

2024

Environmental, Social and Governance Report



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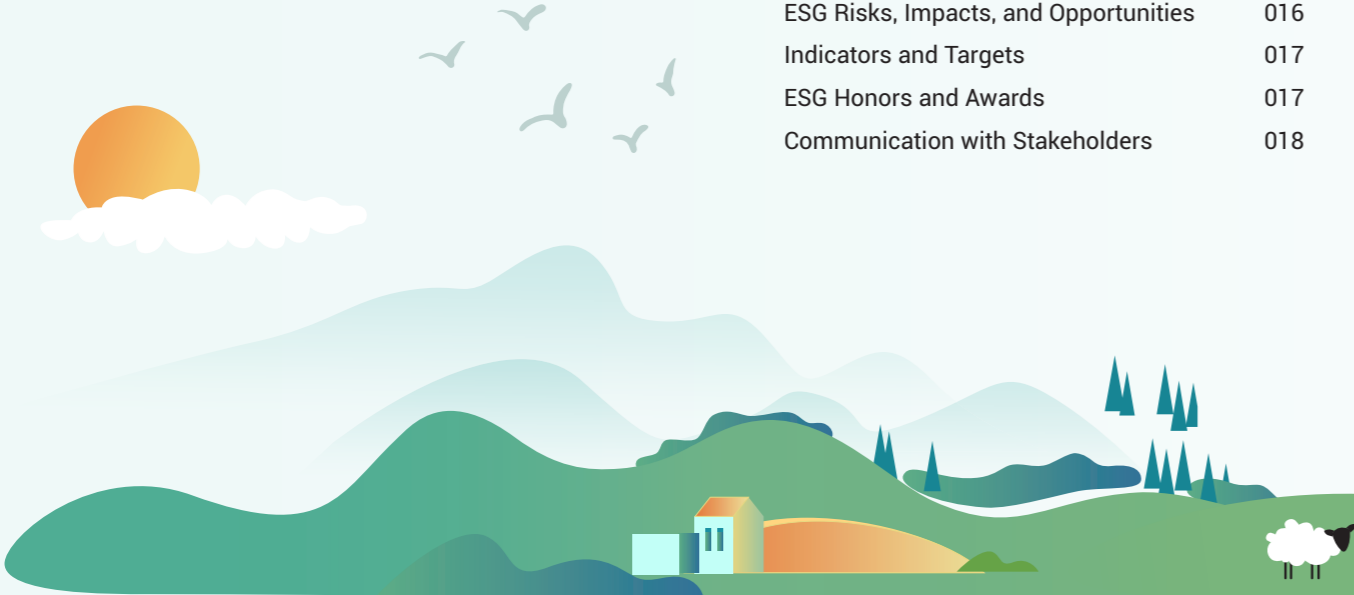
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About this Report

Report Statements

This report is prepared in an objective, standardized, transparent and comprehensive manner to fully disclose the specific measures, major practices, highlight cases and key performances in proactively assuming social responsibilities and executing effective management of ESG risks and opportunities by First Tractor Company Limited in 2024, with a view to responding to the intended expectations of stakeholders and fulfilling its social responsibilities more efficiently.

Reporting Period

The period covered by this report starts from January 1 to December 31, 2024. Some of the information provided in this report may cover more than the aforementioned period.

Reporting Scope

This report is concerned with the First Tractor Company Limited and covers its subsidiaries. Unless otherwise indicated, the reporting scope is consistent to that of the Company's annual report.

References

This report is prepared in accordance with the Environmental, Social and Governance Reporting Code by Hong Kong Exchanges and Clearing Limited (HKEX), the Guidelines of SSE for Self-Regulation of Listed Companies—Sustainability Report, the Guidelines No. 1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies – Standardized Operation, with references to the Reference Indicator System for ESG Reports of Listed Companies Controlled by Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council, the GRI Standards released by Global Sustainability Standards Board (GSSB), and ISO 26000: 2010 Guidance on Social Responsibility by the International Organization for Standardization.

Reporting Principles

This Report has been prepared by incorporating the four principles listed in HKEX’s Environmental, Social and Governance Reporting Code

Materiality: Analysis of material issues helps to determine what should be disclosed and how detailed the disclosure should be for each of these issues.

Quantitative: Quantitative data in environmental and social areas is to be disclosed in order to show the Company's performance in accordance with KPIs.

Balance: This report is mainly based on content management documents, statistics and public disclosure information, public media reports, reflecting objective facts and ESG practices

Consistency: Unless otherwise stated, all data disclosed in this report has been collected and processed according to the uniform processes established by the Company to ensure meaningful comparisons of data over time.

Data Source

All of the information and data referenced in this report is based on the in-house documentation, statistical report, financial report, etc., of First Tractor Company Limited. This report is issued after full review by the Board of First Tractor Company Limited and no presence of inaccurate records, misleading statements or major omissions will be found in this report.

Report Accessibility

You can review and download this report on the official websites of the SSE, HKEX, and First Tractor Company Limited (<http://www.first-tractor.com.cn>)

Comments & Feedback

Any comments or suggestions regarding the content of this report or the Company's performance in ESG may be communicated to us by phone (0379-64967038) or email (msc0038@ytogroup.cpm). Any valuable comment and suggestion will help us further improve this report.

Names and Abbreviations

Abbreviation		Full Name
FTC, YTO, this Company, Company, We	Refers to	First Tractor Company Limited
Diesel Engine Company	Refers to	YTO (Luoyang) Diesel Engine Co., Ltd.
Casting and Forging Company	Refers to	YTO (Luoyang) Casting and Forging Co., Ltd.
Hydraulic Transmission Company	Refers to	YTO (Luoyang) Hydraulic Transmission Co., Ltd.
Gear Transmission Company	Refers to	First Tractor Gear Transmission Co., Ltd.
Large Tractor Company	Refers to	First Tractor Large Tractor Co., Ltd.
Middle and Small Tractors Company	Refers to	First Tractor Middle and Small Tractors Co., Ltd.

Message from Chairman

Sail forth on rising winds, ride the wave to new horizons. 2024 marks the 75th anniversary of the founding of the People's Republic of China and is a crucial year for achieving the goals of the 14th Five-Year Plan. At this crucial stage of advancing the building of a great modern strong country and the rejuvenation of the Chinese nation through a Chinese path to modernization, the Third Plenary Session of the 20th CPC Central Committee has charted a strategic plan for comprehensively deepening reforms.

FTC focuses on promoting the development of China's agricultural machinery equipment industry, firmly implements comprehensive deepening reforms to accelerate high-quality enterprise development and industrial transformation and upgrading, and carries out national strategies such as building a technological powerhouse, a manufacturing powerhouse, and an agricultural powerhouse. With the overarching mission of "enhancing agricultural machinery capabilities to safeguard national food security", the Company has concentrated on the main battlefield of high-quality development, improved the modern agricultural machinery equipment industrial system, and delivered a new high-quality development report card characterized by "steady progress with enhanced quality".



This year, we implemented comprehensive reforms to solidify the foundation for healthy and sustainable development. Facing both challenges and opportunities, the Company made every effort to expand the market, consolidating and increasing the sales and market share of our core products; further optimized our overseas market presence to secure and grow international sales; upheld the principle of "quality first", and reinforced our commitment to excellence, continuously improving the quality of "Dongfanghong" products; and deepened cost control across the entire value chain and enhanced supply chain management, providing strong support for the Company's sustained competitiveness. Meanwhile, the Company continues to improve corporate governance, effectively modernizes its enterprise systems, and standardizes a compliance management system. Through deepening reforms, the Company stimulates growth momentum, unleashes development vitality, and drives high-quality development of its main responsibilities and main businesses.

This year, we have remained committed to our responsibilities, mission, and strategic positioning, contributing to the accelerated development of an agricultural powerhouse. As the national leader in China's agricultural machinery sector and the "chain owner" enterprise in tractor manufacturing, the Company has upheld its mission to "lead the advancement of agricultural equipment and safeguard national food security", earnestly shouldered the critical tasks of enhancing technological innovation, industrial control, and security support, and has built a distinctive industrial and supply chain ecosystem with YTO characteristics by advancing high-end, intelligent, and green development to promote new industrialization. The Company has continuously strengthened core capabilities, improved core competitiveness, and led the transformation and upgrading of the agricultural machinery industry chain, making new contributions to ensuring national food security and accelerating the building of an agricultural powerhouse.

This year, we focused on tackling critical "bottleneck" technological challenges in the industry, driving agricultural modernization through scientific and technological innovation. The Company has firmly shouldered the mission of advancing high-quality development in agricultural machinery equipment, achieving continuous breakthroughs in core technologies. The Company has established a complete independent intellectual property system

for large high-end agricultural machinery, including power-shift transmissions, continuously variable transmission (CVT), and hybrid-powered tractors, actively promoting technological progress and industrial upgrading in the sector. Focusing on addressing weaknesses in agricultural machinery equipment and building a source of original technologies, the Company leverages the "three key roles" of central enterprises in spearheading technological innovation, driving industrial advancement, and ensuring security support, actively adopts new technologies, processes, and production lines to enhance efficiency and product quality, to establish a new benchmark for intelligent, high-performance solutions and a competitive edge in superior product quality.

This year, we have upheld the concept of responsibility, developing a harmonious win-win responsibility system. The Company is committed to leveraging its comprehensive strengths to build mutually beneficial partnerships with distributors and end-users, consistently creating greater value for all stakeholders. The Company adheres to a development philosophy of "innovation-driven, resource-efficient, and environmentally friendly" development operations, progressively advancing the establishment of a green manufacturing system and a digital energy-carbon management center, and integrates environmental sustainability into all aspects of its operations to further build an eco-conscious business model. The Company actively listens to and addresses the concerns of all stakeholders, striving for harmonious relationships among the business, environment, society, and employees to build a new paradigm of shared benefits and mutual prosperity.

FTC keeps its responsibilities at heart, shoulders them with commitment, and puts them into action. Through the release of our 2024 Environmental, Social, and Governance (ESG) Report, we reflect on the past year, during which we worked hand in hand, with tribute to every hardworking person and shining moment. We take this opportunity to express our respect to all sectors of society, especially our stakeholders, who pay attention to the development of the Company. We will deepen reforms to boost momentum and make concerted efforts to tackle tough challenges, striving to write a new chapter of high-quality development with solid results and practical actions.



01

About FTC

Company Profile

Corporate Culture

Business Overview

Honors and Awards of the Year

Company Profile

First Tractor Company Limited (hereinafter referred to as "the Company") is a key leading enterprise in China's agricultural machinery manufacturing sector. It successfully issued H shares (stock code: 00038) and was listed on HKEX in June 1997, then launched its initial public offering of A shares on the Chinese mainland (stock code: 601038) after getting listed on the Shanghai Stock Exchange in August 2012.

The Company focuses on advanced agricultural equipment manufacturing, and is primarily engaged in the R&D, production, and sale of agricultural machinery, power machinery, and related components. Its core products cover a full range of wheeled tractors (large, medium, and small), crawler tractors, non-road diesel engines, and spare parts. As one of China's largest, most technologically advanced, and comprehensively capable agricultural machinery manufacturers, the Company is committed to providing technologically sophisticated and reliable agricultural equipment to support mechanized farming in China.

The Company has consistently maintained a leading position in the domestic market of medium and large wheeled tractors, with the tractors successfully exported to numerous countries and regions worldwide. It has made outstanding contributions to China's agricultural machinery industry, agricultural mechanization, and the "Rural Revitalization" strategy. In recent years, the Company has remained committed to technological upgrading and structural optimization across the industrial chain, accelerating breakthroughs in key and core technologies for agricultural machinery. Its comprehensive strength in R&D, manufacturing, products, branding, distribution, and services has been further enhanced. The Company continues to deliver new technologies and products to users, actively promotes the integration of agricultural machinery and agronomy, and provides strong support for the modernization of agriculture and rural areas.

Corporate Culture

Corporate Mission

To lead the development of agricultural machinery and safeguard national food security

Vision

To become a world-class enterprise

Core Values

To make the best products, foster the best talent and achieve the best performance

FTC Spirit

To stay true to the original aspiration, be loyal to the mission, unite and forge ahead, dare to be pioneers

Business Management Philosophy

Quality foremost, efficiency prioritized, customer first, employee focused

Talent Philosophy

Give opportunities to those who desire them, establish promotions for those who are competent, and offer incentives to those who succeed

Quality Philosophy



Zero defects and internationalized standards

Service Philosophy

To cater to our customers

Business Overview

Product Brand

The domestic market brand for FTC's products is "  ", and the international market brand is "  ". "Dongfanghong" is the most influential and renowned national brand in China's agricultural machinery development history, having become an important symbol of China's national industry growing in scale and strength.

Core Products

The main product of the Company is tractors, with powers ranging from 25 to 400 horsepower. The Company possesses a comprehensive technology platform for its entire product line, including gear meshing sets, synchronizers, power shifting / directional control, and CVT. These products are widely adaptable to different usage scenarios in China, such as paddy fields, dry fields, forestry and fruit cultivation, hilly and mountainous areas, and facility agriculture, fully meeting the diversified needs of agricultural production. The Company is actively accelerating its transformation towards greener, more intelligent, and more high-end production. Its power-shift transmission and CVT technologies for tractors, as well as electronic control technologies for complete machines and components, are at the domestically leading and internationally advanced levels. The "Dongfanghong" non-road diesel engine products range from 2 L to 12 L in displacement and move to next line KW to 450 KW in power, covering high, medium, and low horsepower segments. The products are primarily used in agricultural machinery such as tractors and harvesters, and can also support construction machinery, ships, and generator sets.



Honors and Awards of the Year



The "Dongfanghong" brand recognized as an Excellent Product Brand of "First Batch of Outstanding Achievements in the Central Enterprises Brand Leadership Initiative"

The State-owned Assets Supervision and Administration Commission of the State Council (SASAC)

★★★★★

5A Board Secretariat

The China Association for Public Companies

★★★★★

Best Practice Case of the Board Office

The China Association for Public Companies

★★★★★

Provincial Green Factory in 2024

The Department of Industry and Information Technology of Henan Province

★★★★★

The LF3204 power-shift transmission tractor won the Jury Grand Prize
The LP2604 wheeled tractor won the title of Heavy-Duty Tractor of the Year
The HB2204 won the New Energy Gold Award

The Annual TOP50 Award hosted by the Chinese Society for Agricultural Machinery and the Journal of Agricultural Machinery



02

ESG Governance Section

ESG Governance System

Dual Materiality Analysis

ESG Risks, Impacts, and Opportunities

Indicators and Targets

ESG Honors and Awards

Communication with Stakeholders

ESG Governance System

To align with the Company's strategic development needs, enhance core competitiveness, improve the investment decision-making process, and increase the scientific rigor of decision-making, to elevate the efficiency and quality of major investment decisions, FTC has established a three-level Environmental, Social, and Governance (ESG) corporate governance structure in accordance with the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Articles of Association of FIRST TRACTOR COMPANY LIMITED, and other relevant regulations.

The Company has remained steadfast in its efforts to improve its ESG management, for which the Board of Directors serves as the highest decision-making body, taking on responsibilities to clarify its ESG management structure and associated duties. The Company, under the leadership of the Board of Directors, incorporates the ESG activities into the routine business management and operations, carries out ESG information collection, collation and analysis, and increases the statistical control efficiency for relevant ESG information and the effectiveness of ESG work to provide extensive support in the efficient execution and implementation of ESG initiatives, and ensure the robust operations of the Company and sustain its future development.

ESG Governance Responsibilities

The Board of Directors, as the top-level decision-making body of the Company's ESG governance structure, proposes strategic planning and system-based policies about ESG to ensure the effective implementation of relevant policies, and is also liable for the disclosure of relevant policies, systems and related information.

The Strategy, Investment and Sustainable Development Committee under the Board, which consists of 4 directors and is chaired by the Chairman of the Board, is responsible for exploring mid- and long-term development strategies for the Company, developing its ESG values and conduct principles, and responding to the requests from stakeholders. The Strategy, Investment and Sustainable Development Committee also reviews the Company's ESG performance, supervises its ESG management and information disclosures, and reports to and provides ESG-related proposals to the Board in order to ensure the effective implementation of its ESG management duties.



Dual Materiality Analysis

Step 1: Identify Key Issues

Based on the Guidelines of SSE for Self-Regulation of Listed Companies—Sustainability Report, the Environmental, Social and Governance Reporting Code by HKEX, as well as industry characteristics, company nature, development stage of the sector, and its own business model, FTC has preliminarily identified 38 material issues related to corporate development, environment, society, and other aspects.

Step 2: Materiality Analysis

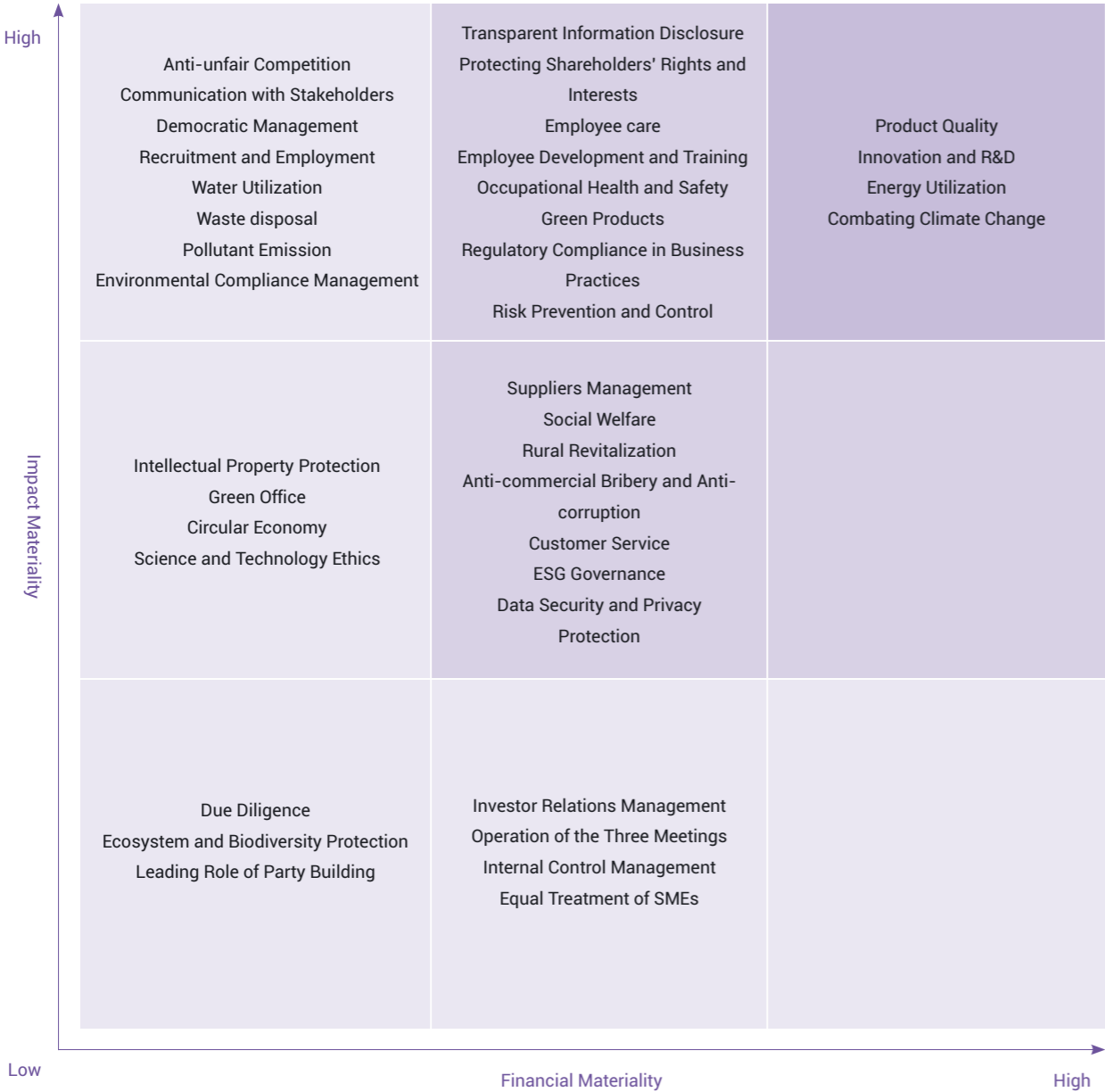
The Company conducts surveys, expert evaluations, and industry benchmarking to gather stakeholder feedback on identified issues, assessing their impact materiality and financial materiality to determine corresponding scores for each issue.

