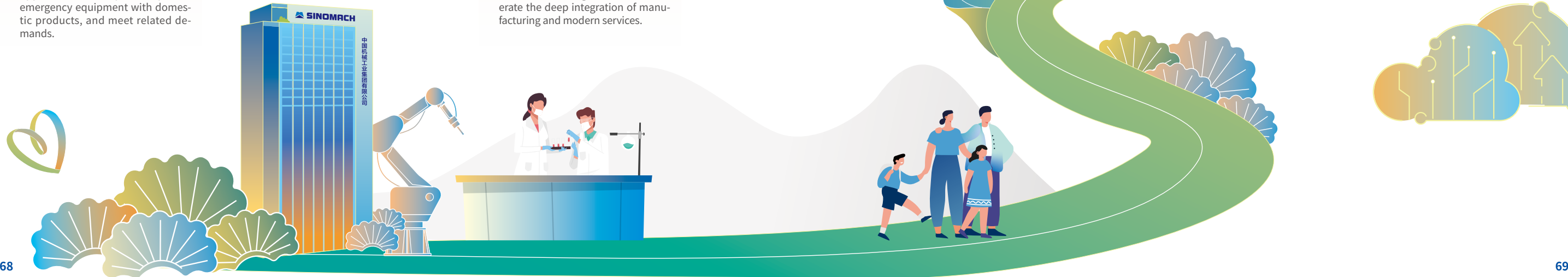
- By implementing the initiative to deepen and upgrade SOE reform, we aim to fully unleash the potential of reform. We will steadfastly advance the Group's reform plans and task lists, enhance internal and external collaboration, and continuously optimize resource allocation. Additionally, we will further reform systems and mechanisms for scientific and technological innovation, thereby reinforcing the principal role of enterprises in innovation.
- Aiming to become a world-class company, we will continuously advance the modernization of our management systems and capabilities. At the same time, we will enhance corporate governance and management skills and improve regulatory mechanisms. We will continue to strengthen our risk prevention and control system and promote the integration of internal control, risk management, and compliance management to ensure the prevention of systemic risks.

Striving to build a strong foundation of new industrialization

- We will steadfastly strengthen, optimize, and expand our core responsibilities and primary business while actively supporting the country's major strategies. By focusing on advancing new industrialization, we will diligently work to develop the "three forces."
- We will strengthen advanced equipment manufacturing as our core business and establish a robust security force for the advanced equipment industry chain. We will thoroughly implement the "155" heavy equipment development strategy, vigorously promote the high-quality development of agricultural machinery, fully execute the three-year action plan for the revitalization of textile machinery, and accelerate the revitalization of forestry machinery. We will increase the supply of domestic geological equipment, seize opportunities to replace imported emergency equipment with domestic products, and meet related demands.
- We will leverage our strengths in industrial foundation research and services to build a strategic technological force for the machinery industry. We will construct and operate national-level research platforms to high standards, step up efforts to build a cradle for original technologies, systematically plan and advance the operation of the innovation alliance, and vigorously pursue breakthroughs in developing core technologies in key fields.
- We will strengthen our engineering contracting and supply chain businesses, providing robust support to advance international capacity cooperation and supply chain integration. At the same time, we will enhance the overall planning of our international operations by developing the Group's international business strategy, improve mechanisms for the management and operation of overseas regional centers, and reinforce localized operations.
- We will accelerate the transformation and upgrading of traditional business operations, actively invest in strategic emerging industries, and develop new quality productive forces, making greater efforts to pursue high-end, green, and intelligent development. We will actively participate in high-quality development initiatives for key industrial chains in the manufacturing sector and accelerate the deep integration of manufacturing and modern services.

