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Sustainable **2016** Development Report

Green Development & Harmony Win-win



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Guangxi Yuchai Machinery Group Co., Ltd.
Yulin, China



Meaning of the Logo “YC”

YC is the acronym of Yu Chai (phonetic transcription or pinyin of Chinese characters “Yuchai”), and also the acronym of Yulin•China, which carries the message that Yuchai is determined to forge its internationally well-known brand by representing the national brands of China. “C” stands for the orbit of earth in universe, which implies the globalization tendency of Yuchai Group. “Y” means robust and thriving, which effectively conveys the excellence pursuing strategic target of Yuchai Group.

Featured with a sense of completeness, the logo, steady, variable, pragmatic and passionate, could embody the self-surpassing spirit and persistent pursuit of “Green, Development, Harmony and Win-win” of Yuchai Group as a domestic manufacture base of internal combustion engines with the most comprehensive product types, and could highlight the international brand image of “Excellent Quality, Globalized Yuchai” of Yuchai Group.

Philosophy of Yuchai

■ Core Values

Green, Development, Harmony and Win-win

■ Visions

Make Partners' and the Public's Trust more Valuable

■ Business Thinking

Excellent Quality, Globalized Yuchai

■ Yuchai Spirit

Ceaseless Self-improvement, Arduous Striving, Reform & Innovation,
Responsibility-oriented Undertaking

Report Overview

- **Duration covered in the report:** January 1, 2016 to December 31, 2016
- **Organizational scope of the report:** This report mainly introduces the sustainable development activities in various sectors of Yuchai Group, as well as situation of its subsidiary companies. To facilitate expression and reading, Guangxi Yuchai Machinery Group Co., Ltd. is hereinafter referred as "Yuchai Group" or "Yuchai".
- **Release of the report:** Since its first release of sustainable development report in June 2008, Yuchai has released its sustainable development report for nine consecutive years. This report is the 10th sustainable development report of Yuchai Group.
- **Basis of report compilation:** Perform corporate social performance disclosure according to core subjects and corresponding content stipulated in ISO26000;
- **Description of data used in the report:** This report reflects the true progress of Yuchai's sustainable development activities. All data used in the report are derived from official documents and statistics reports of Yuchai Group, as well as summary and statistics of sustainable development practices of its subsidiaries. Financial data in this report are derived from Annual Financial Report of Yuchai Group of 2016.
- **Acquisition of this report:** If a printed version is required, please contact Guangxi Yuchai Machinery Group Co., Ltd. The electronic version of this report can be downloaded from the official website of Yuchai Group.
- **Language of the report:** Chinese, English
- **Report format:** presswork printed with recyclable paper, electronic file

Reliability guarantee of the report

Board of Directors and all directors of this company hereby guarantee that the content of this report is free from any false records, misleading statements or major omissions, and undertake the joint and several liabilities in the authenticity, correctness and completeness of the content of this report.

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Speech Made by Chairman of Board of Directors



In 2016, through fulfilling the core value of "Green Development & Harmony Win-Win" and implementation of the operation guideline of "Reform & Innovation, Basis Solidification, Enhancement in Quality and Efficiency", Yuchai performed thorough implementation the strategy of innovation-driven development and spared no effort in promoting the transformational upgrade of the enterprise, which realized a good opening tune for the 13th Five-Year Plan period and played an important role in promoting the local social and economic development, which is stable, sustained and healthy. Meanwhile, Yuchai also devoted itself in speeding up the improvement of ecological environment and promotion of the ecological civilization construction.

We are committed to enhancing our capability for independent innovation, promoting the upgrade of technical R&D and acting as the pacemaker of China's green power with our highly-developed sense of responsibility. In 2016, Yuchai made active preparation for the upgrade of national emission standard, including comprehensive launch of the complete family of T3 products and Euro V products, which satisfied the requirements of vehicle manufacturers and end customers after full implementation of Euro V standard; as well as comprehensive planning of Euro VI products R&D. At

present, 4 Euro VI engines have realized their successful ignition, which means Yuchai has stepped into the Euro VI era in advance and will keep acting as the top runner in the industry. Yuchai is actively promoting the deep integration of the new generation information technology and the traditional manufacture industry to forge the updated version of Yuchai manufacture technologies. In 2016, Yuchai won 18 national awards for technological innovations, and kept ranking the top in Guangxi in quantity of patent application. Yuchai Group ranks the 4th among all Chinese enterprises in independent innovation capability and ascends to the top of the new top 100 innovative enterprises in Guangxi.

We devote ourselves in the in-depth promotion of lean engineering, in enhancement of the operation efficiency of the enterprise and in endeavor to achieve the target of "enhance Yuchai productivity to a global leading level". In 2016, by setting international pioneer enterprises as benchmark and drawing support from external experts, Yuchai kept performing in-depth lean managements, and promoted the lean management items like JIT, TQM and QFD systematically. The Yuchai Lean Production System (YCPS) and Yuchai Lean Operation System (YCOS) have been preliminarily established, and realized remarkable benefits within the year. Lean management mode of Yuchai which is focused on waste elimination and continual improvement won the Nomination Prize of China Quality Award again.

We are making every effort to solidify and enhance the new energy industry sector and forge new growth points. In 2016, Yuchai entered the new energy vehicles field actively and obtained qualification of commercial vehicle manufacture. Yuchai actively developed the new energy power system market and made substantial breakthrough – cooperation with Guangxi Yuanzheng New Energy Vehicle Co., Ltd., Chengdu RAJA New Energy Vehicle Science & Technology Co., Ltd. and Chengdu Gateway Road Machine Co., Ltd. were concluded upon new energy vehicle project. At present, all power systems of Guangxi Yuanzheng New Energy Vehicle Co., Ltd. adopt products made by Yuchai. The matching ratio of products made by both parties has reached 100%. Guangxi Yuchai Agricultural PV Electric Power Co., Ltd. was established to carry out comprehensive construction and operation of Guiping Complementary Agriculture & Solar Photovoltaic Power Generation Project and expand Yuchai's business in photovoltaic power generation field.

We are dedicated to the promotion of the globalization strategy. Yuchai is promoting the construction of its international brand to push forward the content-based expansion of Yuchai products in oversea markets, release the excess capacity in China and enhance the internationalization level of Yuchai through a series of measures, such as implementation of strategic cooperation with international enterprises and organizations, expansion of export modes, perfection of oversea branches and service & accessory network and establishment of quality control system for export products, etc. Yuchai and MTU (Germany) have established a joint venture (in operation) to develop its global-leading high quality & high power off-road engines. YC Europe GmbH has been incorporated and is in official operation now. By firmly grasping the opportunity of constructing the "Belt and Road" Initiative, Yuchai has established market superiority in certain member countries of "China-Indochina Peninsula Economic Corridor", "BCIM Economic Corridor" and "China Pakistan Economic Corridor", and further expanded export in weak markets. In 2016, under the circumstance that export of the industry experienced an over 10% decrease, Yuchai realized an export increase of 1.5%.

We are striving for innovation in enterprise culture to converge the joint forces of the leading culture and intensify the brand effect of the distinctive culture. Our backbone subsidiary Guangxi Yuchai Machinery Co., Ltd. issued its new vision "Motivate Wonderful Life with Professional Engines". Future conception is considered at the same time of laying emphasis on professionalism and benefit to the public and employees. We have established the 5+ culture month subject mode (gratitude, safety, innovation, quality and green), which could realize the systemization and branding of the enterprise's cultural activities. We bear the mission of caring for mental health of each employee, keep promoting the EAP project and have established occupational health psychological society. We have established evaluation indicators of green value system from the aspects of green industry, green operation and green life, which are used to instruct the work implementation of green value system. Sustainable Development Report of Yuchai Group in 2016 is the 10th sustainable development compiled by us.

"Green" is an indispensable foundation for Yuchai to become larger and stronger, and also the responsibility

bottom-line that we must hold. Social responsibility practice in 2016 once again proved that we have created more value for our customers and interested parties, we are becoming more competitive in the market; our development direction is clearer; our operation efficiency has been improved remarkably. The group has realized healthy, safe and smooth transformational upgrade. Yuchai has turned the innovation motivation into its new navigation mark. Yuchai's achievements in fulfilling social responsibilities have been accepted by the public. Yuchai was honored with the title of "Golden Bee" enterprise again; Yuchai's influence of social responsibility and brand is being enhanced steadily. Brand value of Yuchai is RMB 28.195 billion, which ranked 103rd in the rank list. Yuchai realized an increase of RMB 4.92 billion in brand value compared to 2015, which kept Yuchai as the top runner of the industry and ranked 1st in the brand value rank list of enterprises in Guangxi.

The year 2017 is an important year for implementation of the 13th Five-Year Plan, and also the year to deepen the "Second Startup" and transformational upgrade of Yuchai. We shall stick to our strategies, stick to the core value "Green Development & Harmony Win-Win", and stick to the operation guideline of "Reform & Innovation, Basis Solidification, Enhancement in Quality and Efficiency". We shall keep pushing forward the product innovation and technological revolution, promote enterprise culture upgrade and operation mode expansion, further optimize the basic management system, perfect management and control platform, enhance the risk resistibility, enhance the overall operation efficiency and resource utilization efficiency and cultivate system force and core competence, so as to push forward the transformational upgrade of the group and realize the healthy and sustained development of the enterprise.

The year 2017 is also the quality year of Yuchai and the year for R&D of its Euro VI products, which is a precious opportunity for Yuchai to upgrade its technologies and quality and realize the thorough self-remolding. Yuchai will firmly grasp this opportunity to pursue excellence, catch up with the world-leading level, make substantial preparation for the "sink or swim" Euro VI challenge, keep acting as the top runner in the industry and promote the comprehensive premiumisation of products, so as to start a new era of engine manufacture.

Accomplish our mission through arduous struggle; realize our dream through pragmatic work. Our unflinching green dream is to keep creating values for interested parties and act as the controller of the largest movable pollution source. Deeply implanted with the "green" cultural gene, Yuchai will show a stronger vitality in the distant future through its innovation and pragmatic work.