Materiality Category	Meaning	Investigation Method
Impact Materiality	Does the Company's performance on relevant issues have a significant impact on the economy, society, and the environment?	Questionnaires, expert evaluations, and industry benchmarking
Financial Materiality	Is the issue expected to have a material impact on the Company's business model, operations, development strategy, financial condition, operating results, cash flows, financing methods and costs in the short, medium- and long-term?	Questionnaires, expert evaluations, and industry benchmarking

Step 3: Comprehensive Analysis of Materiality Issues

Based on the analysis results of impact materiality and financial materiality, the thresholds for impact materiality and financial materiality issues are determined according to the Company's development situation, to prioritize the materiality issues, and plot the materiality matrix. The importance of each issue provides a key reference for the Company to continuously disclose sustainability and social responsibility-related information.

Among these, innovation and R&D, energy utilization, combating climate change, and product quality have been identified as dual-materiality issues.



ESG Risks, Impacts, and Opportunities

FTC sets great store on ESG management by attaching a high degree of importance to any significant impacts on the Company caused by ESG risks. Given the ongoing changes to macroeconomic policies, society and the environment, as well as its own corporate strategies and business situation, the Company identifies and analyzes ESG risks, including performing regular stakeholder surveys. The Board also reviews and finalizes important ESG issues on which more efforts are directed for the purposes of their management and improvement. The Company's risk management systems and mechanisms, as well as the measures and actions taken to monitor, prevent, manage, control, and mitigate related significant impacts, are detailed in the section headed "Compliance Management" and relevant sections throughout the main text.

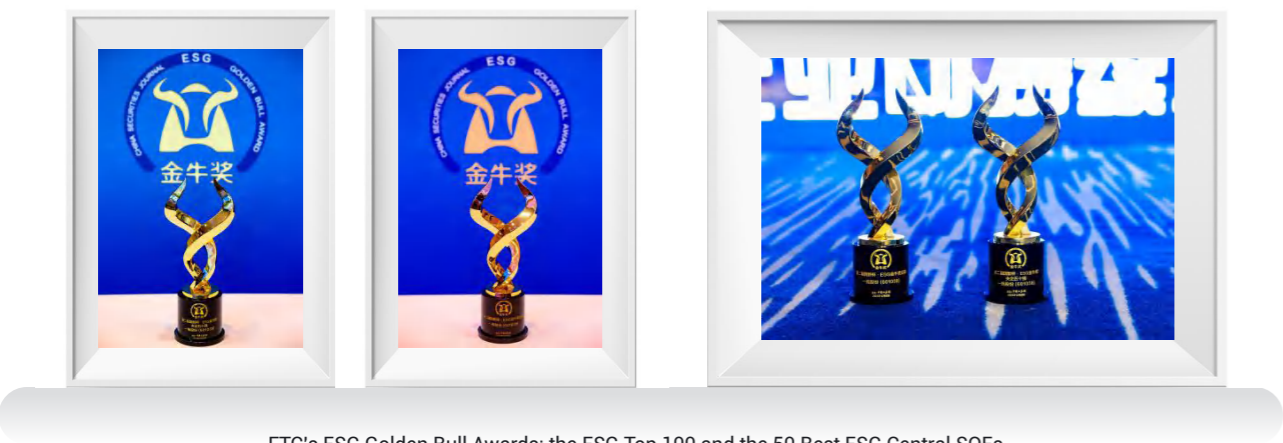
Table: ESG Risk and Opportunity Identification and Response

Dimension	Potential Risks and Opportunities	Countermeasures
Innovation and R&D	The management mechanism of technological innovation projects is not refined, and the preliminary research and investigation of technological innovation projects are not comprehensive and in-depth, which may result in inconsistencies between the technical route and product development direction of R&D projects and the strategic development direction of enterprises and industry trends.	Continue to improve the systems and mechanisms for technological innovation, and strengthen process management of innovation projects, to enhance the alignment between corporate R&D efforts, business development strategies, and industry trends.
Product Quality	The product malfunction will result in financial losses for the Company, customer compensation claims, and damage to its reputation.	Comprehensively promote the implementation of quality-driven enterprise development. Improve the product and project quality assurance system
Energy Utilization	Fluctuations in fuel prices (such as coal and natural gas) and carbon tax policies may increase operational costs. Excessive carbon emissions and pollutant emissions may result in penalty and reputational damage.	Promote the use of clean energy, phase out outdated production capacity, and reduce fossil fuel consumption and carbon emissions.
Combating Climate Change	For details, please refer to the section headed "Combating Climate Change".	

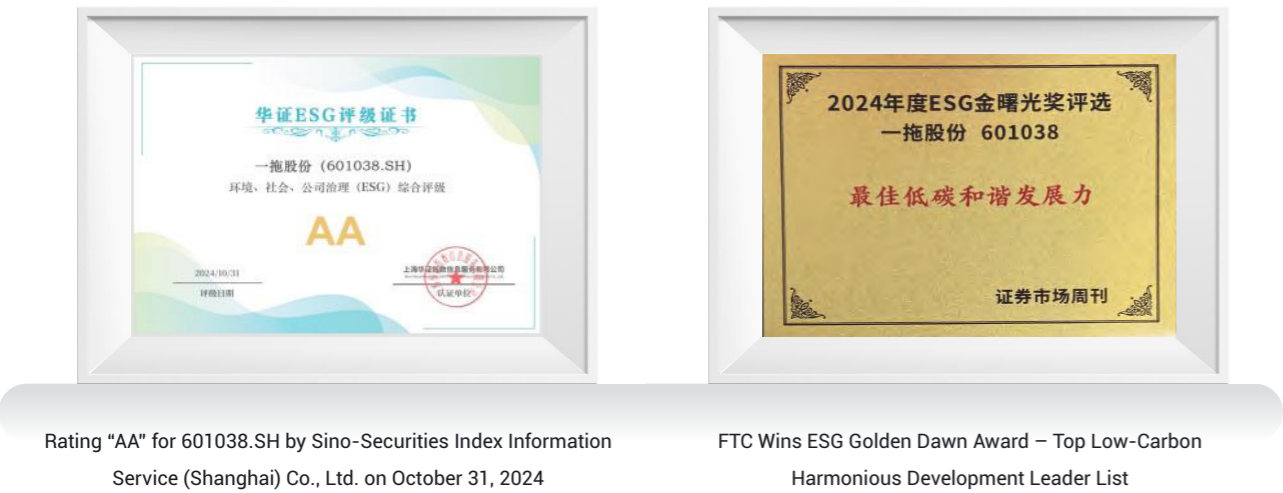
Indicators and Targets

FTC has established an ESG target management mechanism and continues to improve its ESG data collection processes. Energy conservation and emissions reduction, safety management, and quality management targets have been integrated into the Company's annual work objectives and performance evaluation indicators. The Board's Strategy, Investment and Sustainable Development Committee conducts regular reviews of progress against these targets to strengthen ESG orientation and ensure effective implementation.

ESG Honors and Awards



FTC's ESG Golden Bull Awards: the ESG Top 100 and the 50 Best ESG Central SOEs.



Rating "AA" for 601038.SH by Sino-Securities Index Information Service (Shanghai) Co., Ltd. on October 31, 2024

FTC Wins ESG Golden Dawn Award – Top Low-Carbon Harmonious Development Leader List

Communication with Stakeholders

Stakeholders	Expectations for FTC	Communication Mechanisms
Government and Regulatory Agencies	Developing the industry of agricultural machinery and equipment	Promotion of versatile agricultural machinery
	Operating under the law and regulations	Work report
	Paying taxes in accordance with the law	Participating in meetings
	Promoting social development	Reporting documents and special reports
	Focusing on green development	Accepting supervision
Shareholders and Investors	Creating economic value	Meetings of Shareholders
	Persisting in stable and robust operations	Regular report, interim announcement
	Improving corporate governance	Roadshow, reverse roadshow, performance presentation
	Timely, accurate and comprehensive disclosure	SSE E-interactive
Customers	Providing high-quality service	Products and services
	Satisfying customer's requirement	Interview, panel discussion and questionnaire
	Technology innovation and R&D	User research
Partners	Mutual benefits	Convention and exhibition service
	Common development	Cooperation and exchange
	Emphasizing business ethics	Contract implementation
Employees	Rights Protection	Routine communication
	Remuneration and benefits	Workers' Congress, panel discussion and training
	Guaranteeing occupational health and safety	Suggestions and feedback
	Career promotion and development	Participating in decision-making communication
	Employee care	
Community and the Public	Providing accurate information in a timely manner	Company announcements and information disclosure
	Participating in community events	Exchange and communication
	Building a harmonious society together	Participate in public welfare initiatives to promote regional development
	Public welfare	

Striving to Be a Leader in Agricultural Machinery and Empowering New Quality Productive Forces in Agriculture

The 2025 No. 1 Central Document introduced the concept of “New Quality Productive Forces in Agriculture” for the first time, emphasizing coordinated efforts to advance agricultural scientific and technological innovation, leading the gathering of advanced production factors through scientific and technological innovation, and developing new quality productive forces in agriculture in accordance with local conditions. This is not only the core driving force behind the development of modern agriculture in China, but also the essential path for China to transition from a big agricultural nation to an agricultural powerhouse. It will unleash the strong empowering role of new quality productive forces in agriculture in the “fields of hope”. Agricultural machinery and equipment serve as the key technological backbone of agricultural modernization, playing a pivotal role in ensuring food security and promoting agricultural development.

FTC adheres to strategic guidance, firmly shouldering the mission of safeguarding national food security. Driven by deepened reforms and quality improvement, the Company focuses on product excellence and customer satisfaction. Through R&D innovation that leads industry development, it continuously builds new advantages in high-end manufacturing and accelerating the intelligent transformation of agricultural machinery, to strengthen the central role of state-owned enterprises (SOEs) in supporting industrial and supply chains, contributing to China's agricultural modernization and the development of new quality productive forces in agriculture.

Foster New-Quality Productive Forces Through Technological Innovation

Under the dual drivers of modern agricultural development needs and China's “premium subsidies for premium machinery” purchase subsidy policy, the trend toward high-end, intelligent, and green development in China's agricultural machinery industry has become more pronounced. The Company focuses on breakthroughs in core technologies of agricultural equipment, continuously increases R&D investment and technological innovation efforts, and actively conducts research on intelligent technologies, to promote the intelligent upgrading of major equipment.

The Company has independently developed the “Dongfanghong” LF2204 unmanned tractor, successfully creating a cabless autonomous model based on its power-shift transmission type. Equipped with internationally advanced tractor technologies, including an electronically controlled load-shift transmission with load reversibility, a closed-center load-sensing electro-hydraulic lift system, and an autonomous driving system, it empowers agricultural production to innovate and advance, accelerating the transformation and upgrading of China's agricultural mechanization toward comprehensive, high-quality, and high-efficiency practices.



CCTV Reports on the Company's Self-developed “Dongfanghong” LF2204 Unmanned Tractor



Dongfanghong High-Horsepower Intelligent Tractors Delivered to Hulun Buir State Farm

Case

The Company has joined forces with Hulun Buir State Farm in a “powerful collaboration,” with the batch delivery and deployment of “Dongfanghong” high-horsepower intelligent tractors, marking a new breakthrough in the Company's R&D, manufacturing, promotion, and application of high-end intelligent agricultural machinery. The horsepower range of high-horsepower intelligent tractors delivered batch covers horsepower is suitable for precise operations of cultivating, planting, managing, and harvesting main grain crops and various economic crops. It can meet the heavy-duty operation requirements of large-scale domestic farms, helping to achieve higher agricultural yields.

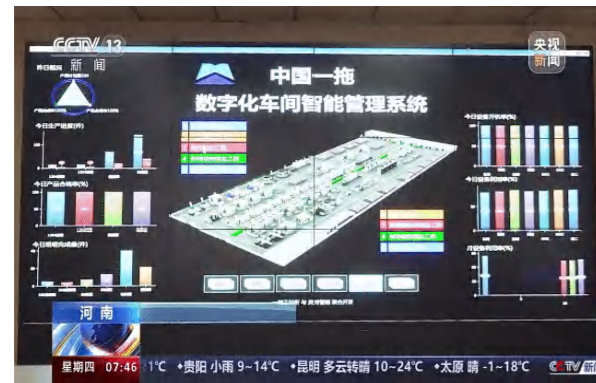


Figure: Dongfanghong High-Horsepower Intelligent Tractors Delivered to Hulun Buir State Farm

Driving the Emergence of New Quality Productive Forces with Intelligent manufacturing

The Company has advanced the integrated application of digital and intelligent manufacturing technologies in the agricultural machinery industry through original innovation, integrated innovation, and introduced technology digestion, absorption, and re-innovation. Key areas include "industrial big data analysis", "intelligent logistics equipment systems", "smart manufacturing systems for customized multi-variety products", "digital workshop real-world simulation", and "parametric 3D digital design". By deeply integrating over 10 types of core intelligent manufacturing equipment with industrial internet information technologies, the Company has set an exemplary model for intelligent manufacturing in the industry, continuously shaping new quality productive forces for industrial development.

The first intelligent manufacturing factory for new wheeled tractors in China has been established, achieving customized mixed flow production of 7 series and over 800 models of new wheeled tractors, with a 30% increase in production efficiency. Under the rapid development of 5G+, the Company focuses on digital-real integration, actively building "5G+ visual inspection" application scenarios to maximize manufacturing process efficiency and performance, and innovating new industrial development models.



"Digital Brain" - Intelligent Management System for YTO's Digital Production Workshop



Intelligent Production Line for YTN3 Diesel Engine

"Strengthen the Weak Links" to Enrich New Quality Productive Forces

The Company actively responds to national policies supporting agricultural development in hilly and mountainous areas. Leveraging its own strengths and addressing industry demands, it has launched a special initiative named "Strengthen the Weak Links" for hill and mountain tractors. A dedicated R&D team was established to tackle key challenges in agricultural mechanization for these regions, following market research in typical hilly areas of Southeast, Southwest, and Northwest China, so as to contribute to the continuous improvement of agricultural mechanization rates in China's hilly and mountainous regions.



China's First Batch of Hill and Mountain Tractors Put Into Commercial Operation

Case

The Company has actively responded to the national policy of supporting agricultural production in hilly and mountainous areas by establishing a dedicated R&D team for hillside tractors. Through breakthroughs in core technologies, it has newly developed the Dongfanghong 50-80 horsepower and 90-100 horsepower hill and mountain tractors. These products feature articulated steering for a smaller turning radius, bidirectional operation for flexible maneuvering, a low-profile design with a low center of gravity for enhanced safety, and advanced intelligent capabilities, marking a new breakthrough in the Company's efforts to address shortcomings in agricultural machinery and safeguard national food security.



"Dongfanghong" Hill and Mountain Tractor Achieves its First Batch Application in Gansu Province

Green Intelligent Manufacturing Safeguarding Section

Strengthening Controls, Building a Solid Environmental Defense Line

Low-carbon Transition, Tackling Climate Challenges

Circular Momentum, Enhancing Resource Efficiency

Tackling Pollution, Protecting Clear Waters and Clean Lands

Ecological Symbiosis, Building Diverse Ecological Security Barriers

Strengthening Controls, Building a Solid Environmental Defense Line

The Company consistently places high importance on and actively practices the concept of “green development”, firmly upholding environmental protection as a bottom line. With the fundamental goal of preventing environmental pollution incidents, the Company adheres to law-based and compliant corporate governance, deeply integrates environmental principles into all aspects of business operations, so as to ensure the effective functioning of our environmental management system.

In 2024, the Company successfully passed the third-party surveillance audit, maintaining its certification to the ISO 14001:2015 Environmental Management System Standard.



Environmental Management System Standard Certificate

Continuously improve the institutional system

The Company strictly complies with laws and regulations such as the Environmental Protection Law of the People’s Republic of China and the Law of the People’s Republic of China on Environmental Impact Assessment, as well as industry standards. It has established internal management systems including the Environmental Protection Accountability, covering key aspects such as environmental responsibility implementation, target assessment, project management, operational control, and monitoring statistics. In 2024, the Company revised the Assessment Measures for the Administration of Environmental Protection to further strengthen responsibility-based environmental protection target management, and establish an effective incentive and restraint mechanism, to provide institutional safeguards for the effective operation of the environmental management system.

Strengthen environmental risk screening and management

The Company has established relevant regulations on environmental protection supervision and management. The environmental risk investigation and governance work system is divided into two-level monitoring and four-level management, and adheres to the normal management and operation mode of monthly inspection, quarterly evaluation, annual overall evaluation, and classified listing of environmental comprehensive performance assessment. The Company has conducted regular internal audits and management reviews, actively cooperated with external audits, and promptly corrected non-conformities, to continuously improve environmental management performance. The Company has strengthened the supervision and monitoring of pollutant emissions, completing monitoring of 170 exhaust gas emission outlets and 5 wastewater discharge outlets in 2024, achieving a 100% compliance rate. In addition, it established and improved 354 management records for production, environmental protection facility operation, maintenance, and other categories.

Emergency response plan for environmental emergency incidents

In response to sudden environmental incidents, FTC and its subsidiaries have formulated seven Emergency Response Plans for Sudden Environmental Incidents, covering sections such as risk assessment for sudden environmental incidents, emergency response procedures, and environmental emergency resource investigations. These Plans classify emergencies based on severity and urgency, with regular drills conducted to comprehensively enhance the Company’s capability to handle various types of sudden environmental incidents.

Enhance environmental awareness

The Company seized the opportunity of “World Environment Day (June 5)” and “National Ecology Day” to organize diverse publicity activities, vigorously promoting laws, regulations and policies related to ecological environmental protection. It participated in 5 professional training sessions organized by provincial and municipal authorities, effectively enhancing the professional competence of management personnel. Focusing on the 22 batches of typical environmental violation cases released by government regulatory authorities within the province, we will learn from these cases, conduct self-inspections by drawing parallels, and effectively improve independent management standards.

During the reporting period, neither the Company nor its subsidiaries committed any environmental violations or incurred major administrative penalties from ecological or environmental authorities for environmental incidents. The total penalty amount related to such matters was 0.

During the reporting period

RMB61.82 million

Total investment in environmental protection

0.52 %

Percentage of revenue (based on preliminary revenue report figures)

Low-carbon Transition, Tackling Climate Challenges

Governance

FTC firmly implements China's "Dual Carbon" strategy, fully integrating into the carbon peak and carbon neutrality process. The Company has established green and low-carbon development as a key component of its long-term strategy, with high-quality development at its core, to build a forward-looking and sustainable green low-carbon industrial system. The Company strictly complies with laws and regulations such as the Energy Conservation Law of the People's Republic of China and the Guidelines for Accounting and Reporting Greenhouse Gas Emissions China Machinery and Equipment Manufacturing Enterprises, as well as industry standards. It has established internal management systems and plans including the Measures for the Supervision and Administration of Ecological and Environmental Protection and the Carbon Peak Action Plan to comprehensively enhance the Company's management capability in combating climate change.

Strategy

Through optimizing industrial layout, advancing energy structure upgrades, and strengthening technological innovation with digital empowerment, the Company continues to enhance its green competitiveness, ensuring that its "Dual Carbon" initiatives align with corporate strategy, so as to achieve synergistic benefits across economic, social, and environmental values.

Optimize Industrial Layout	Energy Structure Adjustment	Strengthen Scientific and Technological Innovation	Digital Empowerment
Accelerate the establishment of a green manufacturing system, advance low-carbon process upgrades, and improve energy efficiency across the entire production chain, to reduce carbon emission intensity per unit of output value.	Vigorously promote clean energy substitution, and increase the share of renewable energy, to facilitate a smooth transition from high-carbon to low-carbon and zero-carbon energy sources.	By combining in-house R&D with external collaboration, increased innovation investment with focus on energy conservation, environmental protection, intelligent equipment, and new energy technologies, to achieve breakthroughs in core technologies.	Through intelligent manufacturing and digital management platforms, precise energy consumption monitoring and carbon emission management are achieved to enhance resource utilization efficiency, facilitating the establishment of low-carbon operation models.

Influence, Risk and Opportunity Management

The Company Actively conducts climate change risk identification and response measures, regularly updates risk assessment results and countermeasures based on evolving conditions, continuously strengthens energy management, explores low-carbon production methods, and enhances the Company's capability to respond to climate change risks, so as to achieve the "Dual Carbon" goals.

