

中国的东方红[®] 世界的 [®]
Dongfanghong of China YTO of world



Note to the Report

General:

This Report is the seventh social responsibility report issued by the First Tractor Company Limited (the Company), which has summarized the performance of the social responsibility by the Company in 2018 and the practical action and performances in respect of sustainable development aiming at enhancing communication between the Company and the related parties.

Basis of Preparation:

The Report is prepared in accordance with the Guidelines of Shanghai Stock Exchange for Preparation of Corporate Social Responsibility Report, Notice on Strengthening Listed Companies' Assumption of Social Responsibility and the Guidelines on Environment Information Disclosure by Listed Companies and the Listing Rules of Hong Kong Stock Exchange and the Guidelines on Environment, Social and Governance Report with consideration of the practical conditions of the Company.

Time Range:

The time limit of the Report is from January 1 to December 31, 2018 and the valid time of partial information may extend by proper time.

Subject Scope:

The subject scope of the Report is First Tractor Company Limited and its subsidiaries.

Information Source:

The information in the Report is from the Company's official documents, statistic report and the summary of the implementation of the social responsibilities by the subsidiaries.

Coreference Notice:

For the purpose of presentation and reading, First Tractor Company Limited is referred to in the Report as "the Company".



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About Us

First Tractor Company Limited (hereinafter referred to as the Company or "YTO") is the unique A+H listed Company in China's farm machinery industry. In June, 1997, the Company successfully issued H-shares (with stock code: 00038) in the overseas market and the stock was listed with Hong Kong Stock Exchange; in August, 2012, the Company conducted IPO of A-shares (with stock code: 601038) in the domestic market which were listed for trading with Shanghai Stock Exchange.

The Company is one of the agricultural machinery manufacturers with biggest scope, most up-to-date technology and most powerful comprehensive strength, is mainly engaged in R & D, manufacture and sales of agricultural machinery, power machinery, etc. The Company has powerful complete tractor industrial chain production and manufacture capability with leading products covering "DONGFANGHONG" series big, medium and small wheeled tractors, crawler tractors, diesel engines and spares and parts, etc. DongFangHongBrand is the best-selling tractor brand with the largest quantity in China. It is the agricultural machinery brand enjoying best reputation amount farmers in China and has witnesses and taken a lead in the whole process of China's agricultural machinery industry from starting to development and growth; YTO, as the brand of the Company in participating in the global competition in the overseas market, is an important representative of China's agricultural machinery enterprises "in going to the international market".

The Company insists on the strategic development idea of "smart drive, forming complete set in development, globe-wide arrangement and breakthrough in transformation", firmly grasps the opportunity of industrial transformation and upgrading, with improvement of product quality as the base, with intelligentized application of agricultural equipment as the panacea, speeds up adjustment of the product structure, improve internationalized operation level, develops the complete set business with powerful competitiveness, continuously provides the users with up-to-date technology, new products and new services, tries to be the leader of China's agricultural machinery industry and makes positive contribution in quickening the process of mechanizing China's agriculture, helps rural vitalization strategy and promoting agricultural production and increasing farmers' income.

With the core values of "the Three FIRSTs" as the guideline, with promoting high quality development of China's agricultural equipment and whole-process mechanization of agricultural production as its own duty, the Company actively assumes and implements the social responsibility, untiringly struggles for the objective of "building the Company into Value-Creating YTO, Innovative YTO, Green YTO, Responsible YTO, Happy YTO and devoting its effort to becoming an outstanding supplier of global agricultural equipment", and promote long-lasting and maximization of the interest of the interested parties, including employees, customers, partners, etc.



**VALUE-CREATING
YTO**



**INNOVATIVE
YTO**



**GREEN
YTO**



**RESPONSIBLE
YTO**

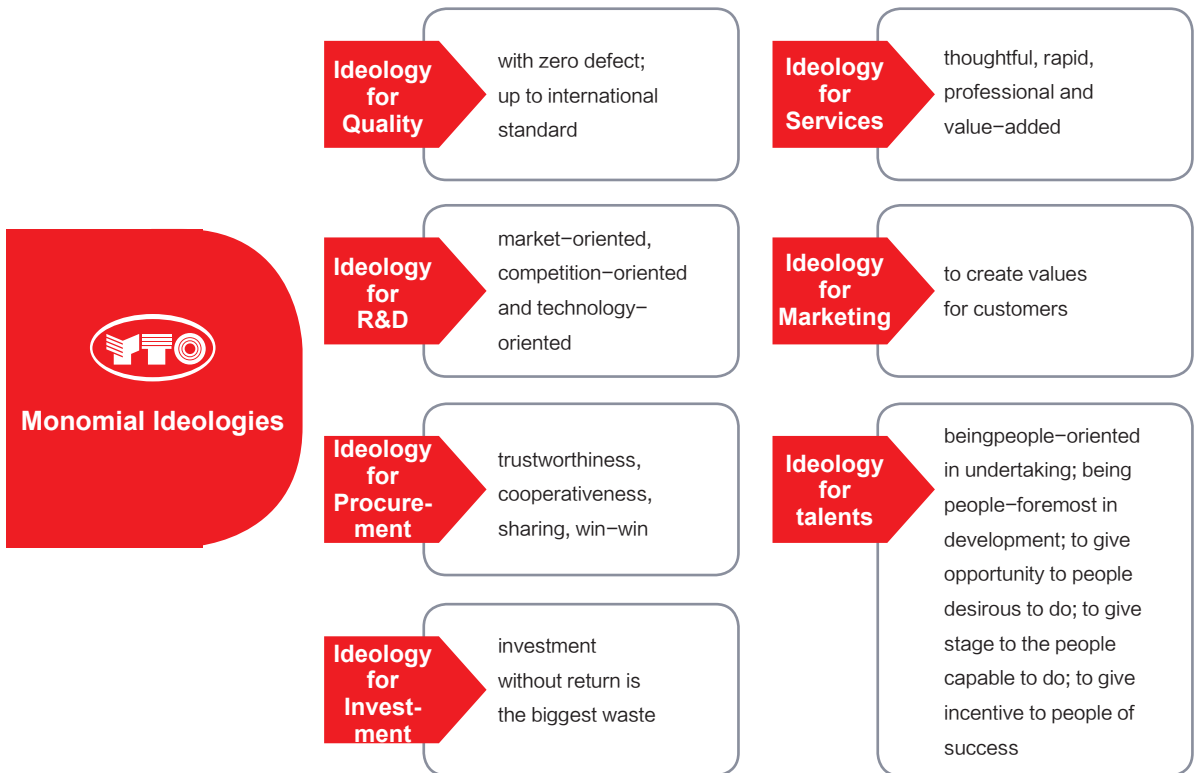
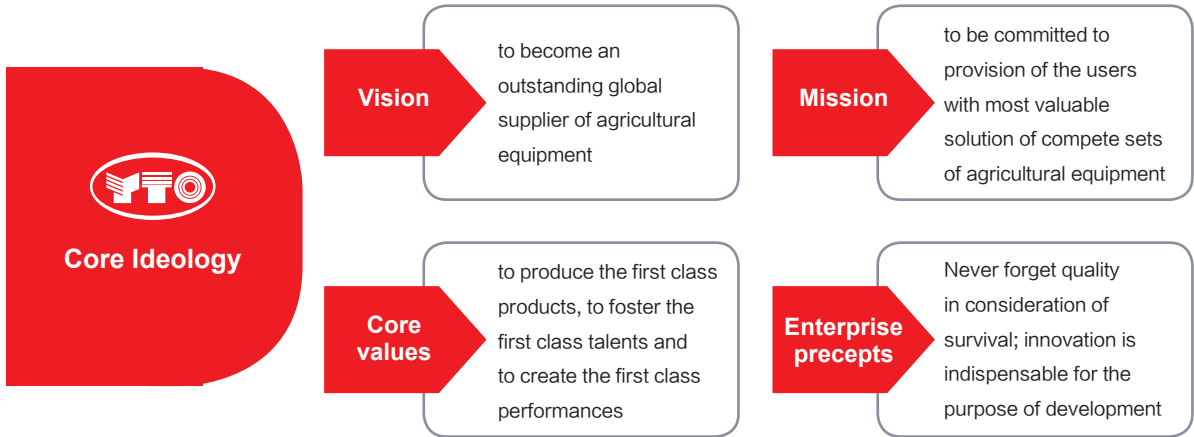