Company Overview

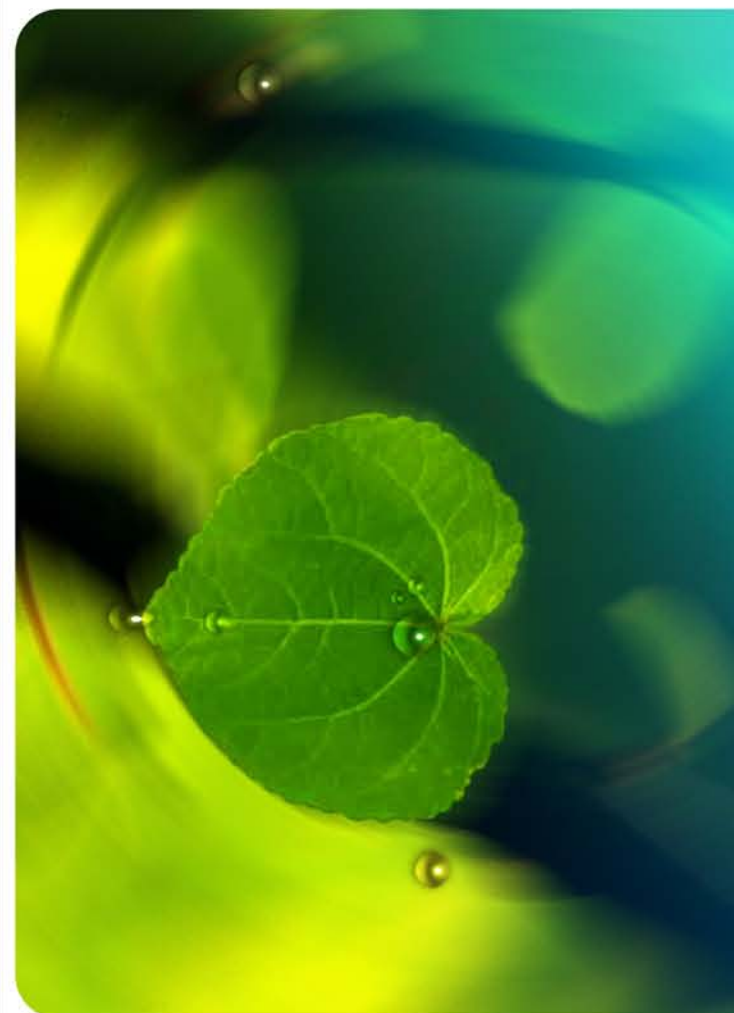
As an investment & financing management company focusing on capital operation and asset management, Yuchai has over 30 wholly-owned, holding and joint-stock subsidiaries, nearly 20,000 employees and total assets of RMB 34.423 billion, and have become an internal combustion engine manufacturing base with the most complete spectrum of products in the country. We have industrial operations in areas like Guangxi, Guangdong, Jiangsu, Anhui, Shandong, Hubei, Sichuan, Chongqing and Liaoning.

We rank 375th among China's top 500 enterprises, 185th among China's top 500 manufacturers, 17th among China's top 500 machinery manufacturers, 14th among China's top 100 machinery manufacturers and 103rd among China's top 500 most valuable brands. The brand value of Yuchai has reached RMB 28.195 billion.

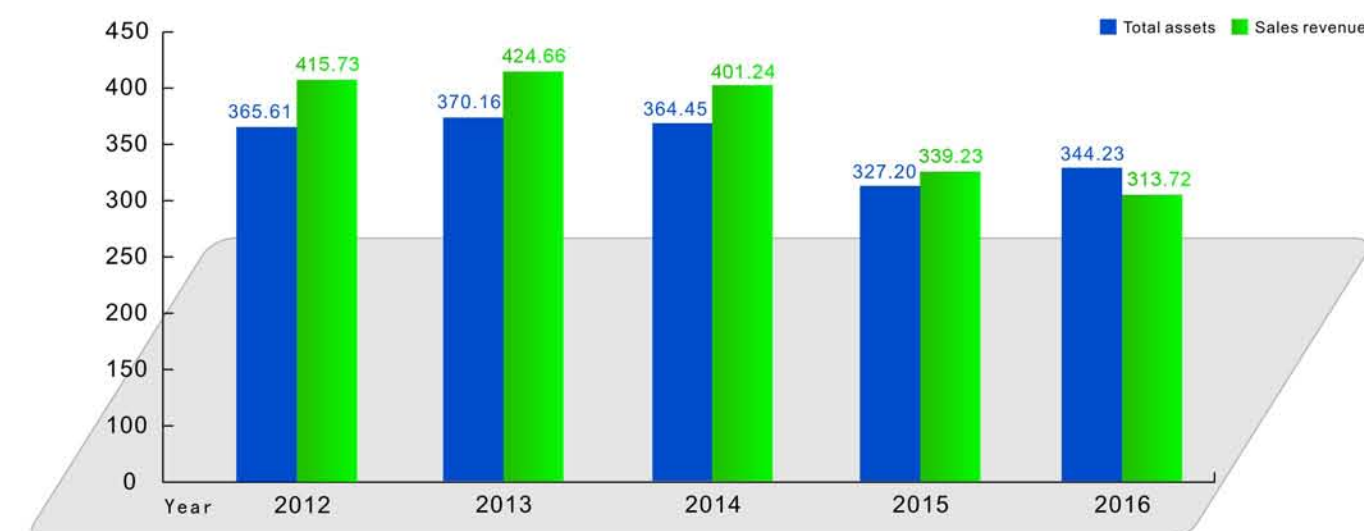
In 2016, Yuchai kept implementing the "improve the

diesel engine and bring benefit to Yulin" strategy, actively promoted the "Second Startup" and vigorously pushed forward the transformational upgrade of the enterprise through strict implementation of the annual operation guideline "Reform & Innovation, Basis Solidification, Enhancement in Quality and Efficiency". In 2016, Yuchai realized sales revenue of RMB 31.372 billion, sold 429,200 sets of engine, among which quantity of engines sold by Guangxi Yuchai Machinery Co., Ltd. was 320,400 sets. Market share of Yuchai engine reached 16%, which kept Yuchai in the leading position of the industry. Guangxi Yuchai Special Purpose Vehicle Co., Ltd. has obtained qualification for new energy vehicle manufacture, which filled the gap of complete vehicle manufacture in Yuchai Group. Guangxi Watyuan Filtration System Co., Ltd. is listed in the New Third Board, which broke the limit that Yuchai has no domestic financing platform.

Company Overview



Sales revenue and total assets in recent 5 years (unit: RMB 100 million)



Sales Revenue of Various Industry Sectors and Service Platform in 2016 (unit: RMB 100 million)

Category	2016	2015	Year-on-year increase
Engine sector	204.44	207.90	-1.66%
Petrochemical sector	58.73	89.29	-34.23%
New energy sector	1.74	1.09	59.63%
Logistics service platform	46.65	38.90	19.92%
Financial service platform	0.45	0.42	7.14%
Others	1.71	1.63	4.91%
Total	313.72	339.23	-7.52%

List of Yuchai's Honor in 2016

Category	Awards / Certificates	Awarding Unit / Certificate Issuing Agency
Comprehensive Awards	• China's Top 500 Enterprises in 2016	• China Enterprise Confederation / China Enterprise Directors Association
	• China's Top 500 Manufacturers in 2016	• China Enterprise Confederation / China Enterprise Directors Association
	• China's Top 500 Machinery Manufacturers in 2016	• China Machinery Enterprise Management Association
	• China's Top 100 Machinery Manufacturers in 2016	• China Machinery Industry Federation China Association of Automobile Manufacturers
	• Top 100 Enterprises in Guangxi 2016	• Guangxi Enterprises and Entrepreneurs Association
Brand Awards	• China's top 500 Most Valuable Brands in 2016	• World Brand Lab /World Entrepreneur Group
Technology Awards	• Grand Prize of 2016 China Machinery Manufacturing Industrial Scientific and Technological Achievement Award	• Office of China Mechanical Industry Science and Technology Progress Award
	• The First Prize of 2016 Guangxi Science and Technology Progress Award	• People's Government of the Guangxi Zhuang Autonomous Region
	• Grand Prize of 2016 China Machinery Manufacturing Technology Scientific and Technological Achievements Award	• China Association of Machinery Manufacturing Technology
	• 2016 National Intellectual Property Demonstration Enterprise	• State Intellectual Property Office
	• 2016 Guangxi Top 100 Patent & Technological Innovation Enterprises (No. 1)	• Intellectual Property Office of Guangxi Zhuang Autonomous Region
Management Awards	• National Enterprise Culture Construction Demonstration Base	• China Corporate Culture Institute
	• Nomination Prize of China Quality Award	• Evaluation & Commendation Office of the 2nd China Quality Award
	• National Export Quality Safety Demonstration Enterprise	• General Administration of Quality Supervision, Inspection and Quarantine of P.R.C.
	• Benchmarking Enterprise of Quality Integrity	• China Quality Inspection Association
	• Advanced Unit of Metering Work of Defense Science & Technology Industry of Guangxi	• No. 4311 National Defense Metering Station Industry and Information Technology Committee of the Guangxi Zhuang Autonomous Region
	• Contribution Prize of China Standard Innovation Award	• General Administration of Quality Supervision, Inspection and Quarantine of P.R.C. Standardization Administration of The People's Republic of China