Type of Risk		Risk Impact	Countermeasures
Contingency risks	Extreme weather events (high temperature, and heavy rainfall)	Production equipment damage, increased health risks for employees, and supply chain disruptions;	Optimize disaster resilience of production facilities; implement heat prevention measures for employees; and strengthen supply chain resilience management.
	Natural disasters (floods and typhoons)	Production facilities are damaged, affecting product delivery;	Improve emergency response plans; conduct regular emergency drills; and enhance disaster early warning capabilities.
Chronic risks	Rising temperatures	The cooling demand of equipment has increased, leading to higher energy consumption and rising operational costs;	Promote energy-saving technological upgrades; optimize energy use efficiency; and gradually adopt renewable energy sources.
	Water scarcity	The rising cost of production water is affecting operational continuity;	Implement water-saving technological upgrades; explore alternative water sources; and optimize water resource management.
Policies and laws risks	Environmental regulations are becoming stricter, and carbon prices are rising	Compliance costs are increased; carbon emission costs are increased to add operational pressure;	Closely monitor policy changes; implement energy-saving and emission-reduction measures; strengthen carbon emission management; and promote green production.
Technology risks	Low-carbon transition	The investment in low-carbon technology R&D has increased, leading to a rise in technological innovation costs;	Increase investment in low-carbon technology R&D; promote green technology innovation; and strengthen collaboration with research institutions.
Market risks	Changes in market demand	The market demand for low-carbon agricultural machinery is increasing, while the competitiveness of traditional products is declining;	Increase the development of green products; promote low-carbon agricultural machinery; and enhance the brand's green image.
Reputation risks	Corporate image	A lack of low-carbon credibility may harm brand value and market competitiveness;	Set low-carbon development goals; strengthen green brand promotion; and enhance information disclosure transparency.
Opportunities	Green transformation of products	The growing demand for low-carbon agricultural machinery is creating new business growth opportunities;	Accelerate the R&D of new energy agricultural machinery; optimize product mix; and expand green product lines.



Casting and Forging Company is Awarded "National Green Factory"

Case

In 2024, the Company and its subsidiary Casting and Forging Company met the comprehensive evaluation requirements for provincial-level green factories, including infrastructure, energy and resource input, products, environmental emissions, and environmental performance, and were recognized as a "Provincial Green Factory". Casting and Forging Company is awarded "National Green Factory", and its energy-carbon management system platform listed in "2024 Henan Province Digital Carbon Management Center Enterprise List".

● Indicators and Targets

The Company has strengthened organizational support and policy coordination for low-carbon transition, and established and improved a green and low-carbon management system, to ensure deep integration of the “Dual Carbon” goals with business operations.

Carbon emission targets

By 2027, the Company's carbon dioxide emissions per RMB10,000 of output value will decrease significantly compared with 2023 levels, with overall CO₂ emissions reaching their peak and achieving a steady decline;

By 2027, the Company's environmental and low-carbon management capabilities will be continuously enhanced, with the statistical monitoring and evaluation assessment systems becoming increasingly refined, the statistical monitoring capacity capable of reaching industry-leading standards;

The Company strictly follows the Guidelines for Accounting and Reporting Greenhouse Gas Emissions China Machinery and Equipment Manufacturing Enterprises to calculate and report emission data.

GHG emissions	Scope 1 emissions	tCO ₂ e	22,651.197
	Scope 2 emissions	tCO ₂ e	157,178.83
	Total	tCO ₂ e	179,830.03
Carbon dioxide emissions per unit of output value		tCO ₂ e / RMB10,000	0.1903

Circular Momentum, Enhancing Resource Efficiency

● Energy Utilization

Governance

The Company has established a carbon peak, carbon neutrality, energy conservation and environmental protection leading group to oversee energy management. A dedicated energy management office under the Energy Conservation and Environmental Protection Department is responsible for implementing specific energy management tasks. All units under the Company have established their own energy management agencies with full-time or part-time energy management personnel, ensuring steady progress in task implementation according to work plans, thereby building a comprehensive and efficient energy conservation management network.



Energy Management System
Certification Certificate

The Company places high importance on energy conservation and consumption reduction, and in accordance with the Energy Management Systems - Requirements with Guidance for Use (ISO 50001:2018), has established a sound energy management system to comprehensively improve energy utilization efficiency. The Company obtained its initial certification of ISO 50001:2018 Energy Management System on March 26, 2024, marking a significant step forward in achieving standardized and systematic energy management practices.

Strategy

The Company has always placed high priority on and actively implemented the major decisions and deployments of the CPC Central Committee and the State Council regarding carbon peak, carbon neutrality, and green development, thoroughly integrating energy conservation concepts into all aspects of corporate operations. In daily operations, the Company closely monitors regulations issued by national and local governments, and promptly collects new specifications and standards each year. In 2024, a total of **146** energy management-related laws, regulations, and standards were identified. The Company continuously improves its energy management system in compliance with the Energy Conservation Law and other relevant laws and regulations, ensuring full alignment between management practices and legal requirements. The Company sets annual energy-saving and water conservation targets for all its subsidiaries at the beginning of each year, conducts monthly statistical analysis, and establishes a comprehensive reward and penalty system to effectively promote the implementation of energy conservation and emission reduction initiatives, thereby fulfilling its social responsibilities.

Influence, Risk and Opportunity Management

The Company's energy consumption is primarily concentrated in production/manufacturing and office operations, with the main energy types used including electricity, natural gas, steam, diesel, and gasoline. All energy sources are externally procured.



■ Phase out outdated production capacity and upgrade to green equipment

The Company organizes key energy-consuming departments to conduct an annual review of outdated energy-using equipment and formulate phase-out plans, accelerating the shutdown of high-energy-consuming and obsolete production equipment in operation. In 2024, a total of **64** sets/pieces of outdated energy-intensive equipment were eliminated. During the industrial upgrading process, green upgrade and transformation will be carried out for coating lines, test benches, and other facilities to enhance the environmental standards of production processes, thereby building a digital factory to improve energy utilization efficiency.

Green transition of traditional energy businesses ■

Carry out a steam distribution system energy-saving retrofit project by adopting steam-efficient transportation technology and energy-saving environmental protection materials to reduce heat loss during pipeline steam transmission, achieving energy conservation, carbon reduction, and efficiency improvement.

■ Resource conservation and efficient utilization

The Casting and Forging Company is the subsidiary with the highest energy consumption, accounting for over **30%** of the Company's total annual energy usage. The Casting and Forging Company carried out energy-saving modifications on the 10 metric tons Inductotherm HWS line, including the medium-frequency power supply, furnace body, and coil. After the upgrade, the electricity consumption per ton of molten iron dropped from 875 kWh / metric ton to 530 kWh / metric ton, saving **1.38** million kWh of electricity annually and reducing carbon emissions by **170** metric tons.

Utilization of clean energy ■

Make full use of the Company's factory roof resources to construct photovoltaic power stations, aligning with actual production energy needs. Actively adopt advanced integrated photo voltaic power generation and energy storage technologies to improve photoelectric conversion efficiency and the input-output ratio. Achieve "self-generation for self-consumption with local absorption", enhance the compatibility between the power system and renewable energy, increase clean and efficient energy utilization, strengthen the grid integration capacity for new energy, and support the in-depth development and utilization of clean energy.

■ Green office

The Company replaced traditional lighting equipment with energy-saving lamps, and promoted LED lights and other energy-efficient lighting devices in office areas and production workshops to reduce energy consumption for lighting.

Indicators and Targets

The Company formulates short-, medium-, and long-term energy-saving indicators and targets based on actual conditions. At the beginning of each year, it signs energy conservation responsibility agreements with major production and operational departments to clarify tasks and responsibilities. Each department further breaks down and implements these targets by signing task agreements at every level.

The Company's medium-to-long-term goals for energy utilization:

- ◆ To build a green and sustainable energy management system to drive the Company toward the organic integration of high-efficiency energy utilization and sustainable development.
- ◆ By 2030, green, low-carbon products and technologies will be widely applied, the energy structure will be further optimized.

47,782 TCE

Total energy consumption

5,373.39 TCE

Clean energy consumption

Water Utilization

The Company strictly complies with relevant laws and regulations such as the Water Law of the People's Republic of China and the Regulation on Water Conservation, as well as industry standards. The Company's water utilization is primarily concentrated in production, manufacturing and office operations, with the main types of water resources used including tap water, groundwater, reclaimed water (recycled water), and recirculating water. Freshwater consumption is sourced exclusively from tap water and groundwater.

Types of water resources

tap water

groundwater

reclaimed
water
(recycled
water)

recirculating
water

Freshwater

Water-saving enterprise

The Company was awarded the dual titles of "Water-Saving Enterprise" at both provincial and municipal levels, in recognition of its outstanding performance in water conservation management.

Conduct water balance test independently

In 2024, to enhance water management efficiency and conservation effectiveness, the Company independently initiated a specialized water balance test. It conducted comprehensive surveys of water supply network layouts across all departments, accurately assessed current water usage, and thoroughly explored water-saving potential. After repeated refinement and testing of the program, the Company ensured comprehensive coverage of all water usage processes and produced the Water Balance Test Report, laying a solid foundation for scientific water management, water conservation and efficiency improvement in the future.

Strengthen daily oversight of water conservation

Strictly enforce the rigid water resources constraint system, strengthen water use management, and adopt advanced and applicable water-saving technologies, processes, and equipment, to improve the water reuse rate. Strictly implement the target accountability, with water conservation tasks broken down and implemented at each level. Leverage the influence of the annual Water-Saving Awareness Week to strengthen employees' water conservation awareness and foster a positive atmosphere of whole-team participation in water-saving efforts. Strengthen daily monitoring and analysis of key energy-consuming equipment and critical energy usage processes to eliminate waste such as leaks and spills, thereby promoting efficient water conservation efforts.

During the reporting period



10,439,714 metric tons

Total water consumption

9,652,385 metric tons

Total recycled water consumption

92.46 %

The share of the total recycled water consumption

● Material Management

The main types of materials used by the Company include cabs and coverings, tires and rims, engines, gear components, housing parts, structural components, as well as wiring harnesses and oil pipes. According to the relevant warehouse management regulations, each internal department has its designated material storage warehouse for receiving and sending parts.

The Company's main product, tractors, is assembled from a large number of irregular and differently shaped parts including castings, structural components, tubing parts, and injection-molded components. The primary packaging materials used are carton boxes for material distribution. After assembly, such packaging materials are centrally collected and disposed of, with a total of 1,314 metric tons of packaging materials recycled and processed in 2024.

During the reporting period



1,314 metric tons

Total amount of collected and disposed packaging materials

Tackling Pollution, Protecting Clear Waters and Clean Lands

● Wastewater Management

FTC strictly complies with the Water Pollution Prevention and Control Law of the People's Republic of China and the Integrated Wastewater Discharge Standard, among other laws and regulations. It has formulated internal control documents including the "Pollutant Prevention and Control Management Procedure" to ensure lawful and compliant wastewater treatment.

The main types of industrial wastewater generated by the Company include cleaning wastewater, coating wastewater, and laboratory wastewater, which are treated at the on-site wastewater treatment station for reuse. Domestic sewage is discharged into the local municipal sewage treatment plant via the public sewer network. A physico-chemical + biological method is adopted for the treatment of wastewater pollutants.

The Company has implemented a series of wastewater management measures, significantly reducing freshwater consumption and achieving effective treatment and recycling of wastewater, contributing positively to environmental protection and sustainable development.

Select water-efficient or low-water-consumption processes and manufacturing technologies that generate minimal or no pollution to water environments, thereby reducing wastewater generation at source.

The implementation of separate rainwater and sewage systems, along with the diversion of a portion of domestic sewage to the wastewater treatment plant, enhances biochemical treatment efficiency, thereby further improving industrial wastewater treatment performance.

The under-construction water reuse system can treat 50 m³ of industrial wastewater per hour. After treatment in the sewage treatment plant, the water quality meets the standards for reclaimed water reuse, which is then utilized for green space irrigation and toilet flushing within the factory premises, achieving optimal water resource utilization.

Conduct daily self-monitoring of influent and effluent water quality, and carry out third-party monitoring 2 times per year to evaluate the performance of the wastewater treatment station.

During the reporting period, the Company's total wastewater discharge amounted to 99,725.97 metric tons.

● Exhaust Gas Management

FTC strictly complies with the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and the Integrated Emission Standard of Air Pollutants, among other laws, regulations, and industry standards. The company rigorously implements internal management systems to ensure that exhaust emissions meet all required standards.

The main pollutants in the exhaust gas include particulate matter, non-methane hydrocarbons, sulfur dioxide, nitrogen oxides, and a trace amount of benzene, toluene, and xylene. The pollutants are primarily generated during processes such as machining, welding, casting, coating, and testing.

The Company has installed exhaust gas pollution control facilities in accordance with its production equipment and emission characteristics. It conducts hidden hazard inspections of environmental protection equipment and promptly addresses identified issues. Additionally, the Company maintains daily operation and maintenance management of environmental protection equipment, replacing consumables in a timely manner to ensure proper functioning of pollution control facilities. Annual third-party exhaust gas emission testing is commissioned to verify compliance with discharge standards. In addition, automatic online monitoring devices shall be installed at major exhaust emission outlets to monitor pollutant emissions in real time. A third-party organization shall be commissioned to operate and maintain these automatic online monitoring devices to ensure the accuracy of monitoring data.

To reduce the emission of exhaust pollutants, the Company has adopted the following treatment technologies and methods:

- 01
Develop a substitution plan for low-volatility VOCs in raw and auxiliary materials, to promote the development and widespread use of water-based paints.
- 02
Enclose the equipment in work areas where volatile gases are generated, and arrange volatile gas collection and treatment devices in the industrial hazardous waste storage room to prevent unorganized emissions of exhaust gases.
- 03
Strengthen the maintenance of organic exhaust gas treatment facilities, and increase the replacement frequency of activated carbon based on actual usage to ensure the normal operation of exhaust gas treatment equipment.
- 04
By adopting the “zeolite rotor concentrator + RTO” process and the “activated carbon adsorption-desorption + catalytic combustion treatment” process, the coating exhaust gas is effectively treated, so that emissions generated during the coating process meet regulatory standards, achieving compliant discharge.

In 2024, the Company's emissions of air pollutants **all complied** with the corresponding emission limit standards.

● Waste Management

FTC complies with laws and regulations such as the Soil Pollution Prevention and Control Law of the People's Republic of China, the Standard for Pollution Control on Hazardous Waste Storage, and the Technical Specification for Setting Identification Signs of Hazardous Waste. The Company strictly implements internal management systems including the Regulations on the Administration of Solid Waste Pollution Prevention and Control and the Measures for the Supervision and Administration of Ecological and Environmental Protection to standardize the collection, storage, and disposal of waste materials.

The Company's waste is categorized into general solid waste and hazardous waste. The comprehensive utilization rate of general solid waste reaches **100%**. Hazardous waste is collected and stored in compliance with the Standard for Pollution Control on Hazardous Waste Storage, and is ultimately entrusted to licensed hazardous waste treatment departments for disposal, achieving a **100%** compliance rate in hazardous waste disposal.



Classify and collect recyclable solid waste as well as non-recyclable solid waste such as domestic waste and construction waste. For domestic waste, implement designated collection and entrust sanitation services for prompt removal. For general industrial solid waste, carry out classified collection and proper temporary storage, then transfer it to professional treatment departments for recycling.

Enhance the recycling and utilization of general solid waste. Through research and experimentation, employ technical means to reprocess waste generated during casting and forging production such as electric furnace slag, dust removal ash, mill scale, and core sand for reuse within the enterprise or by other entities .



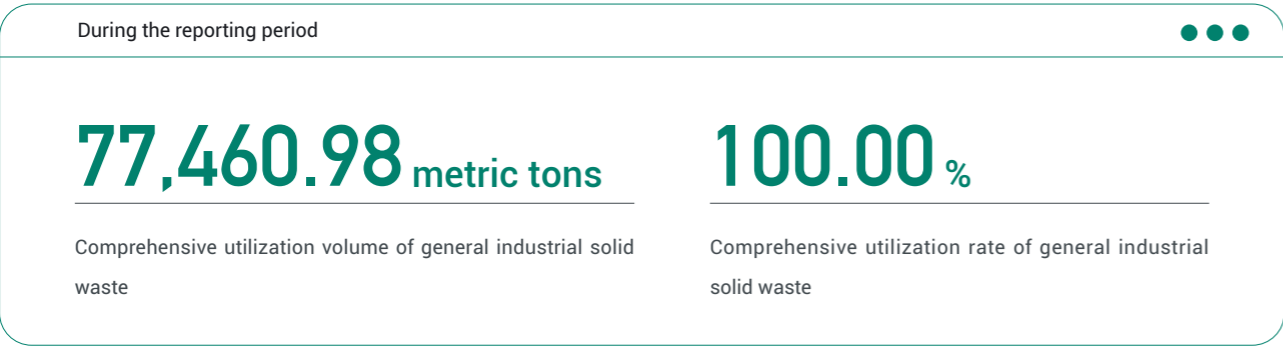
Accurate source classification. Conduct a comprehensive identification of hazardous waste generation processes, standardize hazardous waste labeling and signage, and establish a hazardous waste inventory and tracking system. Strictly control storage and disposal risks. Carry out the construction of temporary storage facilities for hazardous waste in accordance with laws and regulations, standardize classification and compartmentalized storage, and entrust qualified hazardous waste management units for disposal.

Through technological advancements, green transformation, and the adoption of non-hazardous or low-hazard raw and auxiliary materials, the generation of hazardous waste can be reduced at the source.

 Gear Transmission Company's Recycling and Reuse of Waste Oil

Case

Gear Transmission Company has reduced pollution caused by oil-containing iron chips by fully utilizing oil centrifuges to separate oil and chips generated during gear hobbing and shaping processes. The reclaimed waste oil is repurposed for cooling and lubricating low-precision equipment, which not only decreases waste oil production but also effectively prevents secondary pollution from oil-contaminated metal scraps.



● Noise Management

FTC strictly complies with the Law of the People's Republic of China on Noise Pollution Prevention and Control and the Emission Standard for Industrial Enterprises Noise at Boundary, clearly defining noise control responsibilities and requirements. The Company conducts regular boundary noise monitoring to ensure compliance with emission standards and minimizes impact on the surrounding environment. The factory boundary noise meets the Class 4 standards specified in the Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008).

Ecological Symbiosis, Building Diverse Ecological Security Barriers

The Company strictly complies with laws and regulations such as the Wild Animal Conservation Law of the People's Republic of China and the Forest Law of the People's Republic of China, as well as industry standards, and has formulated and implemented internal management systems including the Measures for the Supervision and Administration of Ecological and Environmental Protection to ensure that ecological and environmental protection efforts are lawful and compliant.

The intelligent agricultural machinery developed by the Company integrates machinery with agronomic practices, reducing operational costs while improving agricultural productivity, which helps maintain soil ecology and biodiversity. By adopting advanced production technologies and equipment, the Company enhances energy efficiency, minimizing energy consumption and pollutant emissions. Meanwhile, the Company classifies and recycles waste generated during the production process to achieve circular utilization of resources, thereby reducing dependence on natural resources and indirectly protecting ecosystems and biodiversity.

In terms of management measures, the Company fully incorporates ecosystem and biodiversity conservation requirements into its production and operational processes. It conducts environmental impact assessments to identify potential ecological risks and influencing factors. Additionally, the Company continuously strengthens ecological and environmental protection awareness among employees by regularly organizing relevant training sessions and awareness campaigns, so that employees understand the Company's policies and measures regarding ecological conservation, thereby enhancing their environmental awareness and sense of responsibility. The Company has consistently carried out greening and ecological environmental protection efforts in the plant area. Through energy-saving, emission-reduction, and resource recycling measures, it has reduced pollutant emissions and minimized air, water, and soil pollution in the surrounding areas, significantly improving the ecological environment quality around the plant area, and contributing to the protection of biodiversity.



Responsibility Together and Gathering Strength Section

Talent-based Approach, Energizing Organizational Momentum

Building a Safety Shield, Strengthening Production Defenses

Chain Collaboration, Forging Supply System

Craftsmanship and Quality, Ensuring Product Excellence

Innovation-driven Development, Driving Technological Change

Empowering Public Welfare, Fulfilling the Responsibility of

Central Enterprises

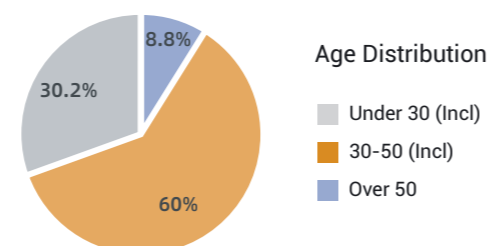
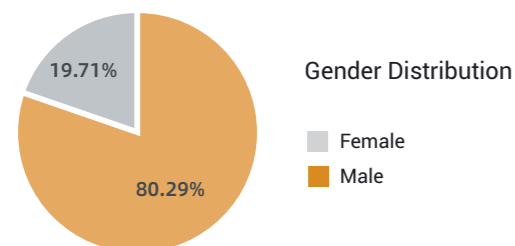
Talent-based Approach, Energizing Organizational Momentum

● Safeguarding Rights and Interests of Employees

FTC implements the "Talents Drive Enterprise Development" strategy, adhering to the talent philosophy of "providing opportunities for those willing to work, stages for those capable of working, and incentives for those who deliver." The Company strictly complies with laws and regulations including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Social Insurance Law of the People's Republic of China. It has established recruitment policies such as the Measures for the Administration of Talent Recruitment and the Measures for the Administration of College Graduate Recruitment, ensuring lawful employment practices.