**HAPPY
YTO**





Enterprise Culture





Social Achievements (Partial)

DONGFANGHONG-LF2204 Wheeled tractor	Description of the Honors Award Granting Organization	Outstanding Product of the Machine-building Industry in China 40th Anniversary of Reform and Open-up China Machinery Industry Federation (CMIF)
DONGFANGHONG Big-horsepower (over 100 horsepower) Tractor, DONGFANGHONG agricultural diesel engine	Description of the Honors Award Granting Organization	Grand Award 2018 of China Agricultural Machinery Industry CHINA ASSOCIATION OF AGRICULTURAL MACHINERY MANUFACTURERS (CAAMM) China Agricultural Mechanization Association (CAMA) China Agricultural Machinery Distribution Association (CAMDA)
DONGFANGHONG 25 HP - 100 HP tractors, 100 HP - 200 HP tractors and over 200 HP tractors	Description of the Honors Award Granting Organization	The 10th National Agricultural Machinery Customer Satisfaction Brand CAAMM China Agricultural Mechanization Association (CAMA)
Key technology and industrialization of large series powershift transmission tractor	Description of the Honors Award Granting Organization	The first prize of China Science-Technology Award of Machine-Building Industry China Machinery Industry Federation (CMIF) Chinese Mechanical Engineering Society
Key technology and industrialization of powershift transmission tractor	Description of the Honors Award Granting Organization	The first prize of Science & Technology Progress of Henan Province The People's Government of Henan Province
DONGFANGHONG LF904/LF954 Series Wheeled tractor	Description of the Honors Award Granting Organization	National Machinery Quality Award (Project Award - Product) China National Machinery Industry Corporation
DONGFANGHONG LF1004/LF1104/LF1004-C/LF1104-C Wheeled tractor	Description of the Honors Award Granting Organization	The second prize of Science & Technology Progress of China National Machinery Industry Corporation China National Machinery Industry Corporation
DONGFANGHONG LF904/LF954/LF904-C/LF954-C Wheeled tractor	Description of the Honors Award Granting Organization	The second prize of Agricultural Machinery Science & Technology Award CAAMM Chinese Society for Agricultural Machinery
Research and application of metalworking fluids testing and quality control technology	Description of the Honors Award Granting Organization	The second prize of China Scientific and Technological Achievements of Machine-building Process The second prize of China Scientific and Technological Achievements of Machine-building Process
Tractor axle housing parts cleaning technology and key cleaning equipment	Description of the Honors Award Granting Organization	The second prize of China Scientific and Technological Achievements of Machine-building Process The second prize of China Scientific and Technological Achievements of Machine-building Process
Key technology development and application of intelligent precision forging line	Description of the Honors Award Granting Organization	The second prize of Agricultural Machinery Science & Technology Award CAAMM Chinese Society for Agricultural Machinery



Part 1

Value-Creating YTO

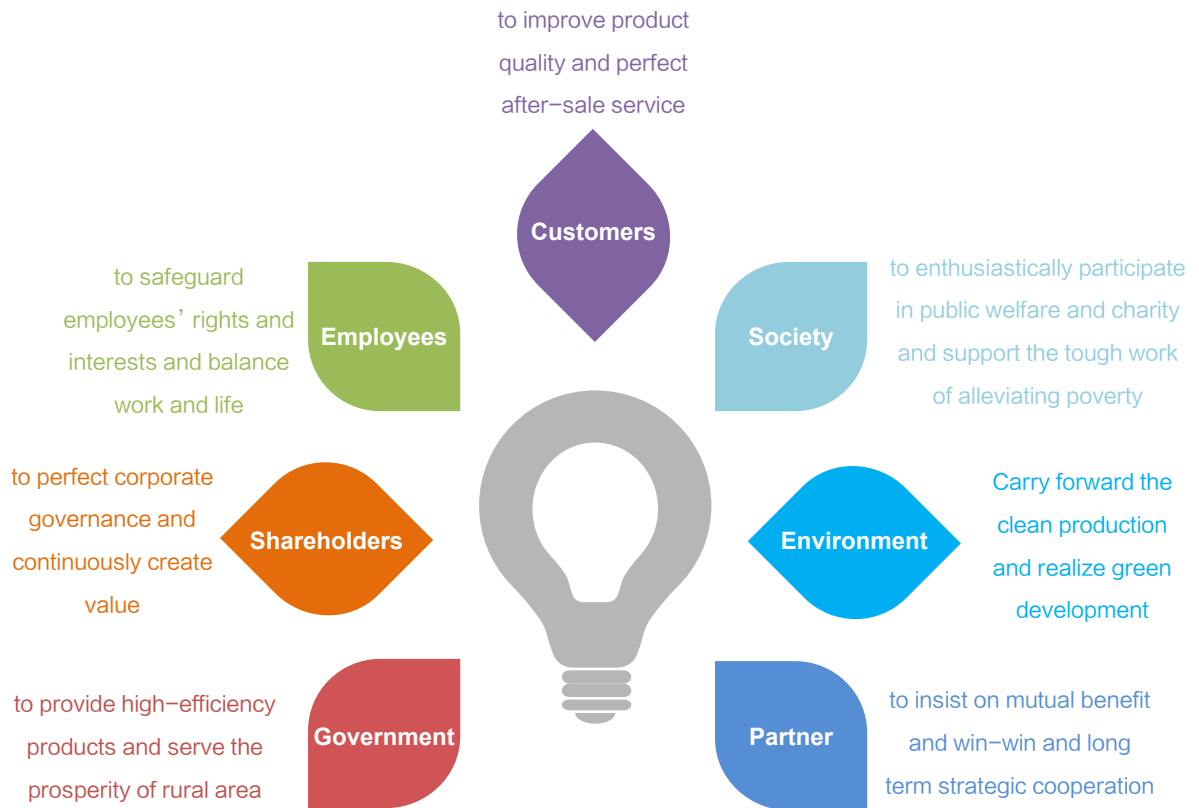
The Company has been continuously enhancing value creation and the ability of sustainable development, leads and promotes high-quality development of China's agricultural machinery and equipment, considers the creation of greater value and social value for the Company as important pursuit and promotes the Company and various interested parties to realize multi-win development.