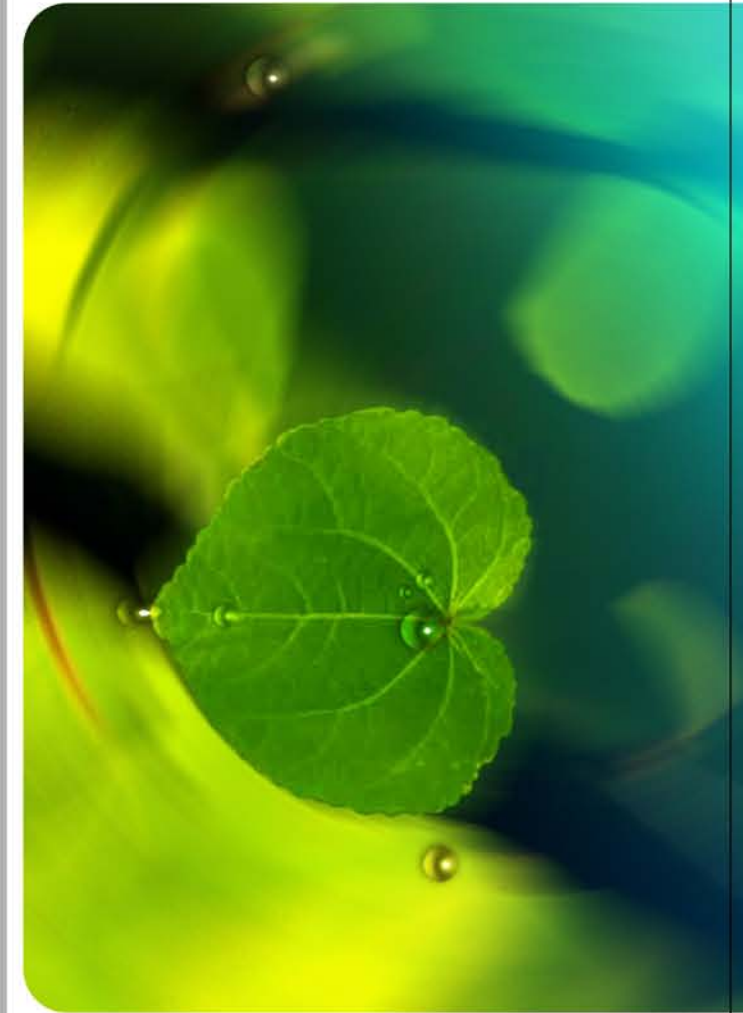
Organization Management

2.1 Innovative Management Mode, Effective System Reconstruction

2.2 Escort Development with Large Supervision System

2.3 Regulate Brand Management, Promote Brand Value

2.4 Promote Enterprise Culture Innovation, Guide Group Reform & Development



Organization Management

2.1 Innovative Management Mode, Effective System Reconstruction

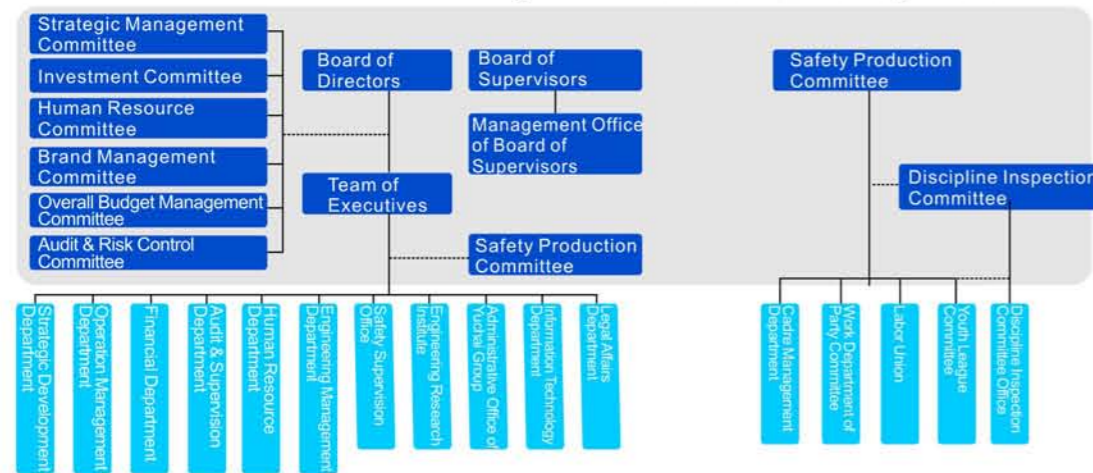
In 2016, Yuchai Group kept promoting the management reconstruction and sustained innovation in mechanism and system and enhanced the group's capability in capital management and assets operation.

Yuchai Group also achieved great accomplishments in operation management innovation, establishment of subsidiary management platform and financial management innovation.

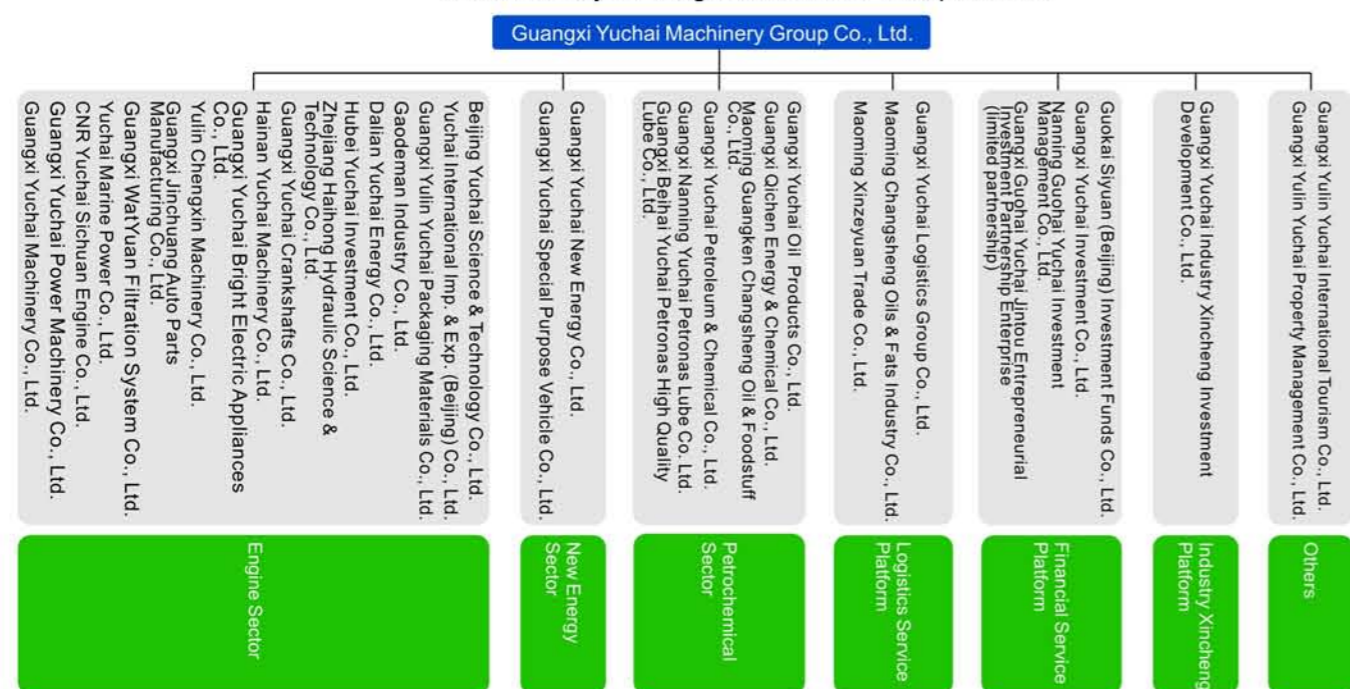
- Vigorously promote the reform in mechanism and system** Promote the transformation of Yuchai Group from a solely state-owned enterprise to mixed ownership enterprise with diversified shareholding structure, so as to increase the vitality of the enterprise.
- Re-position the role and management method of parent company and subsidiaries** Establish management platform and operation supervision model for subsidiary operation; reform the operation performance management in subsidiaries; provide scientific guidance to subsidiaries for implementation of the policy of cutting overcapacity, destocking, deleveraging, and improving weak links, which have remarkably enhance the operation quality and efficiency of subsidiaries.
- Reform financial management mode and innovate budget management method** Different policies for different subsidiaries, fully exert the right of subsidiaries in independent operation; strengthen funds management, financial coordination and financing function.

Organization Management Framework

Organization Chart of Yuchai Group in 2016



Industrial Layout Diagram of Yuchai Group in 2016



Case: Guangxi Yuchai Machinery Co., Ltd. keeps promoting institutional reform

In 2016, Guangxi Yuchai Machinery Co., Ltd. kept promoting the institutional reform, including the implementation of functional reconstruction and establishment of Manufacture Business Unit, Production Planning Department, Manufacture Engineering Department and Cost & Benefit Department, which realized the professional and flat management of organizational framework. Quantity of level I, level II and level III departments has been reduced for over 8% compared to 2015. Management staff of department level, division level and section level was also decreased for 10% compared to the quantity in 2015.



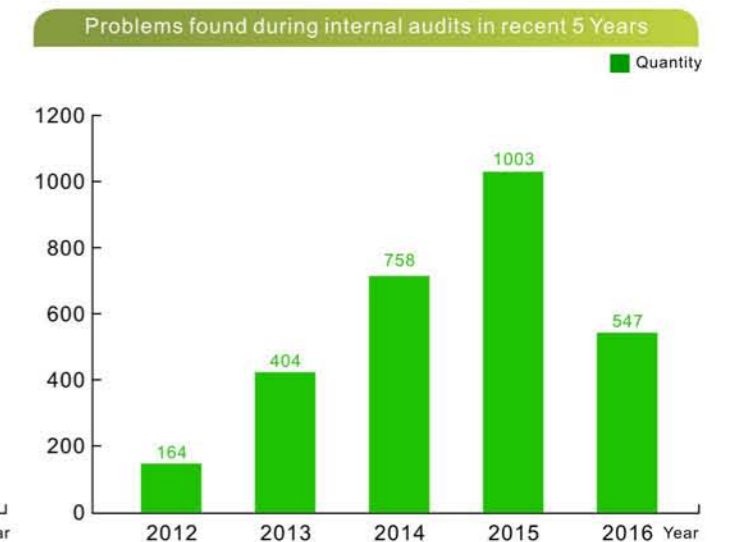
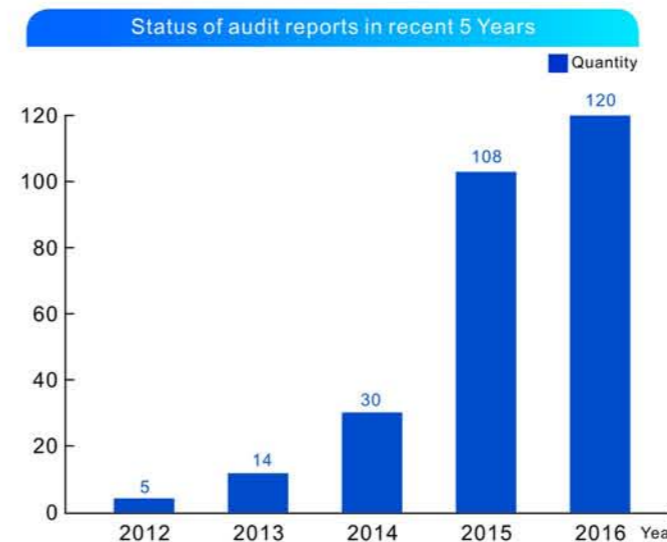
2.2 Escort Development with Large Supervision System

Yuchai Group set up the "4 integration" joint supervision mode, i.e. established a joint supervision team composed of discipline inspector, auditor, risk controller and supervisor through 6 supervision sectors (supervision network, supervision system, supervision method, supervision platform, supervision mechanism and supervision team) and 26 sub-sectors; meanwhile the supervision list was also established to form a joint supervision mode which is featured with merged function, coordinated manpower and integrated work.