Adhere to equal employment and open recruitment

The Company continuously improves its recruitment system, standardizes hiring and onboarding processes, and strictly adheres to the principles of openness, fairness, and impartiality in recruitment to safeguard employees' equal employment rights. The Company does not discriminate against any candidate based on gender, ethnicity, age, or other factors, and treats all employees fairly regardless of nationality, race, gender, religious beliefs, or cultural background. The Company actively implements the national policies on employing persons with disabilities, and the proportion of employed individuals meets the requirements stipulated by relevant laws and regulations. Meanwhile, the Company strictly adheres to national laws and regulations such as the "Regulations on the Prohibition of Child Labor" and the "Convention on the Rights of the Child", as well as the requirements of international conventions, prohibiting the employment and use of child labor and resisting all forms of forced and compulsory labor.



During the reporting period

6,920

employees in total

164

ethnic minority employees

56

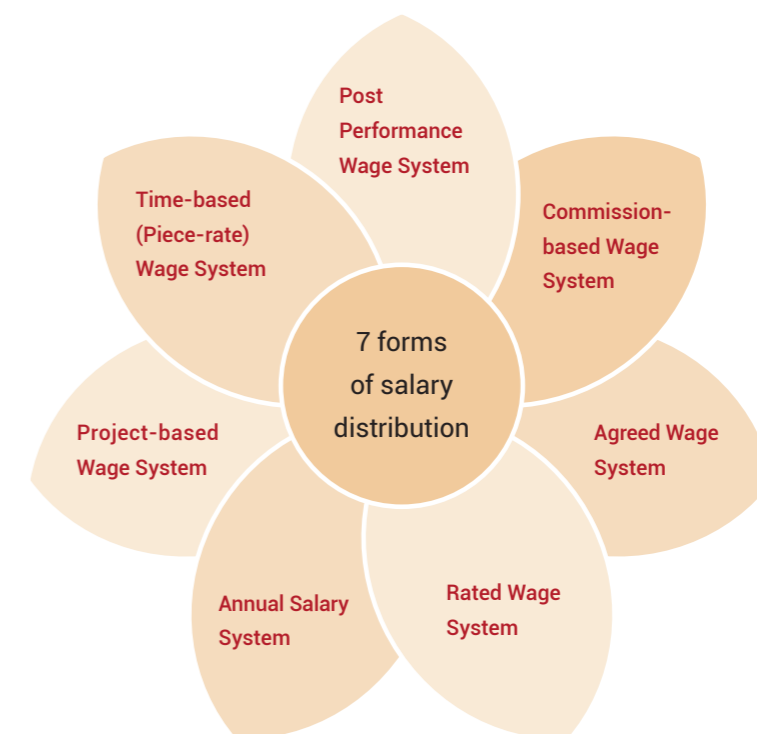
employees with disabilities

Guarantee salary and benefit entitlements.

The Company has established management systems such as the Measures for the Administration of Salary Payment and the Measures for the Administration of Total Salary to standardize payroll processes and optimize compensation distribution mechanisms. While continuously improving market-oriented salary distribution systems, the Company also ensures employee income protection, enabling workers to share in the fruits of the enterprise's development.

The Company continuously improves its compensation and benefits system, ensuring timely and full payment of salaries, legally contributing to employees' social insurance and housing provident fund, and providing all employees with supplementary retirement security through enterprise annuity. Employees of the Company are legally entitled to various statutory paid leave, including public holidays, annual leave, marriage leave, family visit leave, bereavement leave, maternity leave, sick leave, and work-related injury leave. Additionally, the Company provides employee holiday benefits, meal allowances, halal dining options, transportation subsidies, and housing allowances.

The Company values employees' sense of belonging and identification with the organization, and regularly conducts two-way communication through various methods such as performance evaluations, employee interviews, and satisfaction surveys. In addition, the Company promptly provides employees with feedback on performance appraisal results, establishes grievance channels for those with objections, and fully considers employees' opinions and suggestions to ensure the objectivity, fairness, and impartiality of the performance evaluation system.



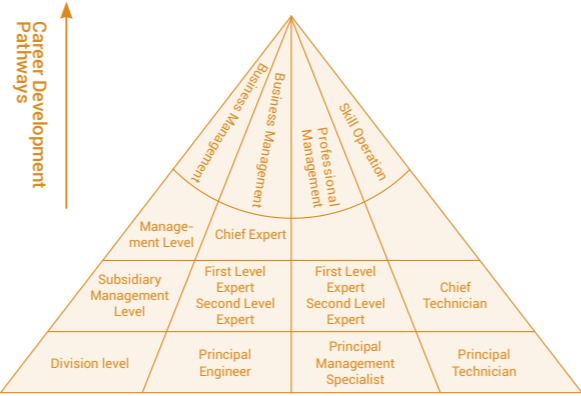
● Development and Training

Smooth Promotion Mechanism

FTC has formulated internal management regulations such as the Guiding Opinions on the Construction of Multi-channel Growth Mechanism for Employees, aiming to provide diversified development paths for employees and stimulate organizational vitality.

The Company actively establishes and improves the “1+N” personnel selection and employment system, providing diversified career growth channels for various employees. It has established management channels and professional position channels, including three categories: engineering technology, professional management, and skill operation. The management channel is set according to the enterprise management hierarchy. The professional position channel is divided into 2-4 levels according to the characteristics of the job, including chief expert, first level expert, second level expert, and principal engineer. The Company conducts annual and term assessments and evaluations of management personnel, and makes adjustments to positions that are not suitable. The Company dynamically adjusts the professional position channel personnel every year. If the employee position level is adjusted, the salary level will be adjusted synchronously according to the relevant salary management system of the department.

In accordance with the “twenty-character” requirement for leading cadres of state-owned enterprises (SOEs) in the new era, the Company



Employee Career Development Channel

adheres to the “four uses and four non-uses” and focus on selecting high-quality, professional cadres who are loyal, clean, and responsible on the front lines of reform and struggle. Based on the specific requirements of job responsibilities and the actual situation of each department, scientifically and reasonably set the conditions for employment.

Extensive training opportunities

In 2024, the Company deeply implemented the requirements of the National Vocational Skills Enhancement Action and the 14th Five-Year Plan vocational skills training plan. The Company has actively built multi-level and multi-dimensional platforms for the growth of skilled personnel, to strengthen the cultivation of innovative, applied, and skilled talents. By establishing a sound vocational skills training system, the Company not only provides systematic and specialized training courses for employees, but also customizes training content covering multiple fields such as technology research and development, production and manufacturing, and quality management based on industry development trends and actual needs of the enterprise, ensuring that employees can master cutting-edge technologies and advanced skills. Additionally, the Company has established an “industry-education integration and school-enterprise cooperation” mechanism. In collaboration with educational institutions, it has developed new apprenticeship models and the “Dongfanghong” special training program. This joint approach by enterprises and schools in dual mentoring and alternating work-study programs cultivates high-skilled talents suited to the Company's growth needs and skills requirements.

In 2024, the two-tier training structure of the Company invested a total of RMB 9.6 million in education funds, delivering 1,097 training sessions for an attendance of 45,083, achieving a 100% employee training coverage rate. The average training duration for employees is 42 hours, with 90 hours for senior management, 44 hours for middle management, and 41 hours for primary-level employees.

The Company has a well-established professional title evaluation system for both engineering and political work series, with the independent authority to conduct assessments at all levels for these two series.

In 2024, the Company conducted independent professional title evaluations for engineering, economics, accounting, and political work series, appointing a total of 171 professionals with various titles - including 4 senior-level (professorial equivalent), 51 associate senior-level, and 56 intermediate-level titles. The Company actively implements the requirements of the National Vocational Skills Enhancement Action and the 14th Five-Year Plan for Vocational Skills Training, strengthening the cultivation of innovative, application-oriented, and skilled talent.

Employee training

The Company places high importance on employee training, and has established a sound talent development mechanism and system to cultivate professional and managerial talents with both integrity and competence, as well as high performance, thereby driving the Company's high-quality development.

Organizational System

The Company has established and improved a two-level training organization system comprising the headquarters and secondary departments. The headquarters is responsible for formulating training policies and regulations for the Company, as well as establishing and managing the training system. Responsible for implementing training programs for employees in key and critical positions of the Company, as well as professional competency training for functional management system personnel. The secondary departments are responsible for implementing relevant training policies and organizing training programs for its employees.

Curriculum System

The two-level training organizations of the Company collaborate closely to establish and refine a stratified and categorized training program and curriculum system, which is designed according to employees' career development stages (junior, intermediate, and senior) and covers various position categories, including management personnel, young talents, engineering and technical staff, operational skilled workers, and functional management personnel.

Instructor System

The Company establishes a training instructor system based on the principle of prioritizing internal trainers while supplementing with external trainers. Through measures such as assigning leading cadres to teach training courses, organizing internal experts to mentor apprentices, selecting internal trainers via vocational skills competitions, and providing course development and teaching skills training, the Company continues to establish and improve its internal trainer team. In addition, the Company also leverages the opportunity of the training program implementation to continuously expand its pool of external instructors.

Engineer/Political Series

Vocational Skill Levels



Employee Training Management

Cadre Training

Programs for mid-to-senior level leading cadres, newly recruited cadres, outstanding young cadres, and special competency enhancement for cadres

Youth Talent Training Programs

Outstanding young talents program, new graduate induction program, primary-level new hire employees training program, and youth reading initiative

Technical Talent Training Programs

Doctoral lecture series, youth science and technology forum, and key technical position internal training courses

Vocational Skills Training for Skilled Workers

Programs such as the modern apprenticeship program, enterprise autonomous certification of vocational skill levels, technical competitions, training on new technologies and skills, and job-specific drills

Functional Management Talent Training

Training programs and courses for various systems including marketing, production & procurement, strategy & investment, asset management, audit & legal, finance, human resources, and safety management



Organization of Vocational Skill Level Certification

Case

In 2024, the Company carried out vocational skill level certification for **11** job categories, including tractor assembly and testing workers, forklift drivers, physical property inspectors, CNC grinding machine operators, and stamping operators. By establishing a “green evaluation channel and direct certification channel for highly skilled talents”, the Company created favorable conditions for employees to advance their skill levels through training and certification. A total of **353** employees applied to take the assessments, **248** employees passed the assessments and received corresponding vocational skill level certificates, achieving promotion to higher skill levels.



New Employee Onboarding Training



Vocational Skill Certification - Tractor Complete Machine Installation Test Site Practical Examination



New-Type Apprenticeship Training



Innovation and Entrepreneurship Press Conference



Mold Worker at the Technical Games



Inauguration Ceremony of Guo Guangwei Model Worker Innovation Studio

During the reporting period

1,097

Training Sessions

100%

Coverage of employee training

42 class hours

The average training duration for employees is

RMB9.6 million

The investment amount

45,083

The attendance of employees

Care and Support

FTC is committed to providing comprehensive care and support for its employees. To effectively help employees address practical difficulties, the Company has established Measures for the Management and Use of Warmth Grant Fund, Measures for the Management and Use of Compassion Fund, and Measures for the Management and Implementation of Mutual Aid Fund, building a multi-level and multi-dimensional employee care system.

Assistance for struggling employees

In 2024, the Company's Love Fund and Mutual Aid Fund provided assistance to employees in need for a total of 724 occasions. Additionally, summer internship opportunities were organized for college students from economically disadvantaged employee families, offering further financial support to struggling employees.

Organize diverse activities

The Company organizes a series of branded cultural and sports activities under the theme “Chinese Dream · The Beauty of Labor”, as well as initiatives such as the “The Most Beautiful Family · The Most Beautiful Mother” selection, care programs for new employees, support for pregnant and postpartum female staff, youth social events, the Dongfanghong EAP, and free medical consultations at primary-level trade unions to enrich employees' work and personal lives.

Care for employee's children

The Company has organized childcare services during winter/summer vacations and high-production month weekends, as well as after-school daycare at kindergarten, while arranging visits to the Dongfanghong Agri. Cultivation Museum for nearly 800 employees and their children, effectively addressing family concerns of staff members.

Employee satisfaction survey

The Company is committed to creating a more humane and caring work environment for employees, comprehensively enhancing their job satisfaction. In 2024, the employee satisfaction survey conducted by the Company received 423 responses, achieving a 100% satisfaction rate.



EAP Program Sand Table



Childcare Service Class



Golden Autumn Education Assistance



Difficulties Relief



Youth Friendship



Employee Experience of Green Ecological Projects



The Most Beautiful Family · The Most Beautiful Mother



Badminton Game



Table Tennis Game



Basketball Game



Good Voice

● Democratic Management

FTC has established a series of regulations, including the Implementation Rules for Factory Affairs Disclosure, the Regulations on Workers' (Trade Union Members') Congress, the Implementation Rules for Women Workers' Congress, the Implementation Rules for Democratic Appraisal of Leading Cadres by Workers' Congress, and the Interim Measures for the Administration of Worker Directors and Worker Supervisors, to implement employee participation in democratic management.

The Company has strengthened its efforts in promoting open factory affairs and democratic management. It signed the 2024 Collective Wage Agreement, improved the enterprise democratic management and open factory affairs system, and conducted two democratic inspections. The Rights Protection Committee has conducted supervision and inspection on the implementation of collective wage agreements, promotion of factory affairs transparency, distribution of subsidies, special regulations on labor protection for female employees, paid annual leave, employee physical examinations, and implementation of labor protection in various departments, and has formed a democratic inspection report, effectively safeguarding the legitimate rights and interests of employees.

The Company has continuously carried out the "Fulfill Employees' Micro Wishes" initiative, implementing measures such as the "Care Alliance" to fulfill 83 micro wishes and address 51 practical issues for employees throughout the year. In accordance with the requirements for standardizing corporate labor dispute mediation, the Company further refined the mediation process, handling all 7 employee letters and visits received during the year, achieving a 100% resolution rate.

 Photos of Employee Democratic Management Activities Case



Group Discussion at the Workers' Congress



Democratic Inspection by the Economic and Technological Commission

The 6th Plenary Meeting of the Trade Union Committee

Building a Safety Shield, Strengthening Production Defenses

● Workplace Safety

FTC is committed to establishing a scientific and efficient safety governance framework, achieving standardized, systematic, and refined workplace safety management, thereby providing solid safeguards for the Company's stable operations and employees' health and safety. The Company strictly complies with the requirements of the Work Safety Law of the People's Republic of China, consistently upholding workplace safety as the cornerstone of sustainable corporate development. It has implemented multiple regulatory frameworks including the Full-Coverage Work Safety Accountability, the Measures for the Administration of Occupational Health, Regulations on the Administration of Workplace Safety Incidents, Regulations on the Administration of Workplace Safety Hazard Investigation and Governance, Comprehensive Emergency Response Plan for Production Safety Incidents, and the Measures for the Administration of Workplace Safety & Occupational Health Training, and has established a systematic and standardized safety management framework.

During the reporting period, 9 companies were certified as standardized enterprises in workplace safety. The number and ratio of work-related fatalities among employees of the Company have both remained at zero for the past three years.

Building of the organizational system

The Company has established a multi-level safety governance structure comprising the Workplace Safety Committee, the Safety Management Department, as well as Safety Committees and safety management departments within each production and operation entity. The principal person in charge of the Company serves as the director of the Workplace Safety Committee, and members of the leadership group, heads of all functional departments, and principal persons in charge of production and operation departments act as committee members. The Committee is responsible for reviewing and issuing the Company's work safety policies and guidelines, as well as making decisions on major work safety issues. The daily working office of the Workplace Safety Committee is established within the Safety Management Department, which is responsible for the Company's safety management and performs the routine office functions of the Safety Committee, as well as oversees and ensures the effective operation of the safety management system.



Identification of safety hazard and risk

The Company adheres to the principles of “hierarchical management, line-specific accountability, and category-based supervision”, focusing on strengthening the implementation of the Measures for the Administration of Safety Supervision for Risk Points (Hazard Sources). Upholding the concept of “identifying major risks, eliminating major hazards, preventing major incidents, and ensuring overarching safety”, the Company further enhances the identification of higher-risk factors associated with risk points (hazard sources). In 2024, the Company began with fundamental tasks including raw materials, production processes, operational procedures, equipment, safety facilities, work environment, maintenance operations, special operations, personnel competency, management systems, and operating procedures to identify and classify 392 key risk points (hazard sources) for hazard control. The Company places high importance on the investigation and remediation of potential safety hazards, and has organized the thorough implementation of safety inspections.

During the reporting period, a total of 53 hazard identification activities were conducted, with a 100% completion rate for corrective actions.

Upholding the concept

identifying
major risks

eliminating
major
hazards

preventing
major
incidents

ensuring
overarching
safety

Safety emergency management

The Company consistently prioritizes emergency management as a key component of workplace safety, systematically advancing the revision of emergency plans, the allocation of equipment and supplies, and the development of emergency management mechanisms to comprehensively enhance incident response capabilities. The Company implemented a comprehensive revision and improvement of emergency response plan texts across all departments, completing 120 versions. Additionally, 39 specialized inspections were conducted on the completeness of emergency rescue equipment and material allocations to ensure all devices remain in optimal operational readiness for emergency deployment. The Company, in accordance with the Measures for the Administration of Emergency Response Plans for Workplace Safety Incidents, clarifies management responsibilities, establishes a sound emergency incident reporting mechanism with defined timelines for reporting emergencies, and designates relevant departments to inform neighboring divisions and individuals about the nature, scope of incident risks, and corresponding preventive measures.

In 2024, a total of 197 emergency response drills were organized, with an attendance of 4,151.

Enhancement of safety awareness

The Company conscientiously organizes and carries out the study and promotion activities of the “First Priority” on workplace safety. The principal person in charge the Company led the study and promotion of the major incident hazard identification standards for industrial and trade enterprises. The Company strictly implements three-level safety education, and regularly conducts safety qualification training for principal persons and workplace safety management personnel. A total of 126 individuals have obtained the Workplace Safety Knowledge and Management Competency Training Certificate issued by Henan Province. The Company leverages platforms such as Workplace Safety Month, “Theme Safety Day”, Occupational Health Awareness Week, World Environment Day, and National Fire Protection Day to further promote safety culture development. The “Workplace Safety Month” campaign is carried out with diverse activities and substantial safety culture programs, centered around the theme “Everyone Speaks Safety, All Can Emergency Respond - Keeping Escape Routes Clear”.

Incident handling measures

After an incident occurred, the involved department immediately reported it to the Company’s Safety Management Department. The Safety Management Department then organized relevant leaders and professionals to conduct an on-site investigation. The incident was analyzed in accordance with the “Four No’s Principle”. After conducting on-site investigations and clarifying the course and causes of the incident, a determination will be made regarding the nature of the incident and the liabilities involved, followed by the issuance of handling decisions. After the incident, the Company proposes preventive and corrective measures, and requires all departments to conduct comprehensive reviews and learn from the case.

RMB 11,890,700

The investment in workplace safety

100 %

The safety training coverage rate

302,768 hours

The cumulative duration of safety training

32,510

The cumulative attendance of safety training

● Occupational Health

FTC places high importance on occupational health and safety. Adhering to the principle of “safety first, prevention oriented, and comprehensive management”, the Company firmly upholds the people-oriented philosophy that values life above all else. Committed to scientific development, safe production, and green development, it focuses on addressing potential safety hazards and occupational hazards. It continuously improves its occupational health and safety management system to enhance performance in this area, aiming to achieve harmonious development between economic benefits and environmental and social benefits.

In the process of production management, the Company takes the prevention of occupational hazard incidents and new cases of occupational diseases as its fundamental starting point and ultimate goal. It continuously promotes the establishment of a long-term mechanism for occupational health and safety management, with a focus on strengthening the enforcement of laws, regulations, and internal rules, to advance institutionalized and standardized management, enhance autonomous management capabilities, and improve the effectiveness of the Company's occupational health management.

In 2024, the Company's rectification rate for all safety hazards is **100%**, the physical examination rate for occupational diseases is **100%**, and the incidence rate is **0**.

100%

Rectification rate for all safety hazards

100%

Physical examination rate for occupational diseases

0

Incidence rate

In 2024, the Company successfully passed the surveillance audit conducted by a third-party certification body, and continues to obtain the certifications of ISO 45001 Occupational Health and Safety Management System.

Occupational hazards detection and evaluation, and health surveillance

Effectively identify occupational disease hazards, and conduct monitoring/evaluation and health surveillance. The overall compliance rate for occupational hazards in 2024 reached **93.90%**, representing a year-on-year increase of 1.25 percentage points. Through analysis and evaluation, the Company can monitor the dynamic changes in its intensity, promptly formulate and implement prevention and control measures, and reduce the impact of occupational hazards. A total of **1,758** employees exposed to occupational disease hazards underwent occupational health examinations, achieving a **100%** on-the-job physical examination rate. No new cases of occupational diseases were diagnosed in 2024.