1.1

Interested Parties

The Company insists on the development in a cooperative, win-win and comprehensive way, promotes unification of its own value and social value, and strives to construct the relationship of harmonious coexistence with the interested parties.

The Company enthusiastically improves the corporate governance level and lays a solid foundation for business development; effectively enhances the ability of sustainable development by practicing the spirit of contract and assuming social responsibility; gains insight into various related parties' concern and appeal and promote the Company to form a multi-win situation with various interest parties.



1.2

Serving Customers

The Company takes “provision of highly cost-effective products to customers” as the acting point and implement the ideology for services: thoughtful, rapid, professional and value-added. On one hand, effectively improve the reliability of product quality and actively satisfy the customers’ requirements on mechanization of different types of agricultural operation; on the other hand, continuously develop service informationization application, construct and form coordinative, high efficiency and quick service reaction mechanism, especially in busy farming seasons of summer and autumn; determine the key service areas according to the analysis on customers flow direction information, effectively match the service force, deploy service resources and provide customers with timely and high efficiency service guarantee. Meanwhile, on the basis of ensuring application of all customers’ information in a legal and rule-compliance way, the Company practically and effectively protects the consumers’ privacy, has established files of product users by 100% and has done a good job in after-sale services to users.

The Company strictly complies with the law and regulations concerning advertisement and promotion, ensures to provide true and reliable information to the consumers in the process of product sales and there exists no false advertisement. The Company’s products take the domestically well-known brand “DONGFANGHONG” as the logo. The logo is clear and there exists no action of faking any other product logo.

Service Assurance System

Perfecting the service network	Big service activities	Commitment for public service	Establishing early warning mechanism
the Company has established a network covering over 1000 service stations.	Spring, Summer and Autumn are the busy harvesting seasons. The Company organizes to carry out major service activities and escort farms for agricultural production.	The Company commits to offer services to the public during the busy farming seasons, time-bound repairing services and accept public supervision.	by means of the whole-process monitoring of repairing services, the Company takes advance prevention measures for important service information and shortens the machine downtime for repairing during the busy farming season.

Service Commitment

The Company took the lead in providing service commitment of “being in place within 6 hours and solving the problems in 12 hours” in the industry in April 2018 - to arrive within 6 hours after receiving the customers’ service appeal (within 8 hours in Xinjiang, Qinghai, Tibet, Heilongjiang, Sichuan, Yunnan, Guizhou, Inner Mongolia, Gansu, Hainan) and repair the breakdown machines and equipment within 12 hours. In case of failure in honoring the aforesaid service commitments, the Company implements the “overtime compensation” system - in case of failure in arriving at the site within 6 hours, the Company shall compensate for working time loss at rate of CNY 50/hour (with the maximum not exceeding CNY 500/day); in case of failure in repairing within 12 hours, the Company shall compensate CNY 50/hour (with the maximum not exceeding CNY 500/day).

1.3 Cooperation and Win-Win

The Company has integrated the ideology of social responsibility into the whole process of supply chain, prepared and implemented the strict “Measures for Management of Suppliers”; at the stage of investigating suppliers, the Company pays close attention to the qualifications in connection with environmental protection, safety, transportation, warehousing, etc.; after establishing the cooperation of the supply chain, the Company specifies the responsibilities by means of the Compliance Operation Agreement, including environmental protection, legitimate employment, legitimate tax payment, paying taxes according to the law, occupation safety, occupation health, protection of intellectual property, etc., influences and drive suppliers to implement social responsibilities, foster and establish supply chain cooperative relationship with sustainable development. In 2018, the Company had over 820 suppliers with long term cooperation distributed in many provinces, including Henan, Hebei, Shandong, Jiangsu, etc. which has stimulated the development of industrial chain and promoted social employment.

Cooperation Relationship with Suppliers:

The Company and the suppliers have established various types of cooperation relationship:



strategic
cooperation



key
cooperation



directional
cooperation



normal
cooperation

1.4 Relationship with Investors

Standardizing Information Disclosure

As a listed company of “A+H” shares, the Company strictly complies with the provisions of the Listing Rules of both Shanghai Stock Exchange and Hong Kong Stock Exchange, ensures information disclosure in a true, accurate, complete and timely way, treats domestic and overseas investors fairly and attaches importance on synchronism of domestic and overseas information disclosure.

Relationship with Investors

The Company pays attention to communication with investors, has prepared the System for Management of Relationship with Investors, regulates the work of relationship with investors, and communicates with the capital market and investors through various channels on the basis of information disclosure, and continuously enhances the transparency of the company’s operations.

The Company always maintains good communication with investors, uses various channels to understand the information that investors care about, and responds positively and provides solutions. At the same time, actively does a good job in investor protection, paying particular attention to the protection of minority shareholders’ rights and interests, and by ensuring that the participation rights, right to know, and voting rights of minority shareholders are guaranteed by adding relevant provisions in the Company’s “Articles of Association” and the rules of procedures of the general meeting. When dealing with related transactions, the Company’s independent directors independently and prudently express their opinions on the principle of safeguarding the interests of minority investors.



Part 2

Innovative YTO

The Company adheres to the innovation and development as the driving force, perfects the scientific and technological innovation system, enhances the ability of scientific and technological innovation, effectively carries out business model innovation, accelerates the provision of new technologies, new products and new services to customers, effectively makes up for the deficiency of agricultural modernization development, and provides support in implementation of the “Rural Revitalization” strategy.

Taking the Lead in Science and Technology

The Company focuses on the breakthrough of the core technology of leading products. Thanks to the continuous strengthening of investment in R&D, the core technology of leading products represented by powershift transmission, continuously variable transmission, and Electronic Control Unit has achieved effective breakthroughs; the equipment intelligentization reform characterized by “replacing the old production lines, replacing the old driving unit of equipment and replacing the manpower with robots in machine operation” has formed the scale. The Company is enjoying the leading position in technology in the industry.

Powerful—strength of Scientific Research

The Company effectively integrates domestic and foreign R&D resources, cooperates with famous R&D institutions in the United States, Britain, Austria and other countries, and always keeps pace with the world's advanced technology. The development capability of large and medium-sized tractors and non-road diesel engines is in the leading position in the domestic industry. Especially in the fields of R & D of heavy-duty tractors and manufacturing technology, the Company has made a major breakthrough, leading the industry progress in the key common technologies of tractor powershift transmission, continuously variable transmission, automatic driving, etc.

Complete Testing Means

The Company's state key laboratory of tractor power system has a world-class, industry-leading and most comprehensive tractor comprehensive test site, which can test up to 500 HP tractors for traction, climbing, braking, etc.; the full range tractor jolt testing site independently developed by the Company and the unique one in the industry is mainly to simulate the reliability of tractors continuously passing obstacles; the tractor high and low-temperature testing room can carry out tests under the simulated environment of high and low temperature from +65°C to -45°C, hot-blast air and light, etc.; the tractor transmission testing chamber is the only laboratory in China that can perform various performance tests and calibrations such as powershift transmission and continuously variable transmission; the engine testing room is equipped with international advanced power measurement and control, full-flow emission analysis systems, etc. which can meet the requirements of detection in compliance with the national regulations concerning “the Five Emissions”.