In 2016, Yuchai carried out various audit and supervision to escort the healthy development of the group, which was guided by risk control, dominated by auditing and guaranteed by discipline inspector and supervisor. According to the business data comparison between 2015 and 2016, quantity of audit report was increased to 120 from 108; quantity of discipline inspection was increased to 49

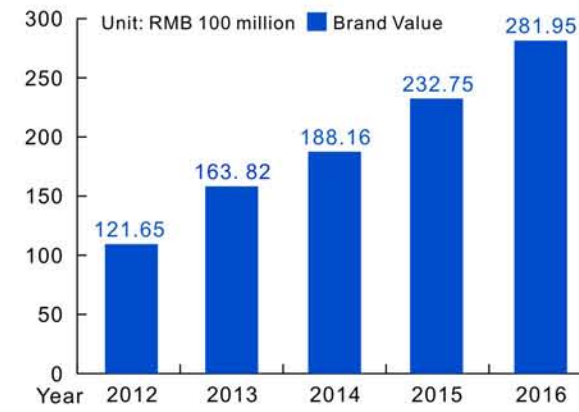
from 27; quantity of disposed petition report was increased to 23 from 19; quantity of risk control reports was increased to 18 from 8. In 2016, quantity of quarterly supervision report prepared by supervisors reached 84; 28 subsidiaries were inspected upon their decisions for critical matters, appointment / dismissal of important management staff, arrangement of important projects, usage of large amount funds, bidding activities, material purchase and implementation of the Eight-point Regulation stipulated by Central Government, the supervision team found 25 problems and urged correction. The team also checked records of 329 times of company car usage as well as over 3000 GPS and usage records, and found 8 problems. The team handled 23 petition reports and recovered loss of over RMB 700,000. The supervision system has exerted sufficient deterrent effect against corruption.

Business Performance of Internal Audit



2.3 Regulate Brand Management, Promote Brand Value

We established brand operation management system to regulate the brand management of Yuchai Group and keep enhancing the brand value. In 2016, brand value of Yuchai reached RMB 28.195 billion, which realized an increase of RMB 4.92 billion compared to 2015.



2.4 Promote Enterprise Culture Innovation, Guide Group Reform & Development

Through implementation of the core value "Green Development & Harmony Win-Win" as well as the tasks of group's transformational upgrade and reform & innovation, Yuchai Group actively pushed forward the enterprise culture innovation and promoted the settlement of

innovation culture to guide the development and reform of the group. Meanwhile, Yuchai strengthened the awareness of brand operation and forged the brand of enterprise's social responsibility. Yuchai was honored with the title of "Golden Bee" enterprise again.



Case: Draft Yuchai Charter and Promote the Culture Settlement

In order to systematically summarize the successful operation & management strategies and principles and clarify the future development direction, vision and value pursuit of the group, Yuchai initiated the drafting of Yuchai Charter on October 14, 2016. The Charter is a programmatic document for value system and management of Yuchai Group, and also a necessary tool to systemize the enterprise culture, pass on the good development gene, enhance the management quality and promote the innovation and development of the enterprise.



Kick-off Meeting of Drafting of Yuchai Charter



Case: Normalized Promotion of Enterprise Culture Month

Yuchai constituted Management Regulation of Enterprise Culture Month Activity of Yuchai Group to promote the standardization and systemization of the culture construction. From June to December in 2016, Yuchai carried out the 5+ culture month activity (gratitude, safety, innovation, quality and green) together with the consideration of the annual operation guideline of the group, such as reading forum, look for Yuchai craftsman, "Image & Yuchai" photo exhibition, evaluation and achievement exhibition of advanced units in green value system construction, etc. Yuchai also offered Yuchai Lecture Hall to provide lectures on IT, strategies and culture, as well as Yuchai culture mini-classroom themed with "Internet + Thinking".



"Be Brave to Undertake Responsibility and to Be Enterprising" Reading Forum



Green Value System Achievement Exhibition



Case: Innovate propaganda platform management, promote omni-media integrated development

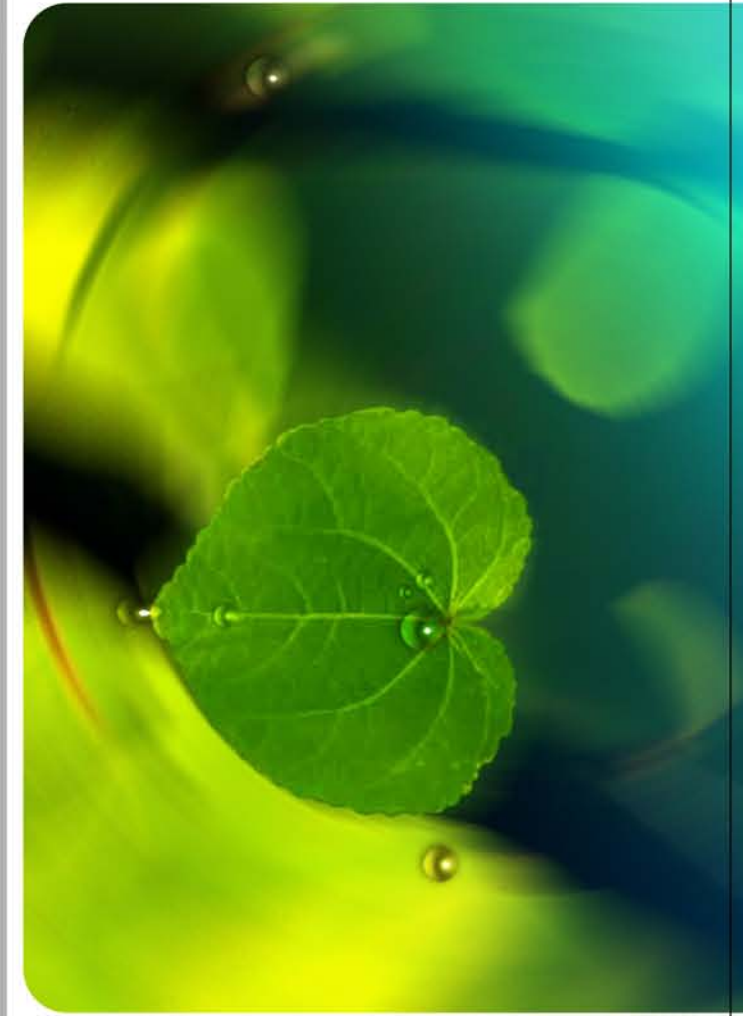
Yuchai innovates the publicity platform management to promote the integrated development of the traditional propaganda platforms like newspaper, TV, website and news center and new media platforms like WeChat and microblog, which have enhanced the public opinion guidance force of propaganda platform in enterprise operation, and forged WeChat platform successfully into an important window for image spreading of Yuchai's brand.

Responsibility Management

3.1 Strengthen Responsibility Management, Create Green Value

3.2 Expand Communication Channels, Enhance Participation Degree of Interested Parties

3.3 Carry Out Substantial Subject Analysis



Responsibility Management

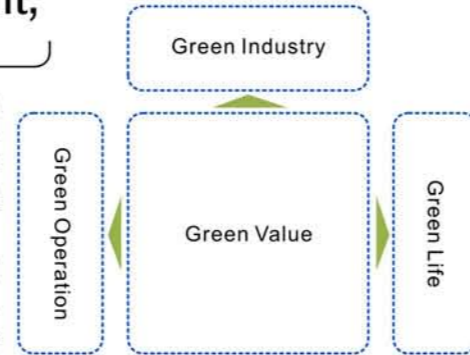
Yuchai focuses on the construction of the green value system, turned the green value chain into an implementation platform and strictly abides by ISO26000: Social Responsibility and 10 principles of UN global covenant. Yuchai is carrying out various management

operations comprehensively and responsibly, laying emphasis on management of life, resource and environment and fulfilling the social responsibility of the enterprise to promote the sustained healthy development of the enterprise.

3.1 Strengthen Responsibility Management, Create Green Value

Guaranteed by its organization management and system construction, Yuchai strengthens the promotion of green value system construction and implements green responsibility management through pushing forward the green operation, advocating the green life and developing the green industry, so that the green value can be created.

Through combing the green value system construction, Yuchai established evaluation indicators for green value system from the aspects of green industry, green operation and green life, which is used to guide the implementation of green value system work.



3.2 Expand Communication Channels, Enhance Participation Degree of Interested Parties

Interested Parties	Anticipation of the interested Parties	Feedback Method and Measures
Government	Accept the government's supervision Observe laws and disciplines, pay taxes in accordance with law Save energy, reduce emission, protect the environment Maintain a harmonious labor relationship Management and technology innovation	Comprehensively implement the policies and guidelines of our Party and government Actively report work status In-time and accurately submit the work information and statistics reports Implement green manufacture strategies Strengthen R&D and technological innovation
Shareholders	Be honest and perform standardized operation by keeping the promises Repay the investors	Achieve the strategic objectives of operation Willingly accept the investors' supervision Hold shareholder meetings periodically Faithfully implement the national industry policies Disclose corresponding operation information periodically;
Employees	Maintain stable employment Education, training, occupational skill development Occupational sanitation and health Safeguard other legal interests of employees Career planning Unobstructed communication channel	Exert the function of the Labor Union Publicize the factory affairs, perform democratic management Perfect the system of the worker's congress Abide by the collective contract and labor contract Strengthen education and training Provide the employees with development platform, and grow together with the employees
Suppliers	Equal partnership Stable purchase policies Technical support	Establish YC strategic alliance In time communication High level meetings Offer special protection for new products launched by suppliers Perform joint development to lower the cost Share social responsibility costs
Purchaser (Customer)	In time delivery of products in required quantity and quality Provide after-service guarantee	Carry out strategic cooperation Provide quality products Provide technical service Pay return visits upon product quality and service quality
Service Provider	Stable service policies Provide technical support	Establish service alliance Establish YC service body Establish training network Establish service network
Practitioners in same industry	Carry out competition and cooperation with practitioners by Strictly abiding by laws and policies to create a healthy and orderly environment. Strengthen communication and learn from each other Work together to promote the development of China's engine industry	Attend the industry meetings Professional skill contest and communication Fair play Daily communication and contact
Social organizations	Keep close contact with social organizations, support each other and realize co-development	Actively attend corresponding meetings Positively provide advices and suggestions Pay membership fee Keep the communication channel unobstructed
Community and the public	Build harmonious communities Support local economic development and social progress Reduce emission and pollution during production Support community social welfare activities	Build demonstration community of energy saving and emission reduction Carry out community stabilization activities Participate in community construction Support social welfare Carry out poverty alleviation activities



Case: Yuchai held YC coalition council meeting to promote the co-development of Yuchai and suppliers.