Warning signs and emergency management of occupational hazards in production site

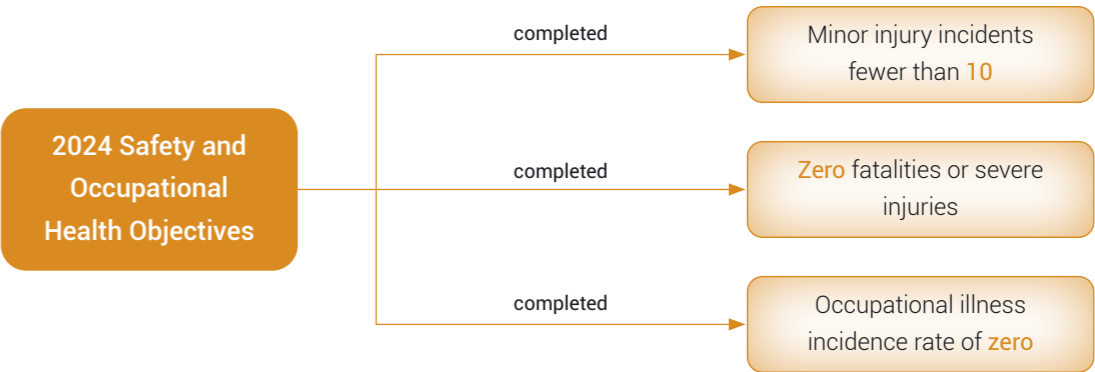
FTC has installed **1,131** warning signs, **292** hazard notification cards, **41** notice boards, **81** alarm devices, and **38** washing facilities, effectively preventing occupational disease hazards. Emergency response plans and handling procedures for occupational disease hazards have been formulated, and regular drills are conducted to ensure the prevention of such incidents.

Individual protective measures at the production site

Approve the types and levels of occupational hazards in the workplace as well as workers' exposure duration, and issue corresponding personal protective equipment (PPE); standardize the procurement, inspection, and usage control of PPE; and educate operators on proper wearing and use of protective gear to ensure effective individual protection.

Occupational health and safety education and training

The Company has thoroughly implemented the Law of the People's Republic of China on the Prevention and Control of Occupational Disease by continuously advancing occupational health protection initiatives. Through a variety of online and offline awareness campaigns, including thematic lectures, core knowledge dissemination, advisory sessions, and warning education, the Company organized **15** specialized training seminars, distributed over **2,600** educational materials, conducted more than **218** advisory and warning education sessions, and achieved a cumulative participation of over **7,900** in its occupational health legal education initiatives, significantly enhancing employees' legal awareness and self-protection capabilities.



Chain Collaboration, Forging Supply System

Supplier Management

FTC strictly complies with regulations such as the Bidding Law of the People's Republic of China and the Regulation on the Implementation of the Bidding Law of the People's Republic of China, and has also established internal management systems including the Measures for the Administration of Suppliers, the Regulation on the Implementation of Procurement Management, and the Measures for the Administration of Suppliers Blacklisted Suppliers. It is committed to building a standardized, transparent, and sustainable procurement system, improving the internal supplier management framework, optimizing the procurement management committee structure, and clarifying procurement governance principles under unified leadership with segmented responsibilities and hierarchical management. By standardizing supplier qualification, the Company strengthens supplier management, and actively addresses supply chain security risks, to enhance responsible procurement practices.

Decision-making level

The Procurement Management Committee of the Company is responsible for the design, planning, and decision-making regarding the Company's procurement management systems and mechanisms, procurement models, procurement policies, procurement frameworks, and incentive measures.

Executive Level

It is responsible for establishing the Company's procurement management system platform, as well as organizing the implementation and monitoring the outcomes of decision-making matters. The procurement implementation department carries out procurement activities in accordance with the relevant regulations established by the Procurement Management Committee.

Access of
suppliers

The Company adheres to the procurement philosophy of "Integrity, Collaboration, Sharing, and Win-Win," and has established a unified, standardized, and professional supplier management process. This process incorporates transparent procedures, open information, and collective evaluation mechanisms. The Company ensures that all cooperative suppliers are legally established, fully qualified, and operate in compliance with regulations in accordance with the Measures for the Administration of Suppliers, thereby standardizing supplier behavior across multiple dimensions and enhancing both business development and procurement compliance.

Responsible
procurement
requirements

The Company has explicitly stipulated in the Compliance Business Agreement signed with suppliers that both parties shall fulfill social responsibilities in terms of quality, environmental protection, safety, intellectual property rights, and lawful employment practices. Additionally, the Company has established an Honesty and Integrity Agreement and a Quality Assurance Agreement with suppliers to further standardize their conduct requirements.

Supplier
assessment

The Company has established a unified and standardized supplier performance evaluation process, revised and improved the supplier performance evaluation system, and developed a unified guiding standard for supplier performance evaluation, and also clarified the application requirements for supplier performance evaluation results. Suppliers have undergone performance evaluation every quarter, and the evaluation results are classified into four grades. When the performance evaluation result is "Unqualified", the suppliers shall be suspended for rectification. When the performance evaluation results change by 1-2 levels compared to the previous period, the supply ratio will be adjusted according to the situation. Through performance evaluation, supply ratio adjustments and exit of inferior suppliers are implemented fairly and reasonably.



Large Tractor Company Held Kickoff Meeting for the Unveiling of Supplier
Quality Research and Development

Case

In January 2024, Large Tractor Company successfully held a kickoff meeting for the unveiling of supplier quality research and development. The quality breakthrough and unveiling is a key project for the quality improvement year of Large Tractor Company. The Company will develop solutions to key problems and ensure stable and reliable product quality, to create new competitive advantages in the market. For suppliers who have achieved the expected goal of quality research and development, Large Tractor Company provides corresponding incentive policies, and through in-depth quality research and development work, achieves steady improvement in supplier capabilities and product quality.



626

Number of suppliers

43.77%

Localization rate of suppliers

100%

Signing rate of compliant operating
agreements with cooperative
suppliers

87.23%

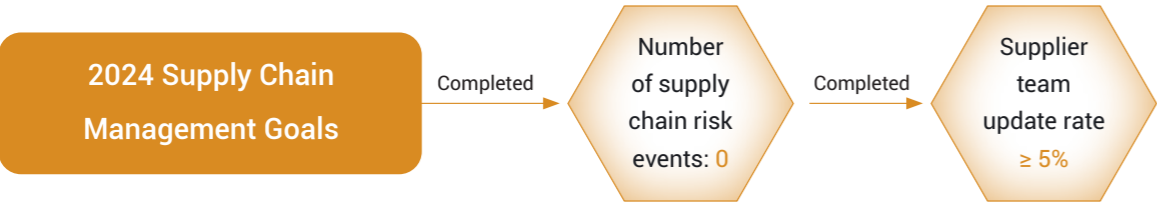
Proportion of suppliers obtaining
sustainable certification

100%

Signing rate of the Honesty and
Integrity Agreement

●● Supply Chain Management

To strengthen supply chain risk management and effectively ensure the safe and stable operation of the supply chain, FTC regularly checks supplier credit and legal risks, evaluates supplier credit, and formulates supplier risk prevention measures based on the evaluation grading for legal litigation issues, in order to eliminate production and supply guarantee risks and hazards to the greatest extent possible; In addition, it vigorously promotes the optimization of supply chain layout, eliminates unreasonable exclusive supply and regional concentration phenomena, and maintains a supply situation of at least two suppliers for key and important categories, effectively ensuring the stable and safe operation of the supply chain.



The Company attaches great importance to supplier chain security control. Faced with the risk of decoupling and chain breakage caused by changes in the international situation, the Company has deployed in advance, carefully planned, and actively carried out research on domestic substitution of imported parts. Meanwhile, leveraging the SASAC’s Collaborative Supply Chain Platform, the Company has partnered with leading domestic enterprises through a “Unveiling” activity for import substitution projects, which actively mobilizes suppliers’ enthusiasm and initiative, accelerating the localization of imported components. In 2024, the Company completed performance validation for 93 localized substitute products, thereby progressively strengthening supply chain security and effectively mitigating supply chain risks.

The Company collaborates with relevant upstream and downstream partners, leveraging technological optimization, standardization improvements, process enhancements, value engineering, new material applications, specification rationalization, domestic substitution, and parts commonality to drive procurement value chain optimization. These initiatives inject new vitality into product upgrades and industry development. In 2024, 115 projects were approved.

During the reporting period, the Company experienced no major supply chain risks or material impact events.



Middle and Small Tractors Company Launches Specialized Support Program to Enhance Supply Chain Reliability

Case

Throughout 2024, in accordance with requirements for overall exterior quality, operational comfort, and cab sealing performance, it assists relevant suppliers in upgrading their production and manufacturing equipment, inspection and testing equipment, warehousing management capabilities, and quality control capabilities. The casting supplier has reduced the rough casting rejection rate by 15% and significantly improved paint appearance quality and surface roughness through production line upgrades, including the addition of inspection equipment and painting and shot blasting equipment. The structural component supplier has significantly improved weld quality and production efficiency by enhancing warehouse management capabilities and adding welding robots and inspection fixtures, achieving a batch inspection pass rate of 98% and an order fulfillment rate of over 92%.



Upgraded Casting Line



Welding Robot

●● Equal treatment of SMEs

FTC strictly adheres to contract terms with small and medium-sized enterprises (SMEs), ensuring that all payments due under the contracts are made on time, with no overdue payments.

Craftsmanship and Quality, Ensuring Product Excellence

● Quality management

Governance

FTC consistently adheres to the quality philosophy of “Zero Defects in Quality, Standards Aligned with International Benchmarks”. The Company strictly complies with relevant laws and regulations including the Product Quality Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests. In accordance with the GB/T 19001-2016 and IATF 16949 international standards, FTC continuously improves its quality management system, has established and rigorously implements a series of management protocols, such as the Measures for the Administration of Production Operation, Measures for the Administration of New Product Quality, Measures for the Administration of Quality Improvement, and Measures for the Administration of Quality Control Groups. By strengthening the collaborative coordination among production, service, management personnel, and workers at all positions, the Company implements full-process control over key process quality, product quality, and management quality to ensure the high-quality delivery of products and services.

The Company has established a comprehensive quality inspection system covering the entire production process, with “incoming material inspection - in-process flow inspection - finished product zero-hour inspection” as the main framework, supplemented by special sampling inspections. Meanwhile, the Company has established a quality management system platform to advance management reviews, internal and external audits, and improve the evaluation mechanism of the quality management system, ensuring the continued effectiveness of third-party certifications for quality, safety, and environmental management systems.

The Company has obtained certification of GB/T 19001-2016 Quality Management System and serves as the Vice Council Member of Henan National Defense Science and Technology Industry Quality Management Association.

Strategy

The Company attaches strategic importance to quality management, regarding it as a core driver for corporate development and continuously improves the management systems to ensure the high quality of products and services, thereby creating long-term value for customers. The Company has established a systematic approach of “strategic planning, phased implementation, prioritized breakthroughs, and result-oriented execution” to meticulously plan and implement the management system development, and strengthens systematic management and enhances whole-process quality control capabilities by benchmarking against internationally advanced high-standard quality objectives. The Company improves the quality accountability system for all employees and establish a rapid quality response mechanism. Adhering to user-oriented and competition-driven principles, the Company focuses on addressing customer improvement requirements and resolving “high-frequency, high-impact” failures as key starting points, standardizes channels for collecting and providing feedback on quality information, identifies product quality data, enhances manufacturing technology, and implements intelligent upgrades, to deliver comprehensive value-added services to customers.

Influence, Risk and Opportunity Management

In response to the risks and opportunities related to product quality, the Company has formulated a series of countermeasures, improved the quality control system, and conducted comprehensive risk assessments to fully ensure product quality standards.

Construction of quality control system

Through the establishment of a “system + technology + standards” framework, including the Product Monitoring and Measurement Control Procedure, Non-Conforming Product Control Procedure, Corrective and Preventive Measures Control Procedure, enterprise standards, process documentation, inspection work instructions, and a three-guarantee (repair, replacement, refund) fault collection and analysis mechanism, a standardized quality control system has been implemented. It covers all stages of the tractor production process, ensuring controlled management across production, warehousing, and sales.

Quality risk response mechanism

According to the Company's Measures for the Administration of Quality Risk, quality risk management is accomplished through processes such as defining the context, clarifying product positioning and target markets, conducting quality risk assessments, implementing risk responses, as well as monitoring and review. The Company organizes a quality risk identification, analysis, and evaluation meeting to classify risks based on their likelihood of occurrence and impact severity, determines risk response strategies, and develops a quality risk control plan with measures, objectives, and responsible persons.

Product quality culture development

The Company released the Corporate Culture Handbook and Quality Manual, and organized employees to carry out learning and discussion activities. A company-wide Quality Month event with the theme “Strengthening Quality Foundations and Forging Excellence” was conducted, showcasing the Company's quality achievements and best practices while promoting the meticulous “Craftsman Spirit”.

Indicators and Targets

The Company's quality objectives for 2024 were overall well achieved. **No** major safety or quality liability incidents related to the Company's products and services **occurred** during the reporting period.



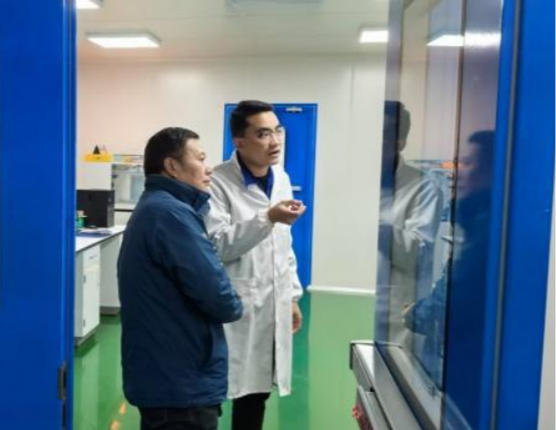
Quality Promotion Campaign Supports High-Production Month in 2025

Case

The Company is implementing quality assurance measures for the high-production month in 2025. Based on a review of the management weaknesses identified in 2024, suppliers have been categorized into four key regions: Shandong, Beijing-Tianjin-Hebei, Luoyang surrounding area, and Northeast China. Dedicated teams led by assigned personnel will conduct on-site visits and deliver quality awareness training to these suppliers. For different parts categories such as fuel systems, large castings, oil pipes, and brackets, professional quality management personnel were assigned to conduct targeted training sessions, providing in-depth explanations on complete machine expertise and potential quality risks. This round of visits addressed over 100 on-site and quality improvement issues for 2024, laying a solid foundation for enhanced parts quality during the 2025 high-production month and ensuring smooth assembly and testing of complete machines, which guaranteed stable production and sustained quality improvement during the peak production period.



Quality Promotion of Shangdong Longkou
Longji Three Pump



Quality Promotion of SDATK

Customer service

FTC has established a comprehensive customer service system, and ensures efficient and professional service support for customers in accordance with institutional documents such as the Measures for the Administration of Product Service, Customer Service Manual, and Customer Satisfaction Evaluation Control Procedure. In addition, the Company places high importance on customer feedback. Through established systems such as the Measures for the Administration of Customer Hotline Service Information and the Measures for the Administration of Service Complaint Early Warning, it ensures timely response to customer complaints while continuously optimizing service processes, so as to drive sustained service quality improvements, enhance customer satisfaction, and strengthen customer trust.

Full-process Customer Service System

To efficiently resolve technical challenges across various levels of customer service, the Company has established specialized teams including service elites, technical support personnel, and expert advisors, and has carried out training programs for service staff.

Pre-Sales

The Company provides consultation, product demonstrations, and test drives to help customers understand product features and performance. Customer information and purchasing records are documented to build a comprehensive customer database.

Installation, training, and logistics services are also provided to ensure that customers can correctly use and operate the products.

After-Sales

Mid-Sales

After-sales support and services—including maintenance, repairs, returns and exchanges, and spare parts supply—are offered to ensure a satisfactory customer experience. Customer information is documented to verify user identity.

Upon service completion, the Company conducts follow-up visits and collects customer feedback to assess satisfaction levels and continuously improve service quality.

Customer
Follow-Up

Customer satisfaction survey.

The Company actively carries out customer satisfaction surveys, adopting a “dual approach combining internal and external perspectives” to comprehensively and objectively assess customer satisfaction levels. It compiles customer satisfaction survey reports, analyzes customers’ satisfaction with specific products and services, and based on the findings, identifies key customer concerns and pinpoints critical improvement areas for products.

Customer complaint handling.

The Company has established and adheres to the Measures for the Administration of Service Complaint Early Warning. Customer complaint information is synchronized from the customer service platform to relevant production and business departments. Based on the urgency level, complaints are classified into three types: red, orange, and yellow. Personnel involved in the complaint handling process are required to provide corresponding response plans within specified time limit. For major and above complaints, the Company incorporates the service quality of the complaint incident into performance evaluations.

Customer Complaint Handling Channels

A service hotline at 400-659-6591899 has been set up by the Company, staffed by over **100** call center agents who promptly answer service and complaint calls from users. These measures enable the efficient mobilization of service resources and rapid resolution, ensuring customer feedback is categorized by department for responsive and effective handling.

During the reporting period, the Company placed high priority on enhancing customer experience and service quality by conducting customer satisfaction surveys to gain in-depth understanding of customer needs and feedback. The survey covered a total of **4,000** customers, with a comprehensive satisfaction rate of **97.2%** in follow-up sampling checks, and an on-site service satisfaction rate as high as **98.9%**. During the reporting period, the Company received **zero** customer complaints, which demonstrates our excellent performance in service quality and customer relationship management.



In October 2024, at the industry's annual TOP 50 selection event hosted by the Chinese Society of Agricultural Machinery and the Agricultural Machinery Magazine, the Diesel Engine Company was awarded the Gold Supporting Supplier Award, the Golden Rice Ear Award, and the Top 10 Popular Agricultural Machinery Enterprises. Meanwhile, the sales company was honored with the Marketing Pioneer Team Award.

Data Security and Privacy Protection

FTC formulated management measures such as the Measures for the Administration of Data Security Audits and the Emergency Response Plan for Network and Information Security Incidents, achieving comprehensive coverage of key areas including data security audits, risk assessment, emergency response, organizational management, and effectiveness measurement.

The Company places high importance on data security and customer privacy protection, regarding them as a crucial component of digital transformation and IT infrastructure development. A Leading Group for Digital Transformation and IT Construction Committee has been established to organize cybersecurity and information security inspections, conduct performance evaluations, and review reports on major information security incidents along with corresponding corrective measures. The Digital Transformation (Information Technology Committee) Office is responsible for coordinating the Company's overall cybersecurity efforts.

The Company categorizes cybersecurity incidents by severity level, clarifies the responsibilities and division of labor among departments, and carries out early warning response, emergency handling, investigation and assessment, as well as prevention and support measures in an orderly manner. An annual cybersecurity attack and defense drill is conducted to ensure all risks are mitigated. The Company has deployed a Network Access Control system to effectively manage endpoint network access, and implemented an Identity and Access Management (IAM) system to proactively identify potential vulnerabilities, enabling real-time analysis of cyber-attack behaviors and rapid response to network anomalies, helping prevent and mitigate business disruptions, and operational, production and management losses, and socio-economic risks caused by cybersecurity incidents.



In 2024, the Company successfully obtained the certification of Information Security Management System (ISMS).

Certificate of Information Security Management System Certification for the Company

The Company has established the following clear annual objectives, with a focus on ensuring system security, enhancing system availability, and advancing IT infrastructure development:

Indicator	Annual Target
System Security	Annual Tier-1 information security incidents: ≤1
System Availability	System Availability ≥96% Ensure the stable operation of the core business systems this year, with prompt recovery in case of any issues
Informatization Project Completion Rate	Project Completion Rate ≥90% Ensure the informatization construction proceeds as planned and achieves project performance in accordance with the project roadmap

During the reporting period, the Company received **no complaints** related to customer privacy violations or loss of customer data. There were **no** incidents of data breaches or customer privacy leaks, with the number of related cases and monetary impact both recorded as **zero**.