Fruitful Achievements in Scientific Research

The Company presided over the implementation of 400 HP continuously variable transmission heavy-duty tractors, high-power power shift tractor manufacturing technology, new energy-saving and environment-friendly agricultural engine development and other major national science and technology projects, and achieved breakthroughs in core technologies, filling a number of domestic technology gaps.

Advanced Manufacture System

Guided by the definite manufacturing development orientation of “Made in China 2025”, the Company has invested and constructed a new intelligent manufacturing plant of wheeled tractors and realized intelligent control of the whole life cycle process from tractor design, development, manufacturing, testing and operation and maintenance services, etc. On the basis of improving production capacity and upgrading technology, around the production status of tractor products, manufacturing complexity and other production status, the Company has carried out R & D and application of intelligent manufacturing system for tractor diversification and mixed flow production to realize whole-process intelligent tractor manufacturing.



Patents



including 21 inventions

participated in the formulation

39



utility models 59

presided over

8



designs 22



Strengthening International Cooperation on Key Core Technologies

In order to accelerate the breakthrough of key core technologies, the company has carried out technical consultation and cooperation with European famous product design consulting organizations and agricultural machinery companies such as Austria based AVL, UK based Ricardo, and carried out scientific and technological exchanges around the European V emission standard technical route.



The Company comprehensively implements the "market-oriented, competition-oriented, technology-oriented" R & D ideology. In 2018, by shortening the product development cycle and speeding up the time-to-market of new products, the Company developed several new models of tractors that meet the operation needs of different regions in China. The demand for different types of operations such as subsoiling in North China, paddy field operations, and hilly and orchard farming in South China has been satisfied, which has contributed the value of the improvement of China's comprehensive agricultural mechanization level.



Large and Efficient Operation :

The Company speeded up the promotion and application of large power shift tractors, promoted the technical research and development of continuously variable transmission heavy-duty tractors and unmanned tractors, and took a lead in the technological advancement of tractor products with types of powershift transmission, power reversing, section powershift transmission, etc. in China; accelerated popularization and application of such tractors; quickened implementation of commercialization development of 400 HP heavy-duty continuously variable transmission tractors; unmanned tractors successfully passed the field work project test.



Subsoiling Operation in North China :

Subsoiling operation not only makes the plot evenly ploughed, but also may produce a good result in soil moisture conservation and high yield of crops. However, subsoiling operation requires high reliability and adhesion of the tractor, which demands the diesel engine of a tractor to have not only strong power but also high stability.

In order to meet the customers' requirements for subsoiling operation of tractor of 180 HP model in North China, the Company has developed DONGFANGHONG -LX1804 tractor, which has a good effect on improving the quality of subsoiling operation and increasing production output and income. The tractor has become the focus of the market as soon as it has been launched in the market.



Paddy Field Operation in South China :

Based on the demand for paddy field operations in South China, the Company has developed the economical medium horsepower tractor DONGFANGHONG-MK704/MK804/MK904/MY1004S series paddy wheeled tractors. This type of tractor adopts specialized paddy-type double-cone front axle, which features good sealing and passing ability, small turning radius and high working efficiency. In addition, customers may choose different models to meet different types of paddy field operations.



Hilly Land and Orchard Operations :

In order to speed up making-up of the shortcomings of the general low level of agricultural mechanization in the hilly and orchard farming in China, the Company has developed DONGFANGHONG MK series 70-100 HP orchard tractor. This type of tractor may be widely used in plain and hilly areas. It may be used for orchard rotary tillage, spraying insecticide and potato harvesting. It can also be used for general farmland operations and transportation, because of its good product adaptability and high-cost performance. It is widely welcomed by farmers.



“DONGFANGHONG” Unmanned Tractor Made a Stage Pose on CCTV Program of “Super Wittiness”

The company’s self-developed “DONGFANGHONG” unmanned tractor made a stage pose shines in the second season of CCTV1 “Super Wittiness”, and won the wonderful man-machine competition, and won the title of “2018 Smart Pioneer” awarded by the program group. The DONGFANGHONG LF1104-C unmanned tractor, which was unveiled in the second season of “Super Wittiness”, is one of the key projects developed by the Company in recent years. The product is equipped with automatic path planning in the specified area, navigation, automatic reversing, automatic braking, remote starting, remote shut-down, automatic rear power output, automatic control of engine revolution, automatic control of farm implements, active avoidance of obstacles and remote control. It is a representative of intelligent tractors currently developed by the Company.



“DONGFANGHONG” Diesel Engine Product Solution of the National Regulations concerning “the Four Emissions”

Relying on the production equipment, manufacturing capacity and supply system of the whole series of products, the Company successfully launched the diesel engine product solution of the national regulations concerning “the Four Emissions” to provide a more energy-saving and environment-friendly clean “heart” for China’s agricultural machinery and equipment.



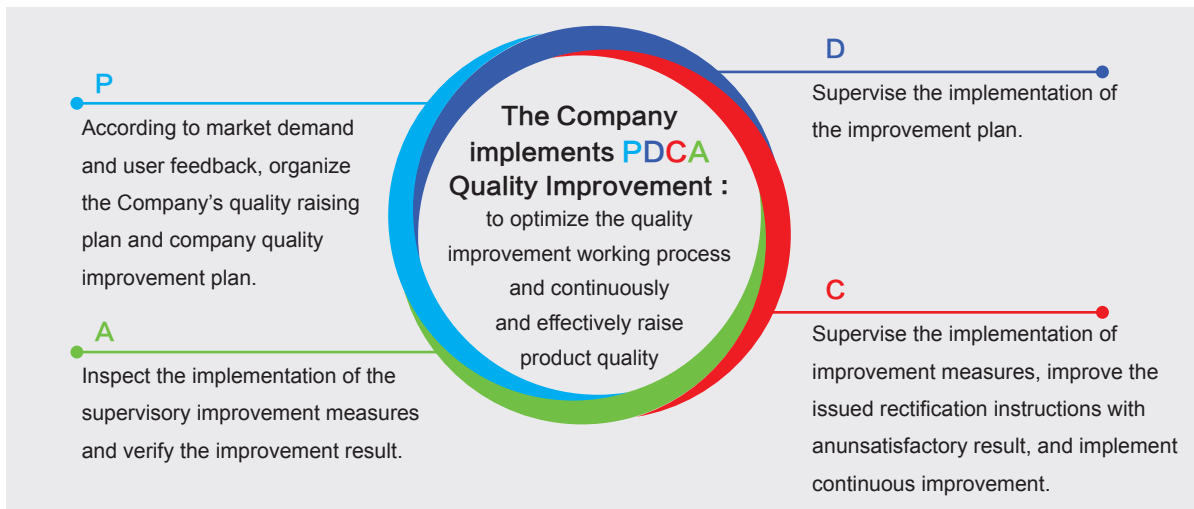
High-end Smart Products Unveiled at the First China International Import Expo

The high-end smart products made by YTO France SAS - section drive system, power shift assembly, PTO (power transmission output) assembly and other component assemblies made stage pose at the First China International Import Expo.