From September 4 to September 5, 2016, Guangxi Yuchai Machinery Co., Ltd. held the interim meeting of YC coalition council meeting in Dalian, and transmitted the information of Yuchai's internationalization strategy, transformational upgrade as well as principle and positioning of the Euro VI engine development to suppliers, so that suppliers could develop together with Yuchai. Yuchai will firmly grasp the opportunity of Euro VI implementation, enhance Yuchai system to the global leading level within 3 years.



Case: Management team of Yuchai Group visited Legend Holdings Corporation

To acquire advanced management experience from the benchmark enterprises in China and keep enhancing the management level of the company, management team of Yuchai Group visited Legend Holdings Corporation for communication on June 13, 2016. During the communication, Yuchai team focused on the acquisition of the advanced experience in business model, investment concept and strategies of Legend Holdings Corporation, as well as how to add value to the investee companies.



Case: Technology Open Day Exhibition of new technologies and achievements gained through development of Yuchai New Energy Industry Chain

On October 28, 2016, Yuchai organized a technology open day activity which was themed of "New Energy, New Life" in Nanning Base of its Engineering Research Institute. Over 100 people were invited to attend the activity, including representatives of employees, distributors, suppliers and service stations, as well as citizens and journalists. The activity exhibited the new technologies and achievements developed by Yuchai New Energy Industry Chain, including the upstream PV products, the midstream new energy power systems and the downstream special-purpose vehicles and construction machinery products. The attendees enhanced their understanding of Yuchai's new energy products through experiencing the coziness degree of Yuchai hybrid new energy bus and watching the operation demonstrations of the pure electric excavators and logistics vehicles.



Case: Guangxi Yuchai Machinery Co., Ltd. exclusively sponsored the 2nd Lhasa Bus Skill Contest

On June 8, 2016, the "Yuchai" Cup 2nd Lhasa Bus Skill Contest was held in Lhasa, which was a skill contest for bus drivers exclusively sponsored by Guangxi Yuchai Machinery Co., Ltd. Lhasa Traffic Group Co., Ltd. is the largest operating company in Tibet. 95% vehicles of this company are equipped with Yuchai engines. The contest deepened the cooperation between Yuchai and Lhasa Bus Company, and promoted the brand influence of Yuchai products in traffic system of Tibet.

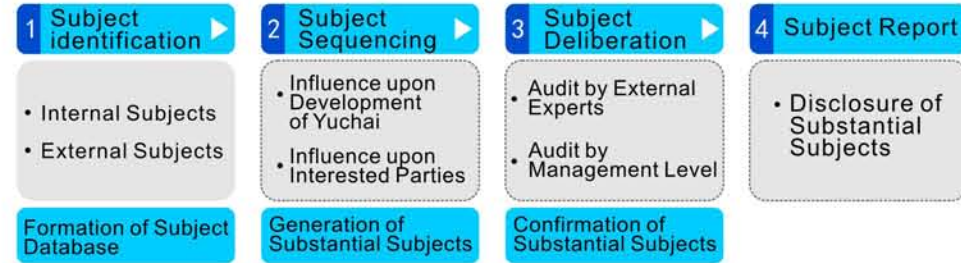


3.3 Carry Out Substantial Subject Analysis

To identify substantial subjects of sustainable development of Yuchai Group in 2016 and highlight the disclosure of key performances, Yuchai performed substantial subject analysis according to G4 substantiality principle and screening process of the substantial subjects. First, investigation and analysis upon substantial subjects were carried out through handing out 506 questionnaires in all interested parties, including suppliers, key customers, news media, high and mid-level management and ordinary employees of the group, etc.

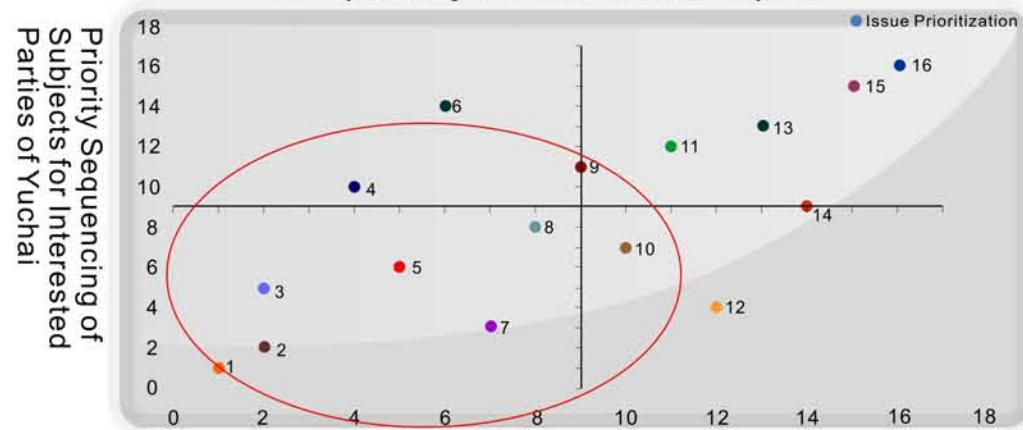
494 valid questionnaires were returned. Second, sequencing, statistics and analysis of the subjects; third, deliberation and determination of the subjects; the analysis result indicated that subjects like product quality, customer service, company management, health & safety, risk control, rights and interests of employees, anti-corruption, customer protection and energy saving & emission reduction are critical to development of Yuchai, and also quite concerned by all interested parties.

Screening Process of Substantial Subjects



Analysis Diagram of Substantial Subjects

Priority Sequencing of Subjects



Priority Sequencing of Subjects for Sustainable Development of Yuchai

SN	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Subjects	Product Quality	Customer Service	Company Management	Employees' Rights & Interests	Health & Safety	Career Development	Risk Control	Anti-Corruption	Energy Saving & Emission Reduction	Customer Protection	Environment Protection	Supply Chain Management	Human Rights Protection	Fair Play	non-discrimination	Community Participation

Description of Substantial Subjects

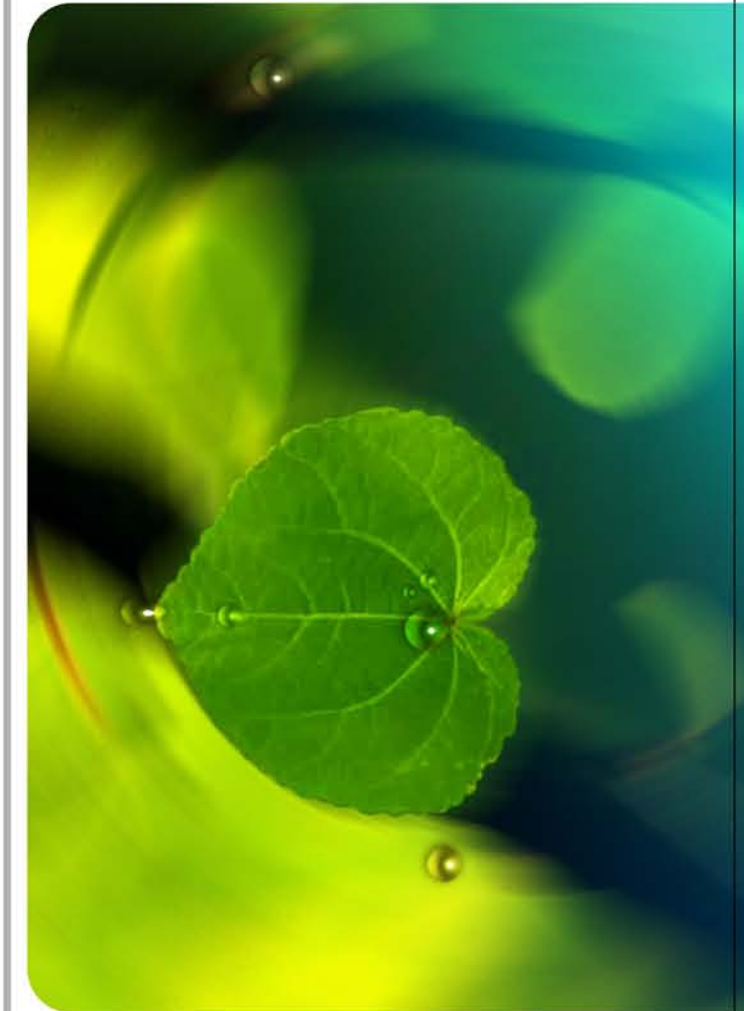
Substantial Subjects	Scope of Influence		Corresponding G4 Indicators	Corresponding Page No.
	Internal	External		
Product Quality	✓	Society, user	Product and service	34, 35
Customer Service	✓	Society, user	Customer's health & safety, product service	37, 38, 39
Company Management	✓	Local community of operation place		12
Health & Safety	✓	Local community of operation place	Occupational health & safety	48
Risk Control	✓	Place of operation		13, 51
Employees' Rights and Interests	✓	Society	Work practice and decent work	42
Anti-corruption	✓	Local community of operation place	Business ethics and integrity	50
Consumer Protection	✓	Society, user	Customer's health & safety, customer privacy, compliance	34
Energy Saving & Emission Reduction	✓	Society, user	Exhaust emission, mitigate the influence of products and services to the environment	20, 32

4.1 Comprehensive Entry of New Energy Market

4.2 Expansion in PV Power Generating Industry

4.3 Further Promotion of "ADBLUE" Products

Green Industry



Green Industry

China has become the largest increment market of new energy vehicles in the world. To adapt to the development requirements of the market economy, in the first year of the 13th Five-Year Plan period, Yuchai brought forth the development plan of "3 industrial sectors, 3 service platforms". New energy industry is the emerging sector of Yuchai, which will establish Yuchai New Energy Vehicle

4.1 Comprehensive Entry of New Energy Market

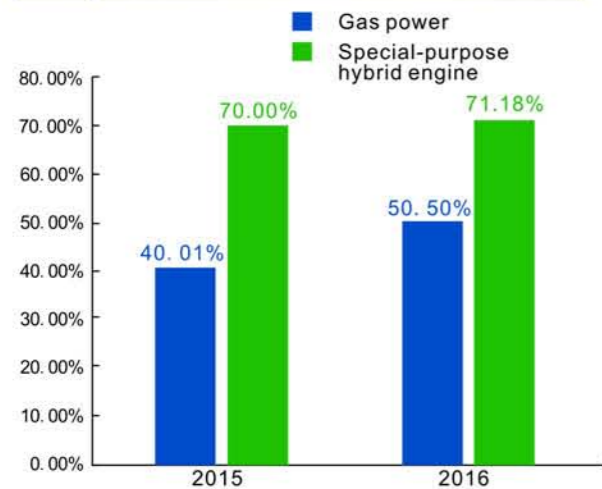
Promote the New Energy Power System

Yuchai is marching along its green industry development path to provide highly cost-efficient green power system and guide the market to accept environment-friendly power systems. In 2016, by making full use of the new energy power system market promotion activities, national transport vehicle exhibition, industry & information

Industry Chain based on the platforms of Guangxi Yuchai Special Purpose Vehicle Co., Ltd. and New Energy Power System BU of Guangxi Yuchai Machinery Co., Ltd. Furthermore, Yuchai will perform professional operation of the PV power generating project, which was constructed by great investment made by Yuchai.

product exhibition of Guangxi Autonomous Region, ASEAN Expo, technology open day and technology communication platform, Yuchai carried out promotion activities of gas power, hybrid power and pure electric power products in Chengdu, Beijing, Nanning, Xinjiang, Baoji, Xi'an and Changsha.