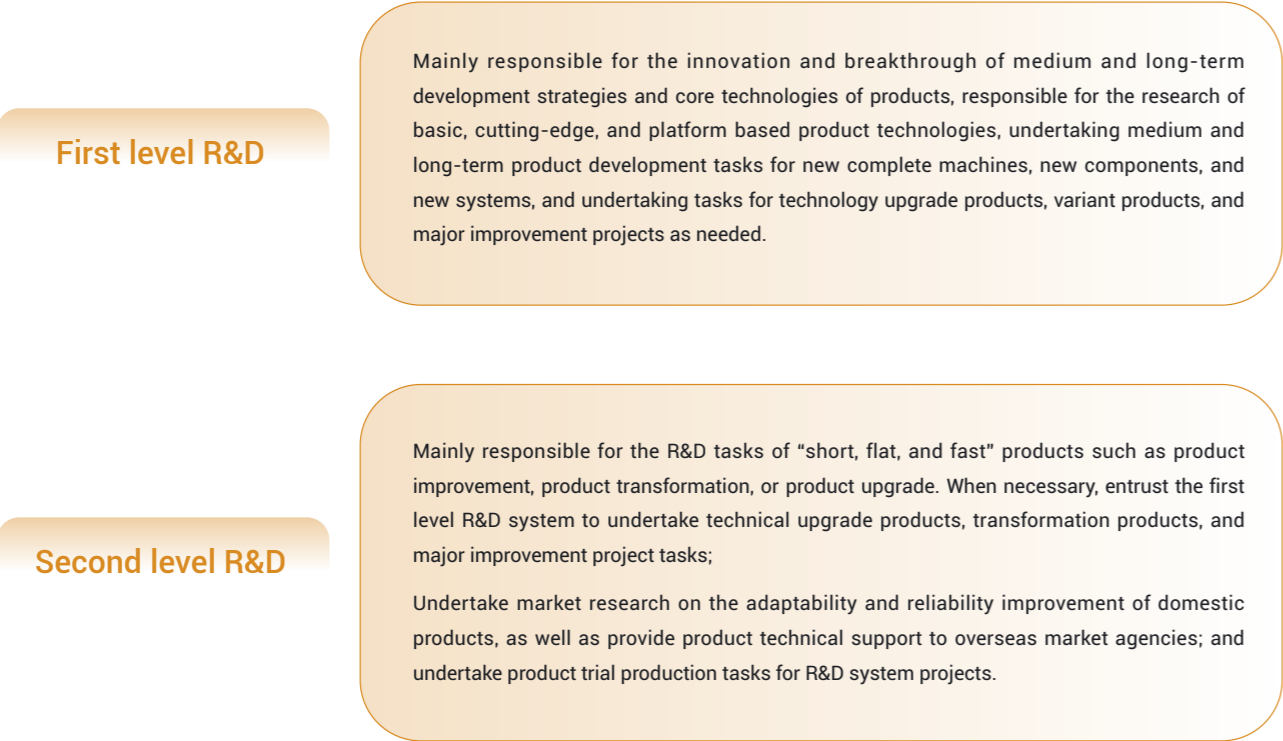
Innovation-driven Development, Driving Technological Change

● Innovation and R&D

Governance

FTC strictly adheres to relevant laws, regulations, and industry standards at home and abroad, such as the Emissions Control Technical Requirements of Non-road Diesel Mobile Machinery, Limits and Measurement Methods for Exhaust Pollutants from Diesel Engines of Non-road Mobile Machinery, General Outline of Appraisal for Popularization of The Agricultural Machinery, and Henan Province Science and Technology Award Measures, and has established internal management systems such as the Measures for the Administration of Product R&D Project Approval, Measures for the Administration of Company R&D Project Costs, Measures for the Administration of Product R&D Implementation, and Measures for the Administration of Science and Technology Progress Award Evaluation and Reward, covering key links such as R&D project approval, resource allocation, project implementation, and reward incentives, providing institutional guarantees for the efficient development of R&D.

The Company has established a two-level R&D system consisting of a technology center, a manufacturing engineering center, and business departments, which respectively undertake the research and development of key product technologies and process technologies.



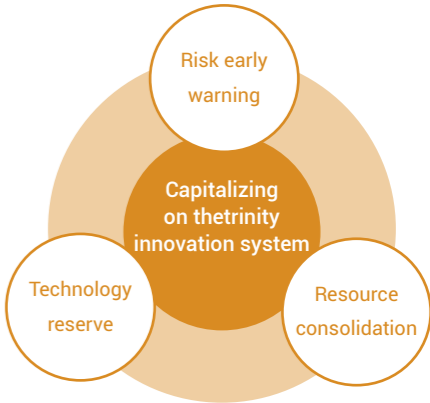
Strategy

FTC continues to enhance its independent innovation capabilities, increase scientific and technological innovation and investment, focus on solving key core technologies of agricultural machinery and equipment, so as to ensure that key links in the entire agricultural machinery and equipment industry chain are independently controllable. Meanwhile, the Company will continue to make breakthroughs in core technologies of high-end intelligent agricultural machinery, promote the upgrading of agricultural machinery products toward higher-end and more intelligent solutions, and accelerate the R&D of small-scale adaptable products, to speed up the widespread adoption of domestically produced high-end intelligent agricultural power equipment, contributing to agricultural modernization and sustainable development.

The Company consistently monitors changes in user needs and policy directions, identifies various types of technological innovation risks, and takes prompt and effective countermeasures to transform risks into competitive advantages.

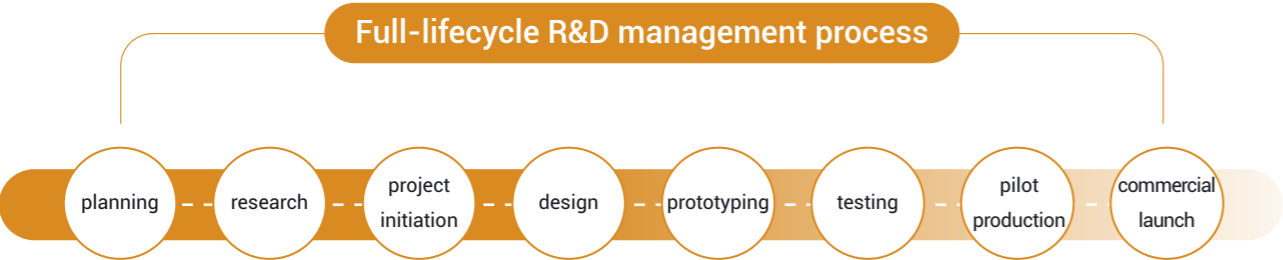
Influence, Risk and Opportunity Management

The Company proactively addresses R&D innovation risks by building a resilient R&D system, leveraging process-driven decision-making, and fostering an open innovation ecosystem, thereby transforming risks into competitive advantages. The Company has established a trinity innovation system integrating "risk early warning, technology reserve, and resource consolidation", and capitalizing on the trends of intelligentization, green development, and high-end advancement to achieve sustainable growth amid fierce competition.



Type of Risk	Description	Countermeasures
Policy and Regulatory Risks	Fluctuations in subsidy policies, environmental protection upgrades, and other policy and regulatory changes may affect the Company's technological development direction.	Research industry development trends, maintain effective communication with government departments and industry associations, stay updated on policy and regulatory changes, and strengthen the study and exchange of policies and regulations.
Technology Risks	The prolonged cycle for breaking through key technical bottlenecks and the accelerating pace of technological iteration will increase the difficulty of innovation. Insufficient market analysis may lead to inaccurate design inputs, resulting in products lacking market competitiveness.	Strengthen R&D collaboration, with a focus on technology accumulation and innovation. Strengthen demand management and drive R&D innovation with a focus on users' needs.
Intellectual Property Risks	Flaws in patent ownership during the formation or use process lead to disputes over rights, affecting corporate interests.	Conduct a strict review in accordance with the Measures for the Administration of Patents to ensure clear and unambiguous ownership rights when filing patent applications.

To address various risks, the Company has established a full-lifecycle R&D management system covering “planning - research - project initiation - design - prototyping - testing - pilot production - commercial launch”, to progressively refine management standards at each stage, continuously enhances R&D efficiency, and drives ongoing innovation and reform in R&D processes. Currently, the Company possesses a highly experienced product R&D team, manufacturing process team, and quality control team with deep expertise in agricultural equipment manufacturing, therefore, the Company has strong independent innovation capabilities and product design competencies. It holds a leading position in China in areas such as tractor product development, intelligent control systems, digital design, and CAE analysis.



Indicators and Targets

Technological Innovation Goals:

Breakthroughs will be achieved in core technologies such as intelligent agricultural machinery, new energy technologies, and smart agriculture, continuously developing major high-end technical equipment with independent intellectual property rights; efforts will be made to enhance the quality of patent applications and increase the proportion of invention patents; and active participation in the formulation and revision of national and tractor industry technical standards will be pursued to maintain industry leadership, ensuring that the technological level of leading products reaches domestic forefront and global recognition.

Technology Innovation Platform Development

The Company operates several scientific and technological innovation platforms, including the Henan Provincial Intelligent Agricultural Machinery Equipment Engineering Research Center. Leveraging these platforms, the Company continuously strengthens its independent innovation capabilities, drives technological innovation and investment, and addresses “bottleneck” challenges in core technologies and critical components of agricultural machinery equipment, so as to ensure autonomous and controllable key segments across the entire agricultural machinery industrial chain, accelerating the adoption of domestically produced high-end intelligent agricultural power equipment.

The Company has strengthened collaborative innovation with relevant institutions, external research institutes, and universities. It has established partnerships with leading industry universities and research institutions such as Jilin University, Tianjin University, China Agricultural University, Jiangsu University, Henan University of Science and Technology, and the Chinese Academy of Agricultural Mechanization Sciences, jointly applied for national key projects in agricultural machinery and conducted related technological research and applications. Currently, the Company is undertaking more than ten national projects or research tasks under the Ministry of Science and Technology, the Ministry of Agriculture and Rural Affairs, the National Development and Reform Commission. Regularly organizing technical exchange activities in areas such as tractors and diesel engines not only promotes technological progress within the industry but also expands enterprises' technical resources.

Scientific and Technological Innovation Achievements and Their Applications

The Company has achieved remarkable results in R&D innovation and technology collaboration projects, successfully completing key technologies and applications for the hydro-mechanical continuously variable transmission (CVT) system of high-horsepower tractors, as well as the technology and industrial application of heavy-duty automatic power-shift transmissions. The overall technological level has reached internationally advanced standards.

Accelerate the commercialization of high-end, intelligent, and green products, and expand the development of new platforms.

High-horsepower power-shift transmission and continuously variable transmission tractors have achieved small-batch sales, meeting the demands of farms and high-end users in heavy-load operation regions such as Xinjiang and Northeast China. Hybrid-powered products have been launched for market promotion. The new-generation 450-horsepower continuously variable transmission (CVT) tractor has completed prototype trial production and made its debut at the Changsha International Agricultural Machinery Exhibition. The hydrogen fuel cell tractor has been included in the R&D plan. It utilizes a fuel cell power system to generate electricity, achieving zero-pollution emissions.

Vigorously Develop R&D to Address Product Shortcomings

The batch production and delivery of wheeled tractors for hilly and mountainous areas have been completed. These products are primarily designed for typical domestic hilly and mountainous operations while maintaining compatibility with traditional tasks. They address the challenges in agricultural mechanization development and fill the gap in China's hill and mountain tractor market.

The series development of YTN new platform for Dongfanghong diesel engines

The YTN4 diesel engine, designed for high efficiency, energy saving, and delivering low-speed high torque, is now available in mass production for 100-120 horsepower tractors. YTN5E and LR6M, two EGR route diesel engines with 200 horsepower and above, solve user pain points and have received widespread praise since their launch. The YTN10 and YTN12 series diesel engines have entered the performance development phase.

● Intellectual Property

The Company places high importance on intellectual property management. The Measures for the Administration of Patents have been established to systematically standardize the processes of patent application, maintenance, utilization, and protection, aiming to enhance the intellectual property conversion of technological innovation achievements and ensure the effective transformation of R&D investments.

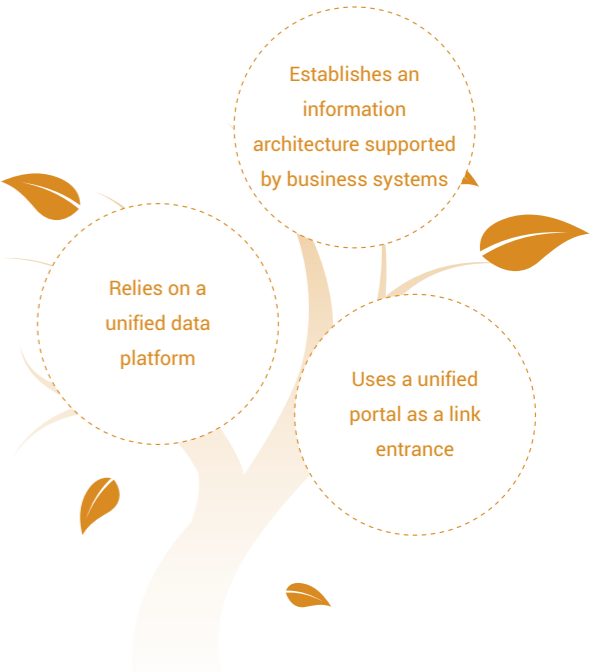
The scope of the Company's intellectual property protection includes patents, trademarks, and software copyrights. The Technology & Quality Department serves as the centralized management department for patents, while the Audit & Legal Department and the Marketing Management Department are responsible for the centralized management of trademarks. The Information Center acts as the centralized management department for software copyrights. Each department is tasked with improving relevant institutional documents in accordance with their respective responsibilities, working collectively to enhance the company's intellectual property protection system.

As of the end of the reporting period ● ● ●

571

Total valid patents

The Company covers its business and management processes with a complete information system, strengthens process control, enhances management visibility and risk monitoring, establishes an information architecture supported by business systems, relies on a unified data platform, and uses a unified portal as a link entrance, focusing on data analysis to support management decisions. Based on the existing information system, the Company constructs a data layer to integrate system data and form a data warehouse, and on top of this data layer, builds a big data analytics platform leveraging the current infrastructure to enhance data analysis capabilities.

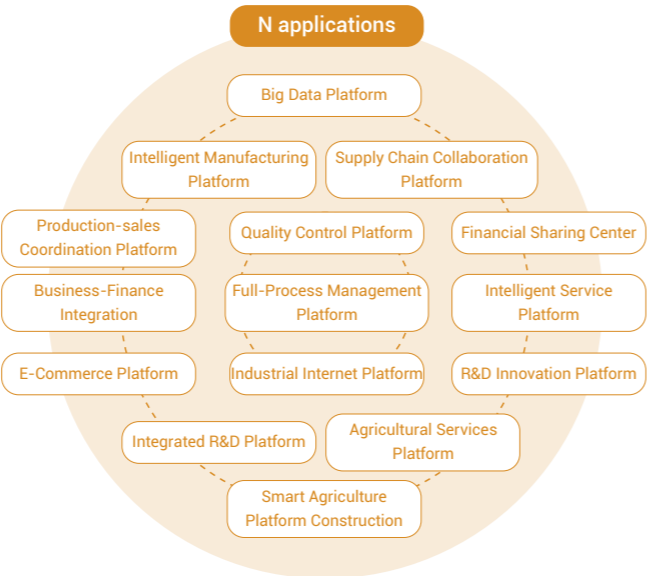


● Digital Transformation

The Company's digital transformation is centered around its strategic development goals, with a comprehensive plan for digital transformation initiatives. It fully integrates digital transformation into corporate management and business activities, effectively enhancing operational efficiency and increasing the application value of digitalization in corporate governance. The digital transformation action plan can be detailed into a "12315+N" implementation framework, which involves establishing **one** integrated system, developing **two** portals, deploying **three** middle platforms, implementing **15** major projects, and creating **N** applications, and orderly carry out the construction the following platforms in phases: a big data platform, an intelligent manufacturing platform, a supply chain collaboration platform, a production-marketing coordination platform, a quality control platform, a financial shared services center, a business-finance integration system, an end-to-end management platform, an intelligent service platform, an e-commerce platform, an industrial internet platform, an R&D innovation platform, an integrated R&D platform, an agricultural operations service platform, and a smart agriculture platform.

"12315+N" Development Plan

Establish 1 system, build 2 portals, implement 3 middle platforms, carry out 15 major projects,



DCMM Level 2 certification

In 2024, FTC obtained the DCMM Level 2 certification, and its Intelligent Diesel Engine Workshop was recognized as an Excellent Intelligent Application Scenario in Henan Province's manufacturing sector.



Construction of an Intelligent Diesel Engine Workshop

Case

In 2024, the Company focused on upgrading its high-end intelligent tractor products and systematically advanced the construction of smart factories. Through the deep integration of digital technologies such as automation, the Industrial Internet of Things (IIoT), big data analytics, and 5G, the Company established a digital factory covering the end-to-end value chain, achieving intelligent, digital, and unmanned manufacturing, reaching a leading level in the non-road machinery manufacturing sector.

The Company is prioritizing the upgrading of core production lines, including intelligent assembly lines, digital machining centers, intelligent logistics warehouses with AGVs, automated coating lines, and hot test benches. The cylinder block and cylinder head production line has achieved fully intelligent, digitalized, and unmanned manufacturing throughout the entire process, significantly improving production efficiency and product quality.

Meanwhile, leveraging the deep integration of SAP-ERP with SCM and MES systems, the Company has established intelligent manufacturing application scenarios such as production planning optimization, multi-machine collaborative processing and inspection, and online equipment operation monitoring, which have effectively reduced labor intensity, significantly improved product qualification rates, shortened manufacturing cycles, and enhanced overall equipment efficiency as well as production responsiveness.

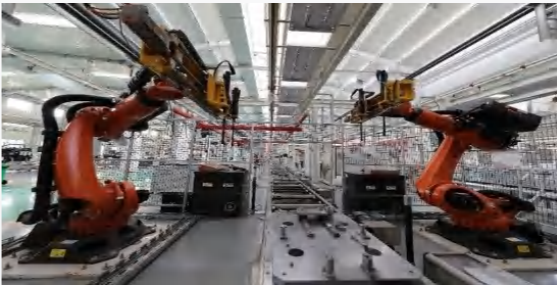
With its continuous achievements in smart factory construction, the Company's Intelligent Diesel Engine Workshop was honored with multiple awards in 2024, including Henan Province's 5G Large-Scale Application Typical Solution, Henan Province's Outstanding Intelligent Manufacturing Application Scenario, and Third Prize of the Quality Technology Award by China Association for Quality, recognitions fully demonstrating the Company's technical strength and industry influence in the field of intelligent manufacturing.



5G + AI Technology for Industrial Visual Quality Inspection



Partial View of the YTN3 Diesel Engine Block
Precision Machining Line



Oil Pan and Flywheel Housing Bolt Tightening Workstation



AGV Automated Logistics



Empowering Public Welfare, Fulfilling the Responsibility of Central Enterprises

Rural Revitalization

FTC actively responds to the national rural revitalization strategy, thoroughly implements policy requirements such as the National Rural Revitalization Strategic Plan (2024-2027) and the Key Points for Central Enterprises to Assist Rural Revitalization in 2024, and positions rural revitalization as a key focus in fulfilling its corporate social responsibilities. To solidly advance targeted poverty alleviation efforts, the Company has established a dedicated leading body with clearly defined responsibilities to ensure the orderly implementation of assistance initiatives.

Rural Revitalization Leading Group

The Party Committee Secretary serves as the group leader, with the General Manager and the responsible executive leadership as deputy leaders, and members of the Company's standing committee as group members

Responsible for studying and implementing strategic plans, coordinating research efforts, facilitating progress, and overseeing the execution of related tasks

Office

The director is served by the trade union chairman, with the heads of the Party Committee Work Department, HR Department, CDI Office, Trade Union, and CCYL Committee serving as members

Responsible for various daily tasks

RMB303,600

Rural revitalization investment

3,295 people

benefited from the rural revitalization project

The Company has comprehensively promoted the “planning led, industry driven, agricultural machinery empowered, and talent supported” assistance model by combining the overall plan for rural revitalization in the assisted areas with local actual needs. It has planned and implemented 10 assistance projects in five aspects: characteristic industries, planning led, education and training, infrastructure, and cultural revitalization, comprehensively promoting the development of rural revitalization in the assisted areas.

Assistance model

planning led

industry driven

agricultural
machinery
empowered

talent
supported

Industrial revitalization

Conduct market research in the assisted areas, fully understand the local agricultural planting characteristics, agricultural development prospects, and demand for agricultural machinery and equipment, actively solve the bottleneck of agricultural mechanization development in the assisted areas, and empower rural revitalization and development with agricultural machinery. Assist in improving the socialization of agricultural machinery services and smart agriculture platform management in the assisted areas, establish comprehensive agricultural machinery service centers, integrate agricultural machinery resources, improve local agricultural production efficiency, and reduce agricultural production costs.

Consumption aid

Vigorously carry out consumption assistance activities during the “Double Festivals” period, help sell and organize the purchase of characteristic agricultural and sideline products in the assisted areas, ensure the effective connection between poverty alleviation achievements and rural revitalization, and comprehensively promote the effective development of rural revitalization work in the assisted areas.



The “Agricultural Machinery Empowerment” Working Group Formulates Personalized Assistance Plan

Case

The Company has established a special team to implement the “Agricultural Machinery Empowerment”. Based on the geographical types, planting structures, agricultural characteristics, and current status of agricultural machinery in the four designated assistance areas, field research will be conducted. Based on the research results, targeted agricultural machinery empowerment work will be carried out to effectively leverage the Company's role in agricultural machinery empowerment to support rural revitalization.