2.3 Quality Assurance

The Company practices the quality ideology of “zero defect quality and standard internationalization”, implements the national “Product Quality Law” and GB/T19001-2016, IATF16949 standards to improve the quality management system, strictly implements the “Measures for Quality Improvement and Management”, and changes and implements the Company’s “Quality Manual” and “Customer Satisfaction Evaluation Control Procedures” and other procedure stipulations, enhances the awareness of quality objectives and quality responsibility, benchmarks the international advanced level and improves the technical quality level of products, and ensures the safety of related products in the operation process; provides high quality products and excellent services, and has passed the quality system certification conducted by the third party.



2.4 Model Innovation



Product Finance Business

With the development of agricultural machinery and equipment in the direction of large-scale, complete sets, and high value, the contradiction between the relatively insufficient purchasing power of agricultural machinery market users has become more and more prominent, and it has become a bottleneck restricting the promotion and application of large-scale, high-efficiency and compound agricultural machinery equipment. By providing product finance business to customers and distributors, the Company has realized the organic integration of product manufacturing advantages and financial services. In 2018, it promoted the sale of more than 1200 “DONGFANGHONG” agricultural machinery products, satisfying customers’ purchase demand on large-scale, high-efficiency and compound agricultural machinery equipment.





Application of “Internet + Agricultural Machinery Operation”

The Company has accelerated the promotion of “Internet + agricultural machinery operations”, completed the development and application of intelligent agricultural machinery service platform functions, realized product remote tracking, remote diagnosis and remote service support, and formed product quality analysis, big data analysis and data mining functions and promoted the development of smart agriculture.



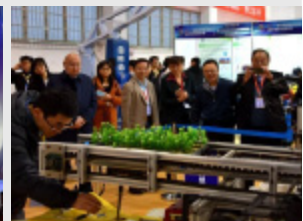
Established the First Skill Training Appraisal Center in the Industry

The Company has built the first skill training appraisal center of China’s agricultural machinery industry - “vocational skills training appraisal center”. The training center has more than 3,400 square meters of skill training and simulation driving ground; by using the three practical training resources, namely “the application of digital technology”, “application of electromechanical technology” and “ the actual disassembly and assembly operation “, it can simultaneously meet 200 persons’ vocational skills training in different subjects such as tractors and agricultural diesel engines, and can train primary, medium and senior skilled workers, maintenance technicians and senior repairing technicians of agricultural machinery maintenance and driving for the development of modern agriculture in China.



Promoting the Cultivation of Agricultural Equipment Innovation Talents in Colleges and Universities

The National College Students Intelligent Agricultural Equipment Innovation Competition with the title of “DONGFANGHONG” Cup supported by the Company has been held for four sessions. The Competition aims at cultivating the students’ innovative ability of agricultural equipment major. The Competition in 2018 was undertaken by Fujian University of Agriculture and Forestry and has effectively promoted training of innovative and entrepreneurial talents in the field of agricultural equipment engineering in China’s higher education institutions.





Part 3

Green YTO

The Company enhances the awareness of green development, vigorously develops acircular economy, continuously reduces unit energy consumption, effectively guards against safety production risks, and ensures the occupational health of all employees.

3.1 Environmental Protection

The Company conscientiously implements China's "Law for Environmental Protection Law", "Law for Air Pollution Prevention and Control", "Law for Solid Waste Pollution Prevention and Control", "Law for Construction Project Environmental Impact Assessment" and other laws and regulations, has established and improved environmental protection organizations, and formulated and implements the internal management systems, including "Responsibility System for Environmental Protection", "Management Provisions for Solid Waste Pollution Prevention and Control" and "Measures for Environmental Statistics Management", practically implements the social responsibility for environmental protection and promotes sustainable green development.

In 2018, the company continued to improve the basic management of environmental protection, strengthened the on-site operation control, did a good job in the implementation of key projects for anti-pollution and emission reduction, and promoted effective implementation of emission reduction targets. In the previous environmental supervisions conducted the competent government departments, no violations of environmental protection laws and regulations has been found and no environmental pollution related incidents have ever taken place throughout the year. Especially in the NPC law enforcement inspection for implementation of the Law for Air Pollution Prevention and Control, the Company has been highly appreciated by the NPC law enforcement inspection team.



Nine systems, such as the Environmental Protection Responsibility System, the Measures for Assessment of Safety and Environmental Protection Management, Regulations on Supervision and Management of the Pollution Control Equipment Operation and the Regulations on Management of Solid Wastes, have been formulated.



The Company has established a leading group for energy conservation and emission reduction, responsible for the leadership of energy conservation and emission reduction work, and the energy conservation office and emission reduction office under the energy conservation and emission reduction leading group are the two executive bodies of the leading group.



Prepare environmental monitoring plan, organizes the implementation according to plan every year, summarize the monitoring results, calculate the pollutant discharge, and prepare the "Statistical Analysis Report on Environmental Protection (Occupational Health)" every year.



The management model of "two-level monitoring and four-level management" is practiced. According to the comprehensive performance assessment system of "monthly inspection, quarterly assessment and annual general assessment", the reward and punishment are strictly implemented in accordance with the "Measures for Assessment of Safety and Environmental Protection Management".

Clean Operations and Energy Saving

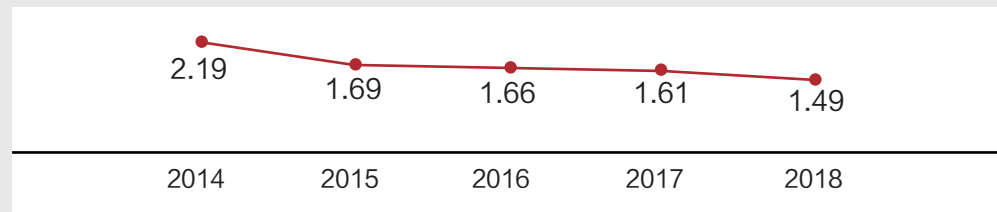
The Company implements the PRC “Energy Conservation Law” and other laws and regulations, and has formulated and implements the “Regulations for Management of Energy Conservation Target Assessment”, the “Regulations for Management of Energy Statistics”, the “Regulations for Management of Key Energy Consumption Equipment Energy Consumption Quota” and other rules and regulations, has formed a regulation system of the whole process from the source control to process supervision and management, and has improved the efficiency of comprehensive energy utilization.



Continuous Improvement of Water Resource Utilization Level

The Company applies the municipal water supply. With the continuous enhancement of water resources protection, the Company’s water-saving facilities have been increasingly perfected, water-saving awareness is continuously enhanced, and the Company’s water resource utilization level is continuously improved.