Market Share of New Energy Power System in Recent 2 Years



Case: Plug-in type air-hybrid electric bus is equipped with Yuchai power system

The plug-in type air-hybrid electric bus is made by Guangxi Yuanzheng New Energy Vehicle Co., Ltd. The 2nd generation plug-in hybrid power system independently developed by New Energy Power System BU, which is featured with strong driving power, high efficiency & energy saving and low emission, was selected to match with the bus. Through years of market validation, this system is proven to realize a gas saving ratio of over 40% under typical operating condition of buses.

Expansion in New Energy Terminals

In 2016, Yuchai perfected its new energy vehicle industry chain and developed the new energy vehicle business on the platform of Guangxi Yuchai Special Purpose Vehicle Co., Ltd., which had obtained the production qualification of new energy commercial vehicles; Yuchai performed R&D and manufacture of pure electric construction machinery products on the platform

of Guangxi Yuchai Heavy Industry Co., Ltd.; Yuchai planned the after-market layout of new energy vehicle on the platform of its New Energy Power System BU. Yuchai developed the online management APP of new energy vehicles at terminals to realize the interconnection among people, vehicle and charging station, so that various requirements of customers can be satisfied.

4.2 Expansion in PV Power Generating Industry

Yuchai PV Power Generating Project Phase I and Phase II

The 30MW grid-connected power generating project in the factory zone of Yuchai Group is a roof PV power generating project with the largest installed capacity among all running projects in China. Its capacity has exceeded the total amount of all projects in Guangxi which were honored

with the title of "Golden Sun" project. The total installed capacity of Phase I and Phase II projects is 34.5MW; its annual energy output is about 1 million kWh. In 2016, this power station was in good running status, the operation rate of equipment reached 99.35%.

Complementary Agriculture & Solar Photovoltaic Power Generation Project

In 2016, Guangxi Yuchai New Energy Co., Ltd. established its wholly owned subsidiary Guangxi Yuchai Agriculture & PV Electric Power Co., Ltd., and made investment in the construction of Guiping Complementary Agriculture & Solar Photovoltaic Power Generation Project. Total investment of the project was about RMB 1.56 billion. This project is a new industry integrated with agriculture

planting & breeding, agricultural product processing, PV power generation and recreational tourism. After being put into service, this project will help the farmers in shaking off poverty from pure dependence of government funds to making money through Yuchai facilities, which could promote the regional new economy development and poverty alleviation, and enhance social stability.

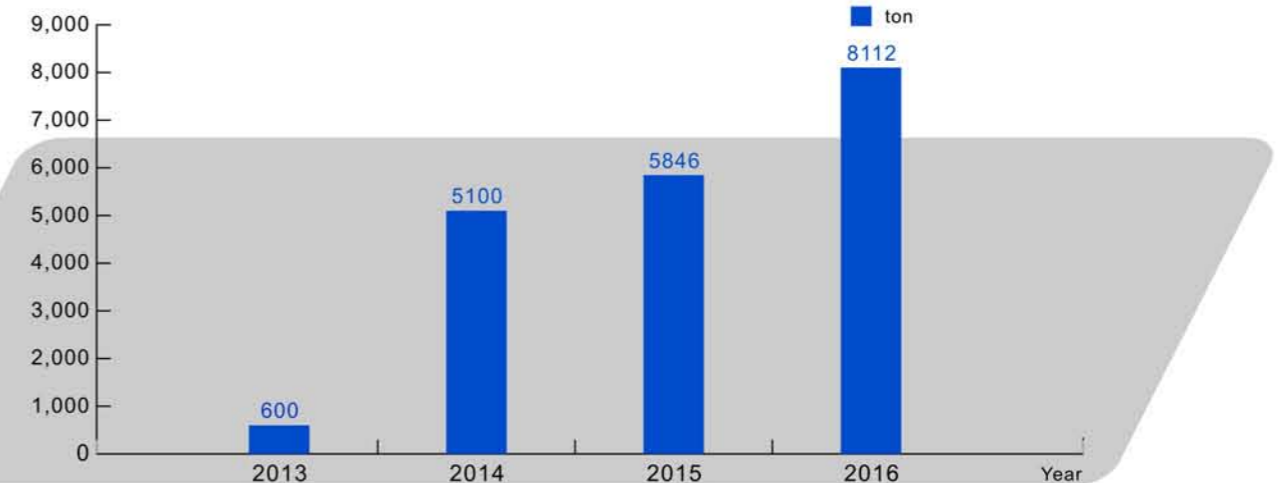


4.3 Further Promotion of "ADBLUE" Products

Since the initiation of "ADBLUE" products promotion, annual sales amount of Yuchai Petronas Lube Co. Ltd. was increased progressively year by year. In 2016, total sales amount reached 8112 ton, representing a 39% jump from a

year earlier, as well as a reaction consumption of 2434 ton of NOx nitrogen oxides and disposal of 4.06 million ton - 8.11 million ton of diesel engine exhaust.

Sales Amount of "ADBLUE" Products in Recent 4 Years

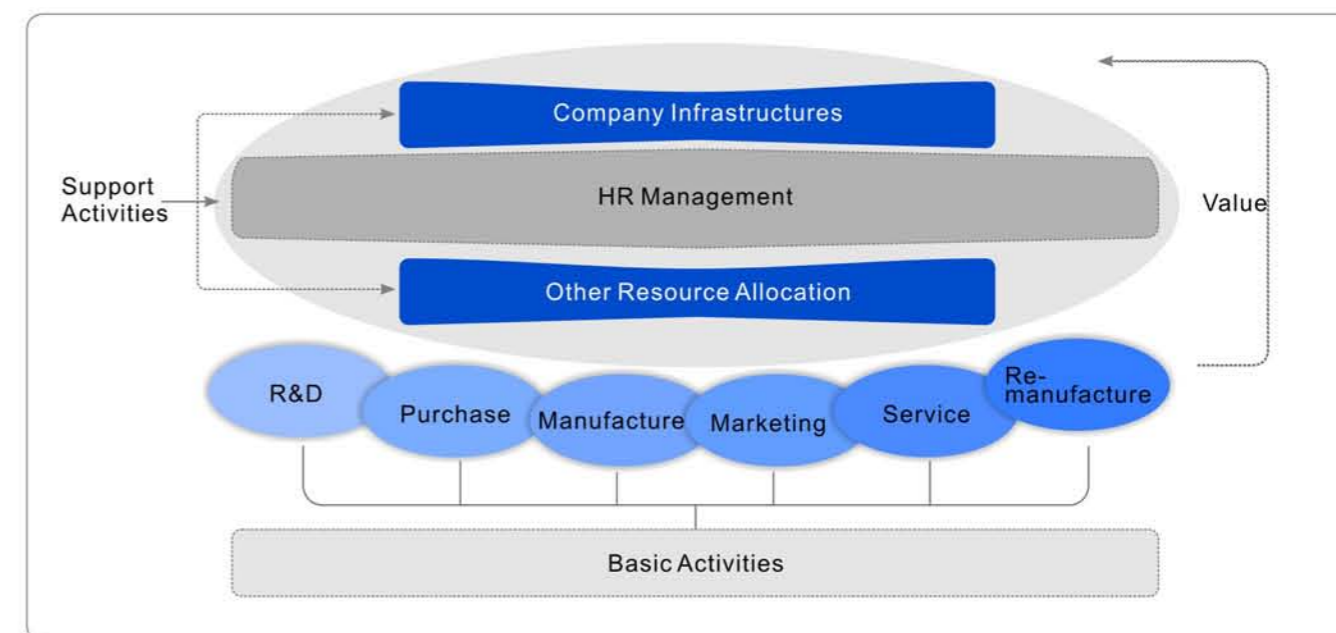


Green Operation

5.1 Build Green Value Chain, Enhance Green Competitiveness

Through implementation platform of the green value chain, Yuchai guarantees that all processes could meet the green & low carbon requirements, including design, manufacture, purchase, sales, services, recycling, re-

manufacture and reuse. The implementation path of green value chain is also the path for Yuchai to implement its social responsibility management.

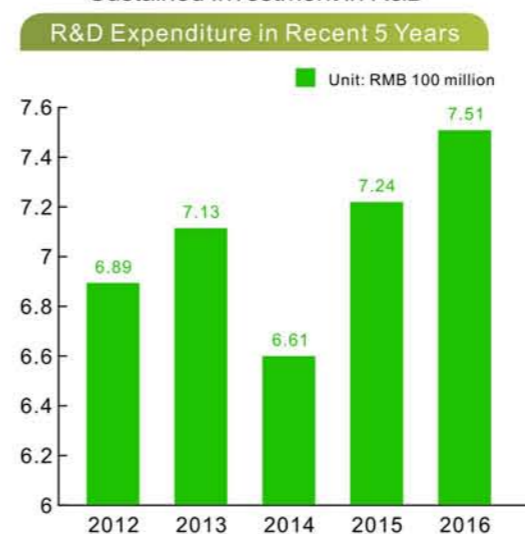


5.1.1 Green R&D

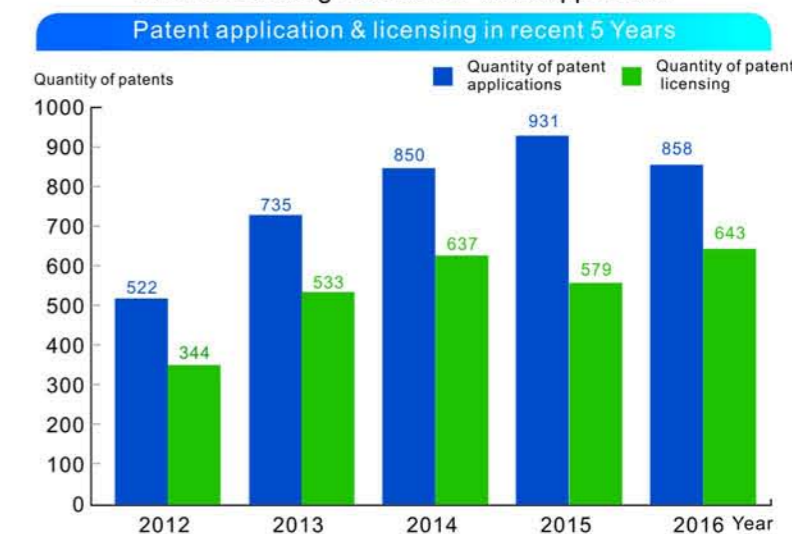
Yuchai Group positively undertakes the responsibility of national industry revitalization, keeps promoting the product R&D, platform construction and independent innovation. Through continual breakthrough in core technologies, Yuchai pushed forward the upgrade

of R&D level and launched new products which could lead the green revolution in engine industry. Guangxi Yuchai Machinery Co., Ltd. ranked the top among top 100 enterprises in Guangxi for patent and technological innovation.