Assistance Activities in Zhifang Village, Huaibin County and Luanchuan County

Case

As the designated leading company for assistance in Huaibin County and the paired assistance company in Zhifang Village, Luanchuan County, the Company strictly implements the “Four Don’ts” in accordance with the overall requirements of the national rural revitalization strategy, helps designated assisted areas to formulate reasonable industrial development plans, guides the docking of designated assistance projects, and actively promotes the modernization of agriculture. The Company continues to play the role of the leading department of assistance in Huaibin County, Xinyang City, Henan Province, as well as the paired assistance effect in Zhifang Village, Tantou Town, Luanchuan County, Luoyang City, Henan Province. It donated RMB 300,000 to the assisted areas, assisted and comforted 22 paired households, and sent RMB 3,600 in condolence gifts.

Assist in the development of industries

Based on the characteristics, current situation, and development needs of agricultural production in Huaibin, a comprehensive agricultural machinery service center will be established in Wangdian Township and Sankongqiao Township, striving to create a fully mechanized modern agricultural model.

Cultivate professional talents

Organize and carry out various types of talent training for clothing processing talents, primary-level cadres, and resident cadres, providing talent support for the development of rural revitalization industries in Huaibin County.

Implement consumer assistance

Widely promote the characteristic products of the assisted areas, and purchase a total of RMB 1.7619 million of agricultural and sideline products from the assisted areas in 2024, an increase of 26.8% year-on-year.



Consumption Assistance from
Various Departments



Greetings to Zhifang Village



Investigate and Survey in Huaibin
County

Belt and Road Initiative

In recent years, FTC has actively responded to the country's “Belt and Road” initiative, actively explored overseas markets, deepened international business, and continued to expand its international influence.

In terms of overseas market promotion, the Company has seized major domestic and international events and deeply integrated into the markets along the “Belt and Road” Initiative. Its products have been showcased at exhibitions such as the EXPOCAÑA in Bolivia and the First Forestry, Agriculture and Environment Expo in Uruguay, improving the level of international brand communication. Meanwhile, the Company actively organized study tours for foreign aid training programs. Among the 57 participants from 9 countries, there were national parliament members, agricultural ministry officials, and university professors, who gained firsthand insight into the Company's gold industry chain manufacturing capabilities, historical development, and comprehensive strengths.

In terms of overseas market localization, the Company prioritizes intellectual property protection by researching the trademark management systems and regulatory policies of target international markets, and actively pursues overseas registration of trademarks, patents, and other intellectual property rights to safeguard its global brand expansion. Additionally, the Company has established an official website in foreign languages, providing a foundation for distributors and customers to gain a more comprehensive understanding of YTO.

As of now, the Company's products have been exported to 63 countries along the Belt and Road Initiative. In 2024, the Company exported 7,100 tractors, demonstrating the recognition and competitiveness of the YTO brand in markets along the “Belt and Road” routes, and also contributing to the development of the global agricultural machinery industry.

Taxation Management

The Company has always regarded compliance with laws and regulations as the core of tax management, strictly adhering to national tax laws and regulations, and formulating the “Tax Administration System” and the “Invoice Administration Measures”. To enhance the effectiveness of tax risk management, the Company has clearly defined the management goals and responsibility boundaries at all levels. By means of tax supervision and self-inspection, it has improved its risk response capabilities and comprehensively strengthened the tax risk defense line. Relying on regular tax-related specialized training, enhance the professional quality and risk identification ability of tax personnel. Meanwhile, the company attaches great importance to communication and collaboration with the tax department, promptly grasps the dynamics of tax policies, deeply analyzes the impact of policy changes on the Company, continuously enhances the professionalism and forward-looking nature of tax risk control, and ensures the stable operation of the Company's tax management work.

The Company's tax credit rating was Grade A

Governance, Upholding Integrity and Strengthening Foundations Section

Fulfilling Duties with Diligence, Forging a Central Decision-making Hub

Integrity Building, Deepening Party Conduct

Early Warning and Prevention, Building Risk Barriers

Mutual Growth and Shared Success, Uniting the Power of Stakeholders

Fulfilling Duties with Diligence, Forging a Central Decision-making Hub

● Solidify the Foundation of Governance

FTC complies with the requirements of the Company Law, the Securities Law, and the listing rules of the stock exchange where the Company is listed, continuously strengthens corporate governance, having established a well-defined and mutually restrictive yet efficiently coordinated corporate governance structure comprising the general meeting, board of directors, board of supervisors, and executive management, ensuring rational and scientific decision-making and effective operation of the Company. In addition, the Company strengthens the role of the Party Committee in corporate governance, and persistently promotes the implementation of the "three major and one big" decision-making system in the Company and its subsidiaries, to build a more transparent, efficient, and accountable modern corporate governance system.

The Company fully recognizes the significance of the new Company Law in promoting the healthy development of market entities, deepening the governance reform of SOEs, and improving the modern enterprise system with Chinese characteristics. It also has carried out the revision and improvement of its articles of association and corporate governance systems, continuously strengthened the institutional framework for corporate governance, and better leveraged the foundational role of the articles of association in corporate governance.

● Construction of Board of Directors

Diversity in composition of Board of Directors

The Company strengthens the diversity of its board of directors, incorporating multiple factors such as gender diversity, age, educational background, work experience, professional experience, and specialized expertise into the comprehensive consideration during the board member selection process. As of the date of this report, the Company's ninth session of the Board of Directors consists of **three** independent directors, **one** of whom is female, with independent directors accounting for more than one-third of the total. Additionally, there are **2** directors with professional backgrounds and work experience in financial accounting and investment, **3** agricultural machinery industry experts, and **3** directors with extensive management experience in large enterprise groups.

Establishment of Specialized Committees

The Company's Board of Directors has established four specialized committees: the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Strategic Investment and Sustainable Development Committee. Among these, the Audit Committee, Nomination Committee, and Remuneration Committee are all chaired by independent non-executive directors. In 2024, the specialized committees of the Company's Board of Directors, in accordance with the Code of Corporate Governance for Listed Companies and the working rules of respective committees, diligently performed their duties within their areas of expertise, playing a positive role in enhancing the Board's scientific decision-making capabilities.

Compensation for Board of Directors

The remuneration of Directors is proposed by the Remuneration Committee of the Board based on industry benchmarks and in accordance with the Company's remuneration system, discussed and passed by the Board, and then submitted to the General Meeting of Shareholders for approval. The Remuneration Committee formulates the Measures for the Administration of Senior Management Remuneration and submits them for Board approval. The annual compensation for senior management is determined by the Remuneration Committee of the Board in accordance with the Senior Management Performance Appraisal Measures.

Integrity Building, Deepening Party Conduct

● Leading Role of Party Building

FTC persistently integrates Party building with corporate governance and operational management, with the main focus on exercising full and rigorous Party self-governance to improve the enterprise governance system. The Company has thoroughly implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, clarified the strategic direction of party building leading the Company's high-quality development, closely focused on the strategies of building a strong manufacturing country and an agricultural powerhouse, and focused on the upgrading of the agricultural machinery equipment industry. The Company developed 39 in-depth integration projects between Party building and business operations throughout the year, driving high-quality development of the Company.

The Company resolutely fulfills its principal responsibility in exercising full and rigorous Party self-governance, and deepens the implementation of the "First Priority" system. Through mechanisms such as Party committee meetings and theoretical study sessions of the Party leadership, it ensures the effective execution of the decisions and deployments of the CPC Central Committee as well as national strategies within the Company. In 2024, the Company and Party committees at all levels revised the Implementation Measures for the "First Priority" System in Party Standing Committee Meetings to institutionalize regular political study and ensure the Company's development remains aligned with national strategic directions. Organize members of the leadership team to participate in the "Concentrated Training on Studying and Implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the Spirit of the Third Plenary Session of the 20th CPC Central Committee" and formulate the Implementation Opinions of the Party Committee on Further Comprehensively Deepening Reforms in Implementing the Spirit of the Third Plenary Session of the 20th CPC Central Committee to promote the Company's deepening reforms and optimizing management structure.

Ideological Development	<div>- The Party Committee formulated the "Work Plan for Conducting the Party Discipline Education Program" and a "Task List", covering 21 key tasks across four areas to ensure full participation and in-depth implementation. A total of 42 study sessions were organized, along with joint study classes attended by nearly 3,000 Party members, achieving 100% coverage.</div>
Party Building Integration	<div>- Promote the "Seven Focuses and Seven Enhancements" special campaign; advance the deep integration of Party building with industrial chains and innovation chains under the "Party Building on Chains, Empowering Development" initiative, and explore the "Party Member+" model</div>
Team Building	<div>- Adhere to the correct orientation in personnel selection and appointment, emphasize the recruitment of high-caliber and professional cadres, continuously optimize the organizational structure of leadership teams in functional departments and subordinates, and deepen the talent incentive mechanism</div>

Party Member Education and Training	<div><div>- Formulate an annual training plan, develop 65 new Party members throughout the year, and organize training sessions for Party affairs officials to promote the professionalization of the Party cadre workforce</div><div>- Regularly carry out "Three Meetings and One Lecture" and organize Party branch meeting</div></div>
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● Combating corruption and encouraging probity

FTC strictly complies with laws and regulations such as the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, and the Regulation on Disciplinary Action Against the Managerial Professionals of State-owned Enterprises. It has established management measures including the Working Rules of the Coordination Group for Party Integrity and Anti-Corruption Efforts to maintain a firm stance against corruption. With a "zero-tolerance" approach, the company rigorously combats graft and corrupt practices in accordance with national laws, regulations, and the rules of both the Group and the Company.

During the reporting period, no corruption lawsuits involving the Company or its employees were concluded by the courts.

Improve the working mechanism
<div>Establish an anti-corruption working mechanism where member departments of the coordination group transfer suspected disciplinary and regulatory violation issues discovered during supervision and inspection to the Company's Commission for Discipline Inspection (CDI). Develop a "Bimonthly Report on Collaborative Supervision Matters" to promote coordinated efforts between the CDI's dedicated oversight and the functional supervision of responsible departments, ensuring aligned actions and strengthened synergy. Each subsidiary shall establish a discipline inspection office, appoint full-time and part-time disciplinary inspection personnel, and set up party conduct supervisors to carry out anti-corruption work in accordance with regulations, discipline, and the law.</div>
Conduct specialized supervision
<div>The Company adheres to combining case-specific investigations with systematic governance, focusing on areas with concentrated power, capital-intensive operations, and abundant resources such as infrastructure projects, bidding and procurement, and capital asset management. Each quarter, one key area shall be selected for supervision. Give full play to the discipline inspection offices' role in organizational coordination and re-supervision.</div>

Reporting and handling of complaints

The Company complies with the Working Rules for Discipline and Supervision Organs by establishing management and handling mechanisms such as the Measures for Standardizing Petitioning, the Measures for the Administration of Disposing of Clues to Problems by Discipline Inspection Offices, and the Implementation Measures for Clarifying False Reports and Accusations. It has set up reporting mailboxes and hotlines to ensure unimpeded reporting channels while implementing a confidentiality system and enforcing discipline in accordance with regulations, discipline, and the law. The Company has established a coordination team for Party conduct and integrity building as well as anti-corruption efforts, with an office set up under it to integrate supervisory resources, strengthen collaborative efforts, and build a synergy in advancing Party conduct and integrity building as well as anti-corruption work.

Enhance anti-corruption awareness

The Company leveraged case studies to serve as warnings, using incidents involving people close to employees to educate the workforce. It compiled and issued seven installments of Case Interpretations, which explained the “Six Major Disciplines” by linking real-life cases with relevant regulations, enabling Party members to viscerally grasp disciplinary constraints. Additionally, the Company printed and distributed the Positive and Negative Checklist for Implementing the Central Eight-Point Guideline, promoting its adoption among employees to reinforce the message that discipline enforcement is strict and will only grow stricter over time. The Company has continued to carry out the “Integrity Publicity and Education Month” campaign and organized Party discipline education, with leaders setting an example by taking the lead in delivering Party lectures on discipline. The principal person in charge the Commission for Discipline Inspection gave a special Party lecture to newly appointed leading officials and discipline inspection personnel since 2024, and promoting Party organization leaders at all levels of the Company to deliver 157 Party lecture sessions.

123

Number of anti-commercial bribery and anti-corruption training sessions

246 hours

Duration of anti-commercial bribery and anti-corruption training

2,507

Attendance of the party discipline training sessions

2,536

Total number of participants in anti-commercial bribery and anticorruption training

1,476

Attendance of the management

1,060

Attendance of the employees

2,214

Attendance of Warning education

Early Warning and Prevention, Building Risk Barriers

Internal Control and Risk Management

The Company has established internal management systems such as the Measures for the Administration of Internal Control and Risk and the Measures for the Administration of Internal Control Evaluation. The Board of Directors serves as the highest decision-making body for internal control and risk management, and is responsible for establishing, improving, and ensuring the effective implementation of the Company's risk management and control system. The Company has established a Leading Group and a Working Group for internal control and risk management. A centralized, well-defined, and coordinated risk prevention and control system has been established.

In 2024, all departments conducted comprehensive risk analyses of critical business processes and key operational areas based on their actual operations, identifying major risks at the corporate level. Develop countermeasures and implement regular monitoring.



Based on changes in internal and external environments, enterprises identify, analyze, and evaluate internal and external risks that may affect the achievement of their strategic and operational objectives.



The Company focuses on major risks, significant events, key decisions, and core business processes to oversee the implementation of risk management. The Company continuously improves its risk monitoring mechanism by consistently collecting and tracking risk-related information in line with different development stages and business expansion. Risk management entities at all levels shall monitor and provide early warnings for major risks within their respective responsibilities, specifying monitoring indicators, warning criteria, and emergency response plans. Primary approaches include daily risk monitoring and early warning, tracking the implementation of risk management solutions, and internal control self-assessments



Based on the risk assessment results and aligned with the corporate development strategy, determine the overall risk appetite, risk tolerance, and risk management effectiveness criteria; select fundamental risk response strategies such as risk avoidance, risk reduction, risk sharing, and risk acceptance, and allocate necessary human and financial resources for risk management.

● Compliance Management

The Company has established a compliance management mechanism and procedures to evaluate the legality, procedural soundness, rigor, applicability, and risk exposure of business operations, processes, and documents, and provided compliance review opinions to ensure all business activities are conducted in accordance with laws and regulations. By embedding compliance reviews into the Company's decision-making process, the standardization of decisions and risk prevention capabilities have been effectively enhanced.

The Company actively carried out compliance risk assessments in areas such as overseas legal requirements, authorized operations, and export controls, and completed the 2024 compliance effectiveness self-evaluation. The Company has established a non-compliance reporting platform, providing employees and external stakeholders with a convenient channel to report violations, which further strengthens the supervision and enforcement of compliance management, offering a solid safeguard for the Company's lawful and compliant operations.

● Anti-unfair Competition

The Company strictly complies with laws and regulations such as the Anti-Monopoly Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, ensuring lawful and compliant business operations. The Company has established relevant internal management systems in accordance with the Guidelines for Compliance Management of Central Enterprises - Anti-commercial Bribery, Anti-monopoly Manual, clarifying management requirements for anti-monopoly, anti-unfair competition, and anti-commercial bribery, to standardize corporate business conduct, maintain a fair competition market environment, so as to provide safeguards for the Company's healthy and sustainable development.

The Company places high importance on anti-unfair competition efforts and actively fosters a fair market environment. During the reporting period, the Company organized key personnel to thoroughly study legal compliance knowledge such as trade risk management and control, continuously enhancing risk prevention awareness and capabilities.

During the reporting period, the involved amount of litigation or significant administrative penalties due to the Company's unfair competition practices was **zero**, and there were **no** major litigation or arbitration matters.

Mutual Growth and Shared Success, Uniting the Power of Stakeholders

● Protecting Shareholders' Rights and Interests

FTC consistently prioritizes shareholder interests, strictly complies with the Company Law and relevant regulations, and has revised the Rules of Procedure for Shareholders' Meetings to clarify the functions and powers of shareholder meetings, proposal submission methods, and voting procedures. Additionally, professional lawyers are invited to attend shareholder meetings on-site to serve as vote scrutineers and issue legal opinion letters. The Company places emphasis on safeguarding shareholders' rights to information and participation. By arranging general meeting schedules and venues in a reasonable manner and providing online voting options, the Company facilitates shareholders, especially minority shareholders, in participating in decision-making processes. When deliberating on major matters involving the interests of minority investors, the Company shall implement separate voting for minority investors to effectively protect their rights and interests. The Company adheres to a consistent and stable cash dividend policy, actively rewarding shareholders while giving comprehensive consideration to sustainable development. Through concrete actions, it can safeguard shareholders' rights and interests, and share development achievements with investors, to foster a long-term investment philosophy.

● Investor Relations Management

In accordance with the Company Law, Securities Law, Work Guidelines for the Investor Relations Management of Listed Companies, and other legal and regulatory requirements, as well as internal regulations such as the Investor Relations Management System, FTC has further strengthened its investor relations management.

Basic Principles Followed by the Company in Investor Relations Management

Principle of Compliance	The investor relations management of the Company is conducted on the basis of fulfilling information disclosure obligations in accordance with the law, complying with laws and regulations, rules and normative documents, industry standards and self-regulatory rules, the Company's internal policies, as well as universally recognized ethical norms and codes of conduct in the industry.
Principle of Equality	The Company carries out investor relations management activities in a fair manner, treating all investors equally. In particular, it creates opportunities and provides convenience for small and medium investors to participate in these activities.
Principle of Initiative	The Company proactively engages in investor relations management activities, listens to investors' opinions and suggestions, and promptly addresses their concerns.
Principle of Integrity and Good Faith	The Company adheres to the principle of good faith in investor relations management, upholding integrity, complying with regulations, fulfilling responsibilities, and fostering a healthy market ecosystem.

Building of the organizational system	The Chairman of the Board is the primary person responsible for investor relations management, with the Board Secretary acting as the specific officer in charge of these affairs. The Board Office functions as the department for investor relations management, carrying out daily tasks under the leadership of the Board Secretary.
Conduct daily communication with different types of investors	The Company provides individual investors with smooth communication channels through the investor hotline and the SSE e-Interaction platform. Through one-on-one, one-to-many exchanges, reverse roadshows, and broker-hosted strategy sessions, the Company engages in communication with investors. In 2024, the Company conducted over 60 exchange activities with multiple investment institutions including CITIC Securities, SINOLINK Securities, and Fidelity Funds. In addition, in 2024, the Company optimized and upgraded the 'Investor Relations' section of its official website, enabling automatic synchronization of 'A+H' share prices, announcement updates, and other information, so that investors can promptly access and stay informed about the Company's latest developments.
Hold earnings briefing meetings in various formats	The Company holds regular earnings briefings through various formats, including live video streaming, PPT presentations, and online text-based Q&A sessions, to enhance communication and interaction with investors. The Company was recognized as an "Best Practice Annual Report Earnings Conference" by the China Association for Public Companies for two consecutive years (2023-2024).



Attending the Collective Earnings Conference for Listed Companies in the High-End Equipment Manufacturing Sector of the Shanghai Stock Exchange

Case

In April, FTC was invited to participate in the “Cultivating New Quality Productive Force” themed week collective earnings conference for listed companies in the high-end equipment manufacturing sector hosted by the Shanghai Stock Exchange, and presented the Company’s performance and operational updates via live streaming to investors for the first time, addressing questions from media and investors, thereby effectively bridging the gap between the Company and the capital markets.




the Collective Earnings Conference for Listed Companies in the High-End Equipment Manufacturing Sector



Hosting the Collective Investor Reception Event for Listed Companies Under SINOMACH

Case

In September, the Company organized a collective investor reception event for listed subsidiaries of SINOMACH. It extensively invited institutional investors to visit the site and engage in face-to-face communication with our senior management, enhancing their recognition of the Company's value and business philosophy, and jointly exploring and disseminating the Company's value.



The collective investor reception event for listed subsidiaries of SINOMACH

● Transparent Information Disclosure

FTC complies with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Measures for the Administration of Information Disclosure by Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and its Articles of Association. Adhering to the Measures for the Administration of internal Information Disclosure and the Measures for the Administration of Insider Information Registry, the Company upholds the fundamental principles of truthfulness, accuracy, completeness, timeliness, and fairness in information disclosure. It strictly follows the regulatory requirements of the China Securities Regulatory Commission, the Shanghai Stock Exchange, and the Stock Exchange of Hong Kong to ensure effective information interaction and transmission with the capital markets.

The Company places high-quality information disclosure at its core and strictly fulfills its disclosure obligations in accordance with the regulatory requirements of the China Securities Regulatory Commission, SSE, and HKEX, ensuring transparency in operations and financial performance. During the reporting period, the Company disclosed 4 periodic reports and released 108 temporary announcements, special reports, shareholders' meeting materials, and other documents. The Company received an “A” grade in the 2023-2024 information disclosure evaluation.