Demonstrating commitment to social harmony and development

- We will accelerate the green transformation, and actively leverage our strengths in "carbon peaking and carbon neutrality" services and green engineering to promote green development.
- Firmly upholding the concept of "putting people and their lives first," we will earnestly implement the requirements of the CPC Central Committee and the State Council. Committed to preventing and defusing risks, we will strive to ensure both high-quality development and greater security.
- We will enhance the overseas risk management system, strengthen on-site project management, coordinate risk prevention and control measures, and effectively oversee rectifications.
- We will actively seize domestic market opportunities while pragmatically advancing strategic cooperation with government departments, industry organizations, and central SOEs.
- Focusing on "maintaining bottom lines, strengthening industry development, and promoting revitalization," we will actively leverage our advantages in planning, agricultural machinery, industry, and talent cultivation to support industrial development and explore the creation of related brands. We will continuously refine SINOMACH's unique assistance model, and provide robust and effective support for rural vitalization in targeted assistance areas.
- We will focus our resources on crucial industries and key areas that impact the national economy and people's livelihoods, including public services, emergency capacity building, and public welfare.
- We will thoroughly implement personnel development planning, strengthen the construction of our official and talent teams, and ensure the implementation of the responsibility system for talent development objectives, thereby providing robust organizational guarantees and talent support for the Group's development.



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
5	China Machinery Industry Auditing Society (CMIAS)	Chairman
6	China Association of Agricultural Machinery Manufactures (CAAMM)	Chairman
7	China Machinery Industry Federation (CMIF)	Vice Chairman
8	China Chamber of International Commerce (CCOIC)	Vice Chairman
9	China Enterprise Confederation (CEC) China Enterprise Directors Association (CEDA)	Vice Chairman
10	China Machinery Enterprise Management Association (CMMA)	Vice Chairman
11	China International Contractors Association (CICA)	Vice Chairman
12	China Chambers of Commerce for Import and Export of Machinery and Electronic Products	Vice Chairman
13	China Association of International Engineering Consultants (CAIEC)	Vice Chairman
14	China Association of Automotive Manufactures (CAAM)	Vice Chairman
15	China Society of Automotive Engineers(SAE-China)	Deputy Director-General Member
16	China Mechanical Engineering Society (CMES)	Deputy Director-General Member
17	China Association for Engineering Construction Standardization (CECS)	Deputy Director-General Member
18	China Institute Of Machinery Electronics And Ship Industry Archives	Deputy Director-General Member
19	China Talents Society Auto Talents Committee	Deputy Director-General Member
20	China Corporate Culture Institute	Deputy Director-General Member
21	China Association of Work Safety (CAWS)	Executive Council Member
22	China Center for International Economic Exchanges	Council Member (also serving as a Board Member of CEFM)
23	China Association of Machinery Industry Culture(CAMIC)	Council Member
24	Green Manufacturing Association of China	Council Member
25	Belt and Road Portal · Yidaiyilu.Gov.cn	Council Member
26	Association for Relations Across the Taiwan Straits	Council Member
27	Intelligent Manufacturing and Equipment Industry Cooperation Promotion Group of Cross-Strait CEO Summit	Council Member
28	China Institute of Internal Audit	Council Member

Comparison Table with the Ten Principles of UN Global Compact

The Ten Principles of UN Global Compact		Progress in 2023
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	We complied with international human rights conventions, strictly adhered to national laws, and effectively safeguarded employees' legitimate rights and interests.
	Principle 2: Make sure that they are not complicit in human rights abuses	We fostered a diverse and inclusive work environment, promoted a harmonious workplace atmosphere, and resolutely opposed any violations of human rights.
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	We improved the employee representative congress system to encourage employees to offer ideas and suggestions for the Group's development, and provided multiple channels—such as the employee representative congress, forums, and surveys—to promptly and effectively address their questions and concerns.
	Principle 4: The elimination of all forms of forced and compulsory labor	We complied with all labor and employment laws and regulations, firmly opposed any form of forced labor, and strictly prohibited the use of child labor.
	Principle 5: The effective abolition of child labor	
	Principle 6: The elimination of discrimination in respect of employment and occupation	We remained committed to equal employment practices, ensuring no discrimination or unfair treatment in hiring, compensation, training, or promotion opportunities based on age, disability, ethnicity, gender, marital status, nationality, political affiliation, or race.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	We proactively identified climate change risks and opportunities, and enhanced the management system for energy efficiency and carbon reduction.
	Principle 8: Undertake initiatives to promote greater environmental responsibility	We developed an incentive and constraint mechanism focused on carbon reduction, and integrated carbon peaking, carbon neutrality, and energy conservation into our comprehensive performance evaluation system. We also enhanced awareness and capability in energy saving, low-carbon practices, and environmental protection through strengthened publicity and training initiatives.
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies	We remained committed to prioritizing ecological protection and green development, and thoroughly promoted green design, manufacturing, products, and engineering at every stage to accelerate the transition to a green and low-carbon economy.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	We advanced our anti-corruption efforts to cultivate a clean and upright political ecosystem, continued the "Year of Institutional Building" campaign to strengthen systems and mechanisms for preventing corruption, and intensified integrity education and publicity.