Sustained Investment in R&D



Maintain Leading Position in Patent Application



5.1 Build Green Value Chain, Enhance Green Competitiveness

5.1.1 Green R&D

5.1.2 Green Supply Chain

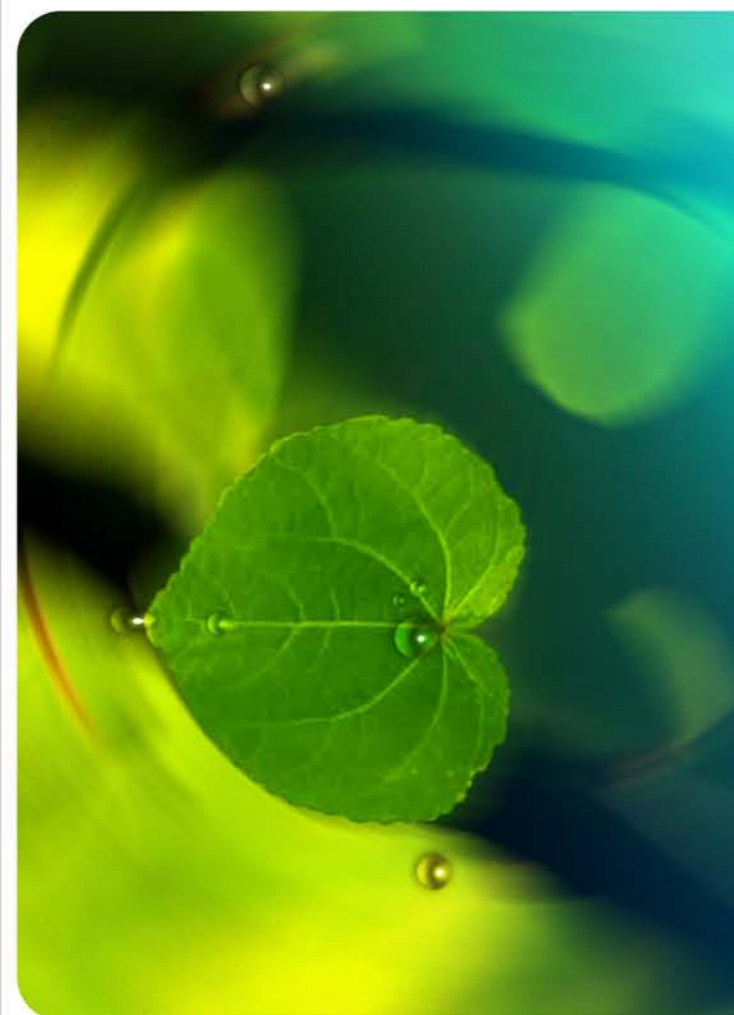
5.1.3 Green Manufacturing

5.1.4 Green Marketing

5.1.5 Green Services

5.2 Green Office

Green Operation



Current Level and Trend of Environment Protection Performance of Yuchai Engines

Indicators & Indexes	Previous Level and Current Level					Estimated Value		Current Advanced Level	
	2012	2013	2014	2015	2016	2017	2018	Domestic	International
Reliability B10 Lifecycle (10000km)	100.00	100.00	100.00	100.00	100.00	120.00	120.00	100.00	120.00
Oil Consumption (g/(kW.h))	185.00	185.00	185.00	184.00	183.50	183.00	183.00	185.00	183.00
Average Noise Value measured from 9 directions within a radius of 1m (dB(A)), Declared Working Condition	95.00	95.00	94.00	94.00	94.00	94.00	93.00	95.00	94.00
Hazardous Particulate Matter (PM) Emission (g/(kW.h))	0.015	0.015	0.010	0.010	0.010	0.010	0.010	0.015	0.010

Achievements in Product R&D

- In 2016, batch selling of T3 series engines was realized, of which the performance was improved remarkably. Quality of the new product is stable and under control, which could maintain its market competitiveness. 6J-T3 engine made great breakthrough in the large tractor market; 4A-T3 engine realized comprehensive product matching in agricultural machinery market, and has become the No. 1 brand in China's agricultural machinery engines; 4D-T3 engine has become the first choice for power system of small equipment and air compressors; Yuchai speeded up the R&D of 4DK engine, and launched it in the rice machinery market one year in advance, which has been developed into the new benchmark for engines used in universal machineries.
- In 2016, Yuchai achieved great accomplishments in research of the leading technologies, including the successful ignition of three types of engine (4DF, 6MG and 4FF) with composite cylinder cover structure. Compared with the original models, these new products are featured with smaller weight, higher strength and power.
- In 2016, the R&D base of Yuchai designated a research and development team with abundant experience in R&D of 10 platforms of diesel engine and 9 platforms of gas engine, which keep acting as the forerunner in the industry in product R&D and technological innovation. Many independently developed new products have filled in the blanks in many fields of automobile engines made in China, and made great contribution to the industry's development.
- In 2016, the first riverboat with LNG fuel-electric propulsion in China which was developed by Yuchai Group performed its success trial voyage. The "Critical Technology of Low Noise Design in Diesel Engine and its Application" project was honored with the Second Prize of The National Science and Technology Progress Award.

Green Products

● YC6JN-60 Gas Engine

The engine adopted the mainstream international technology of "stoichiometric-burn + EGR + Three Way Conversion"; its emission could meet Euro VI standard. The continuous gas flow control system is used to realize high control accuracy of gas and ensure high-efficiency combustion and stable emission; EGR adopts "Venturi Flowmeter + Intake Oxygen Sensor" technology, which could completely satisfy the OBD requirement of Euro VI standard. The lowest gas consumption is 197 g/(kW.h), which is basically equal with advanced products made by foreign competitors. International famous products are chosen as components of control system, which is featured with high reliability. This product is suitable for normal bus (8.5m – 12m), hybrid bus, highway bus (8.5m – 9.5m) and sightseeing bus, and could meet the full range of requirements of 6x2 / 4x2 road transport vehicle and various municipal vehicles.



● YCHPS Series-Parallel Hybrid Power System

According to operation characteristics of urban bus system in China, Yuchai developed YCHPS series-parallel hybrid power system series to meet the ever-increasing requirements of customers in fuel saving ratio and smooth driving. Matched with Yuchai 4EGN-50 Euro V gas engine, this YCHPS medium-size system adopts the innovative flywheel integrated motor, which realizes a more compact coaxial arrangement of "engine + FISG motor + driving motor". Its total length is only 1600mm, and the maximum power of the engine is 125kW. Peak power of the driving motor is 150kW and its peak torque is 1800N·m. This system adopts direct motor drive, so power interruption during gear change is avoided, which could enhance the driving smoothness remarkably. This system could realize multiple operation modes, including serial, parallel and pure electric driving, and be compatible with the Plug-In external charging function. The fuel saving ratio of this system could reach 40%, so it is the first choice for power system of the new energy buses (7m -10m).



● YC6K13-50 Diesel Engine

This engine is developed from the mature product YC6K12-40 through increasing the stroke, upgrading emission and strengthening the steel piston. The capacity of this engine is increased to 12.939L from 12.15L, and its power could cover the scope of 490PS to 580PS; so this engine is featured with the highest capacity, highest horsepower and highest torque in domestic market of truck engines, which could meet the ever-increasing power requirements of Chinese heavy trucks. Designed and developed by the design team of the latest Mercedes heavy duty engines of AVL Company, this engine is integrated with the world's latest technological achievements in internal combustion engines, such as the ultra-high detonation pressure design, high-efficiency reverse cooling technology, the overhead cam and 4 air valves, modularized & integrated design and Jacobs high efficiency cylinder internal braking system. The core components of this engine are supplied by international famous manufacturers. This engine is featured with pretty good environment protection performance, which is far ahead of similar domestic products in all technical performance indicators. This engine is robust and reliable, B10 lifecycle exceeds 1.6 million km; its MTBF is over 120,000km. This product is also featured with ultra-long maintenance interval – under normal operation condition, it is not necessary to replace the belt, oil filter, diesel filter and machine oil at a mileage of 50,000km, and it is not necessary to adjust the valve clearance at a mileage of 200,000km. This product is an ideal power system for heavy traction vehicles, cargo trucks and engineering vehicles.



5.1.2 Green Supply Chain

China's economy is in a process of "cutting overcapacity, destocking, deleveraging, and improving weak links", so Yuchai performed the supplier management through annual supplier comprehensive evaluation, strict access system and resource integration, to guide the suppliers in fulfilling social responsibilities of environment protection, safety and standard compliance, etc. Together with the improvement in quality and efficiency, the overall level of suppliers could be enhanced to realize the win-win development of Yuchai and its interested parties.



Case: Debut of Yuchai's intelligent products and new energy products in ASEAN Expo

On September 11, 2016, the 13th China – ASEAN Expo which was themed with "Building the 21st Century Maritime Silk Road, Forging an Ever-closer China-ASEAN Community of Common Destiny" was held in Nanning of Guangxi. Besides the exhibition of its multiple engines and accessories, Yuchai also made the debut of its intelligent vehicle terminal – "SunEeeDP" and the pure electric van in the exposition.