Outlook

Press ahead with unyielding resolve to open a new Chapter. In the process of building an “agricultural powerhouse” and cultivating new quality productive forces in agriculture, agricultural machinery and equipment, through technological innovation and industrial synergy, will undoubtedly become a key engine for developing new quality productive forces in agriculture, which will further drive the transformation of agriculture toward digitalization, intelligence, and low-carbon practices, providing critical support for ensuring food security and realizing rural revitalization.

In the future, FTC will always stay true to its founding mission, keep in mind the nation's most fundamental priorities, and further strengthen its advantages in agricultural machinery development. Focusing on cultivating new quality productive forces in agriculture, building a world-class enterprise, and prioritizing quality improvement and customer satisfaction, the Company will continuously enhance its technological innovation capabilities, strengthen the core functions of its agricultural machinery products, and elevate brand value and core competitiveness. This will drive the high-quality development of agricultural machinery equipment, providing steadfast support for the advancement of modern agriculture in China.

The Company will adhere to the philosophy of sustainable development, continuously strengthen ESG management, further improve the ESG system, and comprehensively integrate sustainable development practices into its operations. By building a green and low-carbon industrial chain, enhancing the fulfillment of social responsibilities, and improving corporate governance mechanisms, the Company will drive high-quality development across these three key dimensions, striving to become a leader in ESG practices within the industry.



Appendixes

● Key Performance Indicators

Environmental aspect

First Level Indicator	Second Level Indicator	Third Level Indicator	Unit	2024	2023
Resource Consumption	Water	Total water consumption	metric ton	10,439,714	9,753,052
		Fresh water consumption	metric ton	787,329	738,307
		Recycled water consumption	metric ton	9,652,385	9,014,745
		Proportion of recycled water consumption	%	92.46	92.43
		Water consumption intensity	metric ton/ RMB 10,000	0.833	0.712
	Energy	Total energy consumption	TCE	47,782	49,918
		Comprehensive energy consumption per RMB 10,000 of output value (comparable price)	TCE/RMB 10,000	0.0506	0.048
		Fossil energy consumption	TCE	11,230	12,705
		Diesel oil consumption	TCE	6,688.40	5,646.13
		Natural gas consumption	TCE	4,493.98	7,006.57
		Other fossil energy consumption	TCE	47.44	52
		Non-fossil energy consumption	TCE	879.41	928.37
		Rooftop photovoltaic	TCE	879.41	928.37
		Purchased energy consumption	TCE	35,673.06	37,217.41
		Outsourced electric power	TCE	28,049.04	28,868.41
		Outsourced heating power	TCE	7,624.02	8,349

First Level Indicator	Second Level Indicator	Third Level Indicator	Unit	2024	2023
Resource Consumption	Energy	Clean energy consumption	TCE	5,373.39	7,934.94
		Renewable energy consumption	TCE	879.41	928.37
		Proportion of non-fossil energy consumption	%	1.84	1.86
		Proportion of clean energy consumption	%	11.25	15.9
		Proportion of renewable energy consumption	%	1.84	1.86
	Materials	Total packaging materials consumption	metric ton	1,314	1,216
Prevention and Control of Pollution	Waste water	Discharge of wastewater	metric ton	99,725.97	158,184
		Discharge of industrial wastewater	metric ton	0	0
		Discharge of domestic wastewater	metric ton	99,725.97	158,184
		Ammonia nitrogen emissions	metric ton	2.62	/
		Chemical oxygen demand	metric ton	25.56	/
	Exhaust Gas	Exhaust gas emissions (Details include dioxide sulfur, nitrogen oxides, particulate matter, etc.)	metric ton	98.132	78.53
		Nitrogen oxide emissions	metric ton	18.057	13.565
		Sulfur dioxide emissions	metric ton	2.115	3.169
		Emissions of suspended particulates and particulate matter (PM)	metric ton	44.76	32.287
		Emissions of volatile organic compounds (VOCs)	metric ton	33.20	29.509
	Solid Waste	Total solid waste disposed	metric ton	1,123.4	/
		Volume of general industrial solid waste generated	metric ton	77,460.98	/
		Volume of general industrial solid waste disposed	metric ton	0.00	63,200.17
		Generation intensity of general industrial solid waste	metric ton/ RMB 10,000	8.1979	6.094
		Comprehensive utilization volume of general industrial solid waste	metric ton	77,460.98	/
		Comprehensive utilization rate of general industrial solid waste	%	100	/
		Volume of hazardous waste generated	metric ton	1,104.60	/
		Volume of hazardous waste disposed	metric ton	1,123.40	952.64
		Production intensity of hazardous waste	metric ton/ RMB 10,000	0.1169	0.092

First Level Indicator	Second Level Indicator	Third Level Indicator	Unit	2024	2023
Climate Change	GHG Emissions	Total GHG emissions	tCO2e	179,830.03	185,908.84
		Scope 1 emissions	tCO2e	22,651.197	25,031.64
		Scope 2 emissions	tCO2e	157,178.83	160,877.20
		Reduction of GHG emissions	tCO2e	6,078.81	13,320
		GHG emissions intensity (Scope 1 + Scope 2)	tCO2e / RMB 10,000	0.1903	0.179
Environment management	Investment in Environmental Protection	Total investment in environmental protection	RMB 10,000	6,181.54	7,875.25
		Proportion of total investment in environmental protection to operating revenue	%	0.52	0.68

Social

First Level Indicator	Second Level Indicator	Third Level Indicator	Unit	2024	2023
Employees	Employee Composition	Total number of employees	person	6,920	6,891
		Ethnic minorities	person	164	169
		Employees with disabilities	person	56	98
		Gender structure			
		Male	person	5,556	5,665
		Female	person	1,364	1,226
		By employment type			
		Full-time	person	6,920	6,891
		Part-time	person	0	0
		By educational background			
		Ph.D.	person	3	6
		Master's degree	person	296	273
		Bachelor's degree	person	1,980	1,970
		Associate degree	person	1,400	1,432
		Below the Junior college	person	3,241	3,210
		By age			
		30 and below	person	609	572
		31-50	person	4,221	4,331
		Over 50	person	2,090	1,988
		By geographical region			
		Employees from the Chinese mainland	person	6,886	6,856
		Employees from Hong Kong, Macau, and Taiwan	person	0	0
		Overseas employees	person	34	35

First Level Indicator	Second Level Indicator	Third Level Indicator	Unit	2024	2023
Employees	Employee Composition	By profession			
		Production personnel	person	4,027	4,008
		Sales personnel	person	615	632
		Technical personnel	person	1,158	1,141
		Administrative personnel	person	1,051	1,041
		Service staff	person	69	69
		Newly recruited employees	person	217	144
	Number of newly-recruited employees	By gender			
		Male	person	167	110
		Female	person	50	34
		By recruitment channel:			
		Fresh graduates	person	126	93
		Social Recruitment	person	91	41
		Employment contract coverage	%	100	100
	Remuneration and Benefits	Social security payment ratio	%	100	100
	Management of employee occupational health and safety	Number of enterprises certified for workplace safety standardization	—	9	/
		Frequency of occupational injuries and occupational diseases	person	0	/
		Workplace safety investment	RMB 10,000	1,189.07	/
		Proportion of workplace safety investment to operating revenue	%	0.11	/
		Safety training sessions held	session	139	110
		Attendance of safety training	attendance	32,510	19,583
		Safety training coverage rate	%	100	100
		Investment amount of occupational injury insurance	RMB 10,000	420.66	451.57
		Coverage rate of occupational injury insurance	%	100.00	100.00
		Amount invested in workplace safety liability insurance	RMB 10,000	1.88	1.919

First Level Indicator	Second Level Indicator	Third Level Indicator	Unit	2024	2023
Employees	Management of employee occupational health and safety	Coverage of workplace safety liability insurance	%	17.7	16.53
		Rectification rate of safety hazards	%	100.00	/
		Number of employee incidents occurred in workplace	—	0	5
		Rate of workplace incidents among employees (work injury rate)	%	0	0
		Number of work-related fatalities	person	0	0
		Rate of work-related fatalities	%	0	0
		Lost work hours due to work-related injuries	hour	0	364
		Occupational disease hazard physical examination rate	%	100.00	100.00
		Occupational illness incidence rate	%	0	0
		Work-related fatalities	person	0	0
	Care and Support	investment in employee assistance	RMB 10,000	152	180
		Number of employees in difficulty who received assistance	person	724	1,042
	Development and Training	Annual training sessions	session	1,097	/
		Total training expenditure in the year	RMB 10,000	960	973.8
		Total number of training attendance	attendance	45,083	48,359
		Coverage of employee training	%	100	100
		Training coverage of senior management employees trained	%	100	100.00
		Training coverage of middle management employees	%	100	100.00
		Training coverage of primary employees	%	100	100.00
		Average length of training per employee	hour	42	38
		Average training duration for senior management employees	hour	90	78
		Average training duration for middle management employees	hour	44	47
		Average training duration for primary employees	hour	41	36

First Level Indicator	Second Level Indicator	Third Level Indicator	Unit	2024	2023
Employees	Labor dispute resolution mechanism	Number of labor dispute cases	case	3	6
	Employee Turnover	Employee turnover rate	%	0.94	1.41
		By gender			
		Male	%	0.84	1.15
		Female	%	0.1	0.26
		By age group			
		30 and below	%	0.38	0.79
		31-50	%	0.46	0.49
		Over 50	%	0.1	0.13
		By geographic region			
		Employees from the Chinese mainland	%	0.94	1.41
		Employees from Hong Kong, Macau, and Taiwan	%	0	0
		Overseas employees	%	0	0
	Data Security	Number of customer privacy leakage incidents	case	0	/
		Number of major safety and quality incidents related to products and services	case	0	/
	Customer Service and Rights	Number of participants in customer satisfaction survey	person	4,000	/
		Number of customer complaints	case	0	/
		Number of customer complaints resolved	case	0	/
	Innovation and Development	R&D investment	RMB 10,000	51,637.78	46,136.44
		Proportion of R&D investment to operating revenue	%	4.34	4.00
		Number of R&D personnel	person	1,124	1,093
		Proportion of R&D personnel	%	16.24	15.94
	Intellectual Property Protection	Number of patent applications	—	93	/

First Level Indicator	Second Level Indicator	Third Level Indicator	Unit	2024	2023
Employees	Intellectual Property Protection	Number of invention patent applications	—	50	/
		Number of utility model patent applications	—	38	/
		Number of design patent applications	—	5	/
		Number of authorized patents	—	123	54
		Number of invention patents authorized	—	66	/
		Number of utility model patents authorized	—	53	/
		Number of design patents authorized	—	4	/
		Number of valid patents	—	571	363
Safety and Management of Supply Chain	Supplier Management	Number of suppliers	—	626	734
		Number of suppliers in the Chinese mainland	—	626	725
		Number of suppliers in Hong Kong, Macao and Taiwan, and overseas	—	0	9
		Localization rate of suppliers	%	43.77	/
		Localization procurement ratio	%	39.00	/
		Number of suppliers reviewed	—	0	/
		Number of suppliers suspended for non-compliance	—	0	/
		Number of potential suppliers rejected for non-compliance	—	0	/
		Proportion of suppliers obtaining sustainability related certifications	%	87.23	/
		Signing of honesty and integrity agreement	—	626	/
		Supplier team update rate	%	5.79	/
	Management of Supply Chain Links	Number of major risks and impact events in the supply chain	—	0	/
Safety and Management of Supply Chain	Taxation Management	Amount of taxes paid	RMB 10,000	34,024	26,309
Social Contribution	Rural Revitalization	Rural revitalization investment	RMB 10,000	30.36	164.72
		Number of people benefited from rural revitalization	person	3,295	2,130

Corporate governance

First Level Indicator	Second Level Indicator	Third Level Indicator	Unit	2024	2023
Governance Strategy and Organization Structure	Organization Structure and Functions	Number of members of Board of Directors	person	9	8
		Percentage of PhD degree holders in the Board	%	33.33	/
		Percentage of Master's degree holders in the Board	%	33.33	/
		Percentage of Bachelor's degree or below holders in the Board	%	33.33	/
		Percentage of male in the Board	%	88.89	100.00
		Percentage of female in the Board	%	11.11	0
		Percentage of independent directors	%	44.44	37.50
		Percentage of non-independent directors	%	55.56	62.50
		Percentage of external directors	%	77.78	/
		Number of meetings of the Board of Directors	time	13	10
		Average tenure of Board of Directors members	year	2.03	2.24
		Number of meetings of the Board of Supervisors	time	5	6
		Average tenure of Board of Supervisors members	year	3.5	/
		Number of senior management employees	person	7	6
		Percentage of Senior management with PhD	%	0	/
		Percentage of Senior management with Master's degree	%	42.86	/
		Percentage of Senior management with Bachelor's degree or below	%	57.14	/
		Percentage of Male in senior management	%	83.33	83.33
		Female in senior management	%	16.67	16.67
		Average tenure of senior management employees	year	5.41	5.74
	Internal Control	Number of major or significant internal control defects	—	0	0

First Level Indicator	Second Level Indicator	Third Level Indicator	Unit	2024	2023
Governance Strategy and Organization Structure	Business ethics	The number of corruption litigation cases	case	0	1
		The number of people involved in corruption litigation cases	person	0	1
		Length of anti-corruption training	hour	246	418
		Attendance of anti-corruption training	attendance	2,536	4,670
		Including: Including: Training number of management employees	attendance	1,476	1,024
		Training number of employees	attendance	1,060	3,583
Investor Relation and Management of Shareholders' Rights	Investor relations	Number of investment activities	time	11	/
		Number of investor exchanges	time	51	/
		Response rate to investors	%	100	/
	General Meetings	Number of General Meetings of Shareholders held	time	6	3
		Attendance rate of BoD members at the General Meetings of Shareholders	%	88.89	/
	Information Disclosure	Number of periodic reports disclosed	—	4	4
		Interim announcements released	—	115	110

Note: The Company's consolidated financial statement scope includes YTO (Luoyang) Axle Co., Ltd. during the Year. At the same time, the Company's continued increase in investment in scientific and technological research and development resulted in an increase in R&D projects, which has led to significant year-on-year changes in some environmental data.

● Indicators Index

Chapter in the Report (Topic)		ESG Report Compilation Guidelines for Listed Companies Controlled by Central Enterprises ¹	SSE Guidelines ²
Subject	Striving to Be a Leader in Agricultural Machinery and Empowering New Quality Productive Forces in Agriculture	/	Article 42, 43
Green Intelligent Manufacturing Safeguarding Section	Strengthening Controls, Building a Solid Environmental Defense Line	E5.4, E5.5, E5.6	Article 33
	Low-carbon Transition, Tackling Climate Challenges	E3.1, E3.2, E3.4, E5.1	Articles 21 to 28
	Circular Momentum, Enhancing Resource Efficiency	E1.1, E1.2, E1.3, E1.4, E5.2, E5.4	Article 35 to 37
	Tackling Pollution, Protecting Clear Waters and Clean Lands	E2.1, E2.2, E2.3	Article 30, 31
	Ecological Symbiosis, Building Diverse Ecological Security Barriers	E4.1	Article 32
Responsibility Together and Gathering Strength Section	Talent-based Approach, Energizing Organizational Momentum	S1.1, S1.2, S1.4, S1.5	Article 50
	Building a Safety Shield, Strengthening Production Defenses	S1.3,	Article 50
	Chain Collaboration, Forging Supply System	S3.1, S3.2	Article 45, 46
	Craftsmanship and Quality, Ensuring Product Excellence	S2.1, S2.2	Article 47, 48
	Innovation-driven Development, Driving Technological Change	S2.3	Article 42
	Empowering Public Welfare, Fulfilling the Responsibility of Central Enterprises	S4.1, S4.2, S4.3, S4.4	Article 40
Governance, Upholding Integrity and Strengthening Foundations Section	Fulfilling Duties with Diligence, Forging a Central Decision-making Hub	G1.2, G1.3	/
	Integrity Building, Deepening Party Conduct	G1.1, G2.2	/
	Early Warning and Prevention, Building Risk Barriers	G2.1, G2.3, G5.1, G5.2	Article 55, 56
	Mutual Growth and Shared Success, Uniting the Power of Stakeholders	G3.1, G3.2, G4.1, G4.2	Article 53

1 "Research on ESG Special Report Preparation for Listed Companies Controlled by Central State-Owned Enterprises"

2 "Listed Company Self-Regulatory Supervision Guidelines No. 14 — Sustainability Report (Trial)"

HKEX ESG Guidelines

Subject Areas	Aspects	General Disclosures	KPIs	Chapter in the Report
A. Environmental	Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Tackling Pollution, Protecting Clear Waters and Clean Lands
		KPI A1.1	The types of emissions and respective emissions data.	
		KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
		KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key performance table
		KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
		KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Tackling Pollution, Protecting Clear Waters and Clean Lands
		KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	
	Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.		Circular Momentum, Enhancing Resource Efficiency
		KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Key performance table
		KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
		KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	
		KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Circular Momentum, Enhancing Resource Efficiency
		KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	
	Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		Tackling Pollution, Protecting Clear Waters and Clean Lands; Ecological Symbiosis, Building Diverse Ecological Security Barriers
		KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	

Subject Areas	Aspects	General Disclosures	KPIs	Chapter in the Report
A. Environmental	Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Low-carbon Transition, Tackling Climate Challenges
		KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	
B. Social: Employment and Labour Practices	Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Talent-first, Energizing Organizational Momentum
		KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Key performance table
		KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
	Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Building a Safety Shield, Strengthening Production Defenses
		KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key performance table
		KPI B2.2	Lost days due to work injury.	
		KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Building a Safety Shield, Strengthening Production Defenses
	Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Talent-based Approach, Energizing Organizational Momentum
		KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key performance table
		KPI B3.2	The average training hours completed per employee by gender and employee category.	
	Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Talent-based Approach, Energizing Organizational Momentum
		KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
		KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

Subject Areas	Aspects	General Disclosures	KPIs	Chapter in the Report
B. Social: Operating Practices	Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		Chain Collaboration, Forging Supply System
		KPI B5.1	Number of suppliers by geographical region.	Key performance table
		KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Chain Collaboration, Forging Supply System
		KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
		KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
	Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Craftsmanship and Quality, Ensuring Product Excellence
		KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Key performance table
		KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Craftsmanship and Quality, Ensuring Product Excellence
		KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	
		KPI B6.4	Description of quality assurance process and recall procedures.	
		KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	
	Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Integrity Building, Deepening Party Conduct
		KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
		KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
		KPI B7.3	Description of anti-corruption training provided to directors and staff.	
B. Social: Community	Aspect B8: Comm-unity Invest-ment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Empowering Public Welfare, Fulfilling the Responsibility of Central Enterprises
		KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
		KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	

● Questionnaire

Dear reader:

Hello! Thank you very much for taking your precious time reading the 2024 Environmental, Social and Governance (ESG) Report of First Tractor Company Limited. To continuously improve the quality of our reporting and enhance our ESG performance, we sincerely invite you to provide your valuable feedback and suggestions. Your input will help us further enhance our practices.

Address:

E-mail:

1. Which stakeholder group do you belong to in relation to FTC?

☐ Stockholders and Investors

☐ Customers

☐ Employees

☐ Government and Regulatory Authorities

☐ Suppliers and Partners

☐ Communities

☐ The Public and Media

☐ Others

2. What is your overall comment on this report?

☐ Excellent

☐ Good

☐ Average

☐ Poor

☐ Very Poor

3. What do you think of the structure and layout of this report?

☐ Very Reasonable

☐ Reasonable

☐ Average

☐ Unreasonable

☐ Very Unreasonable

4. What do you think of the design and formatting of this report?

☐ Very Reasonable

☐ Reasonable

☐ Average

☐ Unreasonable

☐ Very Unreasonable

5. How would you rate the readability of this report?

☐ Excellent

☐ Good

☐ Average

☐ Poor

☐ Very Poor

6. Do you think the report reflects the Company's significant impacts on the economy, society, and environment?

☐ Yes

☐ To some extent

☐ Not sure

7. How would you evaluate the clarity, accuracy, and completeness of the disclosed information, data, and indicators?

☐ High

☐ Relatively High

☐ Average

☐ Relatively Low

☐ Low

8. How would you rate the Company's performance in serving customers and protecting stakeholder interests?

☐ Good

☐ Fair

☐ Poor

☐ Not sure

9. Do you have any other valuable comments or suggestions regarding this report or the Company's ESG practices?

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● Disclaimer

The information contained in this Report does not constitute any investment advice. Investors should not replace their independent judgment or make decisions solely based on such information. The Company does not assume any responsibility for losses that arise or may arise from the use of information in this Report. The information published by the Company is true and accurate. In the event of any inconsistency with statutory disclosure documents, the statutory disclosure documents shall prevail.

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