Comparison Table with the Global Development Initiative

Global Development Initiative	Progress in 2023
Poverty reduction	We contributed to the modernization of agriculture and rural areas by focusing on "planning guidance, industrial promotion, agricultural machinery empowerment, and talent support." We increased efforts to stimulate the consumption of rural products, promoted higher production and income for farmers, and invested RMB 41.708 million in non-repayable aid for four targeted counties (districts). We also expressed deep concern for impoverished communities in our operational areas, actively participating in the planning and construction of major community infrastructure projects and engaging in public welfare initiatives to support local economic development.
Food security	Focusing on creating a cradle for original agricultural machinery technologies and building up strength in agricultural machinery and equipment, we intensified efforts to advance agricultural mechanization and upgrade the agricultural machinery equipment industry, thereby ensuring national food security.
Pandemic response and vaccines	Focusing on employee occupational health and safety, we enhanced our health and safety management system and encouraged subsidiaries to obtain occupational health and safety management system certification. We conducted various health care activities, including medical check-ups, free clinics, lectures, and training sessions for employees. In addition, we organized specialized training on occupational disease prevention and held an occupational disease awareness week to boost employees' understanding and awareness of preventive measures.
Financing for development	Actively engaging in the Belt and Road Initiative, we accelerated our integration into the global industrial system and vigorously advanced infrastructure projects in countries and regions along the Belt and Road. We made every effort to enhance economic and trade cooperation, strengthen people-to-people connections through mutually beneficial partnerships, and work towards shared prosperity.
Climate change and green development	We enhanced environmental management by establishing an incentive and constraint mechanism focused on carbon reduction and signing the <i>2023 Responsibility Agreement for Carbon Peaking, Carbon Neutrality, Energy Conservation, and Ecological Environmental Protection</i> . We actively pursued green development by comprehensively implementing green design, green manufacturing, green products, and green engineering to promote the green and low-carbon transition. Our total investment in environmental protection amounted to RMB 312.62 million.
Industrialization	We promoted the high-quality development of our advanced equipment manufacturing business while actively supporting China's strategy to enhance its manufacturing capabilities. We achieved significant scientific and technological milestones, such as successfully developing the world's largest single-unit capacity 500MW impulse turbine runner hub forging and the world's first multifunctional continuous casting machine. We initiated the three-year action plan for the revitalization of textile machinery and made breakthroughs in several core technologies in key fields.
Digital economy	We coordinated the development of our digital business and successfully launched the trial operation of "SINOMACH Pass" and the Integrated Management and Control Platform 1.0. We established SINOMACHDT to accelerate the construction of the "National Agricultural Machinery Operations Command and Dispatch Platform" as well as the Agricultural Machinery Cloud and the Machinery Equipment Industry Cloud platforms. Moreover, we signed a strategic cooperation memorandum with Dassault Systèmes to jointly promote the establishment of an industrial software joint innovation center, leveraging digital technology to empower the modernization of agriculture and rural areas and the upgrading of the intelligent manufacturing industry.
Connectivity in the digital era	We consolidated our strengths in engineering contracting and supply chain business, actively integrated into the new development pattern, and contributed to the development of dual circulation. We successfully hosted an event where foreign envoys in China visited SINOMACH, providing them with insights into the Group's practical actions and achievements in advancing industrialization, fostering new industrialization, and promoting global economic and trade cooperation.

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