Unit output value water consumption (m³/CNY10,000 of output value)



Conducting Low-carbon Publicity to Raise Awareness of Energy Conservation

The Company uses the “Water Conservation Promotion Week” and “Energy Conservation Publicity Week” to organize various forms of publicity activities by means of electronic screens, exhibition boards and OA office systems to disseminate vigorously the national conditions of energy resources and national energy conservation policies and regulations, and advocate green production concepts and low carbon lifestyle.



Indicator Disclosure

① Gas pollutants discharge

Description	Data	Notes
Industrial waste gas pollutant smoke and dust	56.72 tons	
Density of industrial waste gas pollutant smoke and dust	120.23 g/CNY 10,000 of output value	
Sulfur dioxide emissions	3.14 tons	
Density of sulfur dioxide emissions	6.66 g/CNY 10,000 of output value	
Nox emission	19.34 tons	
Density of Nox emission	40.99 g/CNY 10,000 of output value	
Total greenhouse gas emissions	142545.98 tons	
Indirection emission of carbon dioxide in greenhouse gas	104906.36 tons	The Company consumes electricity, steam and other energy sources in the production and operation process, and the indirectly generated carbon dioxide cannot be accurately measured. The Company calculates the data by converting the standard coal consumption into carbon emissions. (1 ton of standard coal produces about 2.6885319 tons of carbon dioxide.)
Density of indirection emission of carbon dioxide in greenhouse gas	222.36 kg/CNY 10,000 of output value	This data was obtained indirectly

② Hazardous solid wastes and sewage discharge

Description	Data	Notes
Volume of hazardous wastes generated by the Company	451.92 tons	450.89 tons was entrusted to an organization qualified for treating hazardous wastes and the rest was safely stored, and the compliance rate was 100%.
Density of hazardous wastes generated by the Company	957.9 g/CNY 10,000	
Volume of industrial sewage	0	The Company has a complete sewage treatment facility to ensure "zero" emissions of wastewater.

③ Generation of harmless solid wastes

Description	Data	Notes
Annual output of general solid wastes such as iron scraps and waste sand	41035 tons	Of which 26,174 tons have been converted into usable materials through the Company's comprehensive utilization, and the comprehensive utilization rate is 63.78%.
Density of general solid wastes such as iron scraps and waste sand	86.98 kg/CNY 10,000	

④ Resource consumption

Description	Data	Notes
Up-process water consumption	775,000 tons	
Density of water consumption	1.49 ton/CNY 10,000 of output value	

The Company recycled and applied 230,000 tons of mid-process water by waste water treatment during the reporting year.

⑤ Energy consumption

Description	Data	Note
Comprehensive energy consumption	Converted into 53,255 tons of standard coal	
Comprehensive energy consumption (density)	0.1026 tons of standard coal/CNY 10,000 of output value	
Of which: electricity (total volume)	227.15 million kwh	
Electricity (density)	437 kwh/CNY 10,000 of output value	
Heat (total volume)	325,607GJ	The heat the Company consumes is mainly steam
Heat (density)	0.627GJ/CNY 10,000 of output value	

⑥ Packing material consumption

Description	Data	Note
The total amount of packaging materials used in finished products and the amount per unit	/	In the course of business operation, very few packaging materials are applied, which is not important event necessary to be disclosed.

3.3

Safety Production

The Company resolutely implements the PRC “Safe Production Law” and other laws and regulations concerning safety production and safety technical standards, promotes the ideology of “life first, safety supreme”, and advocates the safety culture of “life being priceless, safety being a blessing”.

In 2018, the Company strengthened the construction of the responsibility system of “ensuring that both CPC committees and governments are held accountable and that officials take responsibility for workplace safety in performing their duties, conducting joint control with uniform efforts, intensifying efforts to see that those who fail to uphold safety standards are held accountable” and strictly implemented safety production rules and regulations, including the “Safety Production Responsibility System”, “Regulations on Management of Hidden Accident Potential”, “Measures for Management of Safety Supervision of Hazardous Sources”, did a good job of safety propaganda for employees, set up eye-catching safety tips at dangerous workplaces, improved the dual prevention mechanism for safety risk grading control and hidden dangers, and effectively prevented major risks in safety production. The number of deaths due to work-related injuries in 2018 was zero, and there was no loss of working days due to the aforesaid reason.

The Company comprehensively implements the “Five Simultaneous” principle in the safety work

Simultaneous plan: The production plan contains safety production targets and measures

Simultaneous arrangement: There are safety production requirements in the arrangement work

Simultaneous inspection: The inspection work covers safety production items

Simultaneous summarization: A summary report contains safety production

Simultaneous assessment: An assessment proposal contains safety production clauses

Safety Production Standardization System

Organizational guarantee:
Comprehensive implementation of safety production responsibility system

Rules and regulations:
There are rules to follow in promoting safety management

Target assessment:
implementation of strict assessment and accountability

Risk control:
Consolidating the basic safety fortress

Emergency rescue:
preventing and resolving various safety risks

Education and training:
improving the workforce’s qualification for safety

Occupational health:
effectively protecting employees’ health and safety

Comprehensive supervision:
continuous improvement of system operation quality



Conducting tour speech activity titled "I want to be safe"

The company organized a tour speech activity titled "I want to be safe", through the personal experience and feelings of the speakers, using a typical accident case that happened to the employees, expounding the importance and impact of safety production on enterprises and families. From this activity, the voice of "I want safety, I'm able to realize safety, and I shall ensure safety" is extended to nearly 3,000 front-line employees, guiding the employees to firmly establish a sense and ideology of safety.



3.4 Occupational Health

In 2018, the Company conscientiously implemented the "Law on the Prevention and Control of Occupational Diseases", earnestly fulfilled the main responsibility of enterprises for the prevention and control of occupational diseases, and strictly implemented the "Provisions on the Supervision and Administration of Occupational Health at Work Sites" and the "Measures for the Supervision and Administration of "Three Simultaneities" of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects" and other relevant occupational health laws and regulations, improved the system construction, strictly implemented the company's "Measures for Management of Occupational Health", did a good job in occupational health management according to law, and no new occupational diseases took place in 2018.

Occupational disease hazard project declaration compliance **rate**

Rate of Informing of Occupational Hazards in Workplaces

Physical examination **rate** of employees possible to contact occupational diseases before taking up the job or in service.

Dust operation point monitoring rate and compliance **rate**

Labor protection appliances distribution **rate**





Part 4

Responsible YTO

The Company continuously enhances the Company's sense of social responsibility, adheres to the correct ideology of justice and benefit, eliminates the occurrence of illegal business phenomena, continuously improves corporate governance and communication mechanisms, abides by the commitments of all stakeholders, and promotes the harmonious integration of economic and social benefits.

4.1

Anti-corruption

The Company shall continue to strengthen the work style construction, strengthen supervision and accountability, and extensively carry out warning publicity and education at important time points, continuously deepen the Party's work style and clean government construction and anti-corruption work, and create a good business atmosphere.

dare not corrupt

Reinforce the examination and investigation to stand in awe of "dare not to corrupt". Focus on the key fields and key links of production and management of the Company, regularly make judgment of and analysis on clues of problems, strictly enforce discipline and give zero tolerance for violation of discipline and law.

cannot corrupt

Strengthen supervision and monitoring, and actively build a mechanism of "can not corrupt". Comprehensively investigate violations of regulations and discipline in management, establish a work connection mechanism between the discipline inspection agency and the function systems; carry out special inspections on business enterprises to prevent risks involved in interest transmission; carry out an investigation on risks in post integrity, and implement prevention and control of integrity risks in individuals.

do not want to corrupt

Enhance publicity and education, and create an ideological defense line of "Do not want to corrupt". The Company carried out the 11th Campaign of "Anti-corruption Publicity and Education Month" to strengthen the construction of a clean culture; signed the letter of commitment for integrity level by level, paid visit to the clean culture propaganda and education base, watched the warning education film, and warned officers and workers to stick to the "bottom line."



Reinforcing Anti-corruption Publicity and Education

The Company carried out the "Anti-corruption Publicity and Education Month" campaign, and organized its officers and personnel in the key positions to participate in the clean and honest culture publicity and education activities.



Standard Operation

Standard operation is an important guarantee for the steady development of the Company. As a listed company of A+H shares, the Company has established perfect corporate governance structure including shareholders' meeting, the board of directors, the board of supervisors and senior management in accordance with the "Company Law", "Securities Law", "Basic Regulations for Internal Control of Enterprises" and related laws and regulations. The shareholders' meeting, the board of directors and the board of supervisors all performed their duties in strict accordance with the Company's "Articles of Association" and related systems, ensuring the Company's efficient and standardized operation and scientific decision-making, safeguarding the Company's overall interests, and ensuring the rights of all shareholders, especially the minority shareholders.

In business operation, the Company strictly controls insider trading, strictly implements the procedures for approval of related transactions, strictly fulfills its commitments, gives full play to the role of independent directors, guarantees the rights and interests of minority investors, actively resolves horizontal competition, avoids interest conflict, and eliminates the transfer of relevant interests, and maintain the legitimate rights and interests of the Company.

The Company held 10 board meetings (including board meetings held by means of communication) in 2018 including 4 regular meetings, at which 46 resolutions were formed. All directors of the Company strictly followed the Company's "Articles of Association", "Rules of Procedure of the Board of Directors" and other related laws and regulations, made independent, objective and impartial judgments on the proposals reviewed by the board of directors, exercised their rights and fulfilled their obligations in accordance with the law based on the attitude of good faith, diligence and conscientiousness, according to their own professional knowledge and ability.

Risk Prevention and Control

In 2018, the Company effectively improved the operational risk prevention capability by strengthening early risk warning and monitoring and improving internal control measures. The first is to continuously optimize and refine risk management, and improve the risk assessment and early warning system. The second is to prepare a risk prevention plan and improve the work assessment mechanism. The third is to actively carry out a special risk assessment of major business projects, and set up an effective firewall to prevent the occurrence of major project risks. The fourth is to highlight the risk management and control of key links such as procurement, sales, inventory and accounts receivable, and promote the implementation of management and control measures.

The Company complies with anti-corruption and anti-money laundering laws and regulations. In 2018, there were no crimes of corruption, bribery, extortion, fraud or money laundering, and there were no lawsuits arising from the above matter either.



Part 5

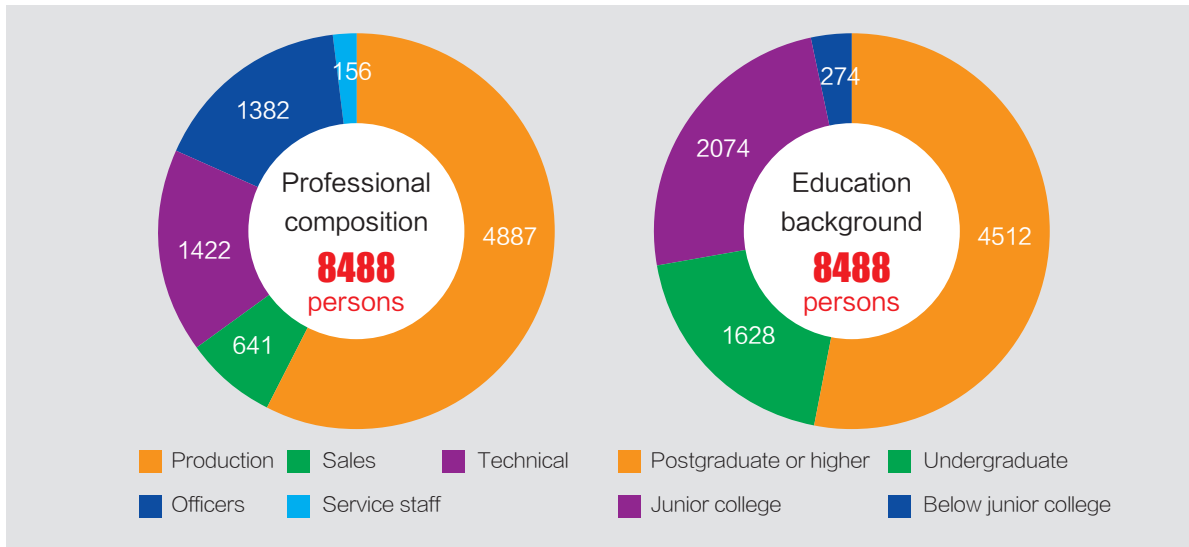
Happy YTO

The Company adheres to the “people-oriented” concept, strives to achieve development results and share with employees, so that employees may work decently and live happily. At the same time, the Company is enthusiastic to participate in social welfare undertakings, participate in the construction of a harmonious community, help to win the battle against poverty, and pass on the positive energy of enterprise development.

5.1

Growth of Employees

The Company implemented the strategy of “developing the enterprise relying on talents” and established a scientific, fair and mature talent recruitment system and management system in strict compliance with relevant laws and regulations, providing a stage for all employees to display their talents and promoted formation of win-win situation of development of the Company and growth of employees.



Remuneration and welfare

The Company has formulated and strictly implements the “Measures for Remuneration Payment”, implements the basic wage system based on the post wage system according to its own practical conditions, and insists on the organic combination of “distribution according to work and distribution according to production factors”. Based on the work characteristics of different types of personnel, the Company has formulated a diversified distribution form, effectively mobilized the enthusiasm of various types of personnel and safeguarded the legitimate rights and interests of employees.

The Company pays “Social insurance and house fund” (basic pension insurance, basic medical insurance, work injury insurance, maternity insurance, unemployment insurance and housing accumulation fund) on time and in full to ensure the implementation of employee social insurance benefits.

The Company has implemented and implemented the “Measures for Management of Employee Allowances”, and implemented the special subsidy system for food subsidies, heating fees, high-temperature allowances, night shift allowances, technical grade allowances, etc., and implemented the “people-oriented” concept.

Protection of Rights and Interest

The Company conscientiously implements the relevant laws and regulations such as the Labor Law, the Labor Contract Law and the Regulations for Implementation of the Labor Contract Law, and strengthens the construction of labor contract management and employment system. The Company does not discriminate against any applicant due to gender, ethnicity, age, etc. All employees sign labor contracts according to law, and there exists no such condition as the use of child labor or forced labor.

The Company implements a standard working hour system with 8 hours of work per day and 40 hours per week. At the same time, according to the nature of work or production characteristics, the comprehensive calculation of working hours system or flexible working hours system is implemented according to law.

The Company fully protects employees’ right to rest and vacation. Employees are entitled to various statutory paid holidays, including statutory holidays, annual leave, marriage leave, family leave, funeral leave, maternity leave, sick leave, and work-related injury leave, etc. The Company’s trade union actively performs its duties of safeguarding rights according to law to ensure that employees’ rights and interests are protected.

Development Opportunity

Taking the improvement of employees' quality ability as the starting point, the Company has set up a training resource sharing platform, targeted and classified training activities for employees in different occupational stages; explored and implemented different forms such as case teaching, business seminar, post-practice, and growth sharing to improve the effectiveness of training; established and improved training experience sharing, training effect evaluation, case application submission and other forms of training results verification, and enhanced the transformation of training results. In 2018, the Company organized more than 1,000 trainings for various types of employees, and trained a total of 38,000 employees.

The Company pays attention to building a growth platform for employees, providing diversified career growth channels, and striving to achieve common development of employees and enterprises. The company provides employees with two-way growth channels, namely business management channel and professional job channels. It has established one national master skill studio and two regional artisan studios to create favorable conditions for incubating high-skilled talents. In 2018, the Company successfully recommended more than 50 talents to the country, provinces and cities and the industry.



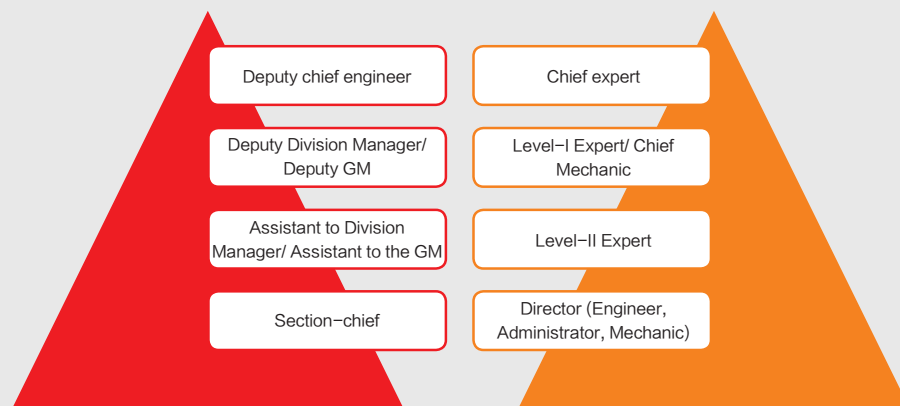
Carrying out New Employee Induction Training Activities

The Company continues to attach importance to the growth and development of its employees. In 2018, according to the characteristics of the new generation of young people, the Company has made exploration and innovation in the course design and organization for new employee induction training, through the guidance of instructors, visiting and studying, post-practice, classroom learning, etc..promoted the rapid transformation of the thinking and role of new recruits, and stimulated the enthusiasm of new recruits who have the courage to think and act.



The Company Provides Employees with Multiple Growth Channels

The Company provides employees with two-way growth channels, namely business management channel and professional job channel, of which the professional job channel consists of three major sequences (skill operation, professional management and engineering technology) and four levels (director engineer, 2nd class expert, 1st class expert and chief expert) as career development channel.





The Company has established the “Maker Space”

As one of the carriers of the Company's practice of “mass entrepreneurship and multitude innovation”, the Maker Space takes the tractor electronic control research as the core, focuses on new technologies, new processes and new model applications and has become an important platform for technology R & D personnel for exchanging ideas and gathering wisdom.



5.2

Providing Poverty Alleviation Aid to the Designated Sister Regions

The Company gives full play to its resource advantages, implements the decision-making arrangements of “resolutely winning the battle of poverty alleviation”, scientifically formulates assistance plans and assistance measures, and pays more attention to enhancing the self-healing ability of poverty alleviation areas, and focus on the development of local characteristic industries in terms of talents and skills training, we will use actual actions to help the poverty alleviation.



Zhifang Village, Tantou Town, Luanchuan County, Luoyang City, Henan Province, the Company's Designated Sister Unit of Poverty Alleviation

As a designated supporting unit of Zhifang Village, Tantou Town, Luanchuan County, Luoyang City, Henan Province, the company organized more than 50 employees in 2018 to carry out accurate assistance to the poor households in the village; with consideration of the poverty cause of the poverty-stricken households and their actual conditions the Company formulated poverty alleviation plan and measures, and delivered household articles and school supplies with total value of more than CNY 30,000. The Company helped Zhifang Villages in selling more than CNY 900,000 of agricultural and sideline products such as sweet potato vermicelli, corn grits, and tofu, which enhanced the self-healing of poor households.

By the end of 2018, there had been 126 households with 427 persons got rid of poverty (including 20 households with 33 persons in 2018) in the whole village. As there are still 11 households with 24 persons not yet out of poverty so far, the Company shall implement precise assistance measures to ensure that the village shall fully achieve the goal of poverty alleviation.



Harmonious Community

The Company has built “Happiness No. 10” employee service brand, adheres to the guidance of public welfare and service, and gives full play to the role of the employee activity center, gymnasium and swimming pool, better serves the staff life, and actively builds a harmonious community.

At the same time, the Company provides relief for the workers with difficulties in life through the Mutual Aid Foundation, organized during the Spring Festival and other festivals to express condolences to employees with difficulty in life, labor models and other groups to send them warmth.



Elegant Demeanour of Female Workers

During the “March 8 Women’s Day”, the Company held a female workers’ congress and commendation meeting, commended 21 model collectives and 71 model female workers; held the fifth “most beautiful family and most beautiful mother” deeds sharing and awarding ceremony, in-depth development of family civilization activities; carried out a dance competition titled “Beautiful and Healthy Dancing China”, showing the elegance of contemporary working women.



Recreational and Sports Activities

In order to enrich the cultural life of employees, the Company launched a series of cultural and sports activities including a speech competition with the theme of “Chinese Dream Labor Beauty”, a singing contest with the title of “Worker Singers”, a handcraft show competition titled “Loving Life and Loving Work”, and staff art performance titled “DongFangHong, Struggle for Dream Forever” in 2018 for the purpose of balancing the work and leisure life of employees.

Conclusion

The Company will take the national strategy of “Rural Revitalization” as the guideline and implement the “Guiding Opinions of the State Council on Accelerating Agricultural Mechanization and the Transformation and Upgrading of the Agricultural Machinery and Equipment Industry” (Guo Fa [2018] No. 42), regard the promotion of high-quality development of China’s agricultural machinery and mechanization of the whole process of agricultural production as its own duty, promote the development of China’s agricultural mechanization by continuously working hard to strengthen, better and bigger principal businesses.

The company will continue to enhance its sense of social responsibility, improve its corporate social responsibility supervision and management system, and continue to build “Value-Creating YTO, Innovative YTO, Green YTO , Responsible YTO and Happy YTO”, promote the formation of a multi-win situation among the interested parties, including the Company and its employees, customers, shareholders and partners, and promote the realization of the sustainable development of the economy, the society and the environment.