Yuchai displayed its NZ5070XXYEV pure electric van, which is suitable for urban logistics transportation. Its fully charged battery could realize a mileage of 150 km with zero exhaust emission. This new product is featured with remarkable safety, reliability and economical-efficiency.



Green Technologies

● Development of Fuel Saving Technology

Combined with project development of mainstream domestic vehicle manufacturers, Yuchai carried out 19 projects for fuel saving of diesel engines (lower oil consumption), among which 6MK-50 engine focused on reduction of power loss caused by friction and accessories, as well as the electronic control parameter optimization technology. All these measures could realize an oil consumption reduction ratio of 11.1%, which surmounted the competitors' products in all aspects.





Case: Honor the Non-conflict Mineral Promise

Guangxi Yuchai Machinery Co., Ltd. strictly fulfilled the Non-conflict Mineral Promise through establishment of conflict mineral investigation team to carry out investigation upon conflict minerals. In 2016, 183 suppliers were investigated to ensure no conflict minerals were contained in the material supply of Yuchai.

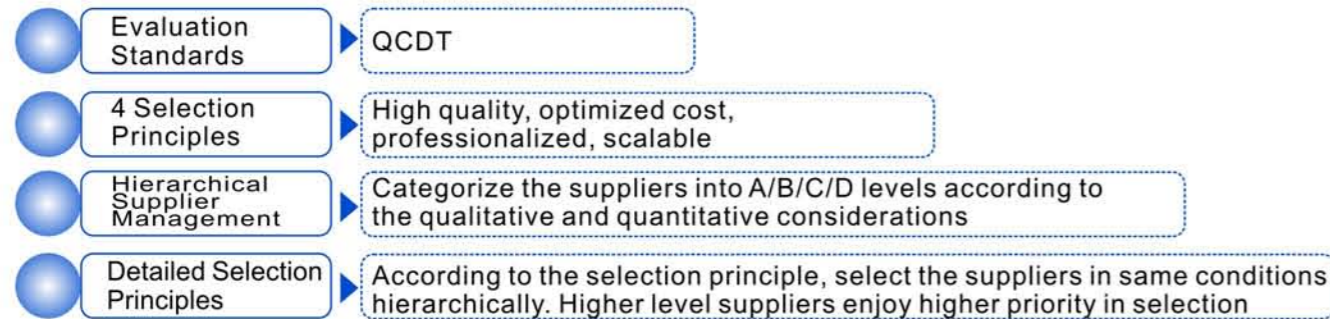
Besides, Guangxi Yuchai Machinery Co., Ltd. also concluded HSE Management Agreement with 240 accessory suppliers.

Strict Supplier Access System

By grasping the opportunity of enhancing Yuchai quality through development of Euro VI products, Guangxi Yuchai Machinery Co., Ltd. drew lessons from international advanced engine manufacturers to expand its supply source searching through establishing information database of suppliers in the industry, obtaining resources of outstanding suppliers in industry and enhancing the intensive and in-depth cooperation with brilliant suppliers in and out of China. Yuchai also compiled Supplier Access Management Regulation and Selection Regulation of Accessory Supplier to raise the supplier

access standard and gradually enhance the ratio of international advanced brand supplier and China's top 3 accessory suppliers. In 2016, Yuchai was cooperating with 78 international brands, representing a jump of 81.4% than a year earlier. To ensure the conformity of the newly-entered suppliers to Yuchai's green development requirements, Yuchai performed investigation and evaluation upon 23 potential suppliers to be developed in 2016 in 6 aspects, such as design capability, manufacture capacity and inspection capability, etc.

Evaluation Mode for Potential Supplier Access



Integrate Supplier Resources

Guangxi Yuchai Machinery Co., Ltd. sticks to the principle of "Qualified or Modified, Promotion or Elimination" for supplier management, and evaluates the comprehensive level of suppliers from four aspects of QCDT, and strictly implement the selection principle that high quality supplier enjoys high supply priority. Suppliers could realize synchronized development with Yuchai will be awarded, while suppliers with poor performance in

coordination and cooperation with Yuchai will be eliminated. In 2016, 49 suppliers were eliminated from the supplier list of Yuchai. Meanwhile, Yuchai integrated 368 orders (related to 221 kinds of materials) of materials purchased from 203 suppliers, among which 130 orders were required to suspend production for modification, 226 orders were required to limit the production for modification.

Implement Purchase Cost Control

Yuchai performed its purchase cost control through real-time material price control and joint effort to lower cost with suppliers.



Case: Work together with suppliers to lower the cost, realize cost reduction in all processes

In 2016, Yuchai worked together with suppliers to plan and implement the VA cost reduction program, including cost analysis in all processes like design, manufacture engineering, production, logistics and packing, etc. to further tap the potential in cost reduction and enhance the product competitiveness. The program achieved remarkable results and realized cost reduction of over RMB 18 million.

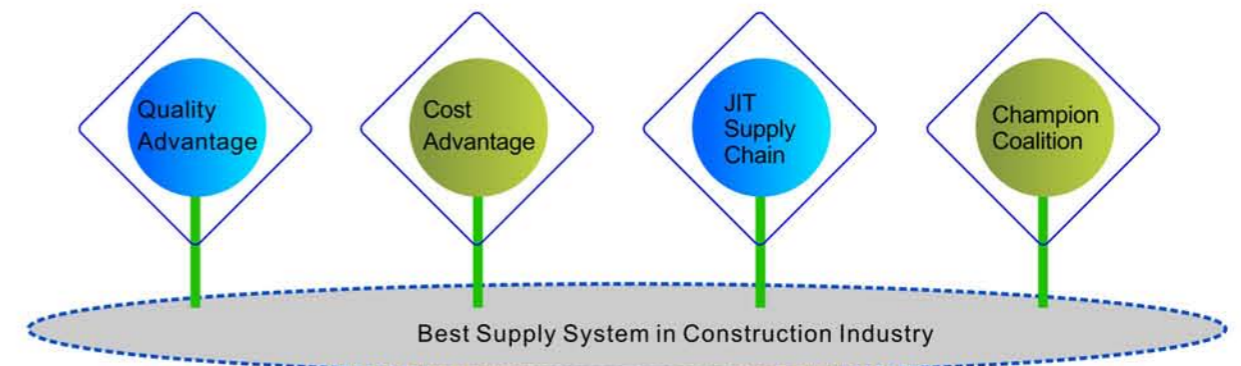
Establish Strategic Alliance with Yuchai Features

By means of Yuchai Industry Xincheng platform, assets, culture and products, Yuchai solidified the YC coalition and established the Yuchai-featured strategic alliance through multiple forms like joint investment, cooperation, joint-stock, stock controlling, cultural connotation and special product line construction, etc. Now 12 enterprises like Yinlun Co., Ltd. has been

introduced to the Industry Xincheng, which have established 22 Yuchai special product lines, such as pistons and oil coolers, etc. Besides, Yuchai also held various cultural and technological communication activities together with the suppliers, such as the interim supplier council and Yuchai-Bosch Summit Forum, etc.

Case: Work together to build Yuchai Euro VI strategic resource system

In 2016, during the development of Euro VI products, Yuchai stuck to the "One Team" concept, i.e. establish a team with suppliers to perform co-design and co-development according to the projects, so that the project can be accomplished once for all. Yuchai's open attitude allows suppliers to participate in matching confirmation and leading technology research and to share development resources and application fruits. Yuchai stuck to the principle that the developer should benefit from the development fruits to protect the interest of suppliers and encourage suppliers to increase investment in R&D and perform independent innovation to realize breakthrough in new materials and new technologies.





"Green Development & Harmony Win-Win" is the core value of Yuchai Group. Yuchai has always been sticking to the green industry development. By actively undertaking the responsibility of providing highly cost-efficient green power systems and green machines, Yuchai displayed its health and environment friendly image and realized the sustainable and healthy development.

As a loyal supplier and strategic cooperator of Yuchai Group, ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd. will support and serve Yuchai Group as always, and make every effort to assist Yuchai in new product R&D and shortening the product development period through closely integrating the latest R&D achievements with new product of Yuchai, and providing Yuchai with the optimum solutions. By adhering to the concept of "Innovation, Cooperation and Win-Win", we will create a splendid future together with Yuchai Group.

by Mr. Wu Yingxue, General Manager of ASIMCO Shuanghuan Piston Ring (Yizheng) Co., Ltd.



With the core value "Green Development & Harmony Win-Win", Yuchai is deepening the joint investment and cooperation with cooperators in and out of China. Through optimization of industrial structure, enhancement of core competitiveness and promotion of the safe, healthy and sustained development of "3 Industrial Sectors and 3 Service Platforms", Yuchai is completing its globalization layout. As a strategic cooperator, Yangzhou Wutingqiao Cylinder Liner Co., Ltd. will innovate the management and enhance the quality of employees on the basis of market economy strategic system of Yuchai as well as progress of science and technology, to form the new advantages and new layout in market competition centered with technology, brand, quality and service. As an old Chinese saying which goes like this, a fine horse dashes without a horse whip; we will work hard to make partners' and the public's trust more valuable.

by Mr. Zhou Guoping, Chairman of Yangzhou Wutingqiao Cylinder Liner Co., Ltd.



As a core strategic partner of Yuchai Group, ASIMCO Meilian braking systems (Langfang) co., Ltd. will closely follow the pace of Yuchai Group, keep creating value for customers with unceasing technological innovations and provide the customers with better services. It is our unshakable responsibility to make partners' and the public's trust more valuable, enter the great international economic circulation more quickly, enhance international competitiveness and develop ourselves into a high-end national brand.

by Mr. He Jianjun, General Manager of ASIMCO Meilian Braking Systems (Langfang) co., Ltd.

5.1.3 Green Manufacturing

Green Materials

• Usage of Sustainable Materials

By actively undertaking the responsibility of environment protection, Yuchai performs green casting with scrap iron, scrap steel and reclaimed sand. In 2016, through reduction of resin addition, the usage ratio of reclaimed sand was raised to 90%, representing a jump of 10% from a year earlier. Yuchai realized waste sand discharge reduction of 85,300 ton. Now the usage ratio of scrap steel and foundry return is 100%.



Smelt the iron materials like foundry returns with electric furnace for reutilization.

• Comprehensive Optimization of Environmental-friendly Ingredients of Lubricants

Guangxi Nanning Yuchai PETRONAS Lube Co. Ltd. is working hard to fulfill its social responsibilities by adopting environmental-friendly ingredients with low content of sulfated ash, sulfur and phosphorous, which could reduce friction and enhance the shearing stability through optimized antiwear agents and viscosity. Hanhu enhanced composite diesel engine oil was developed which could realize a long oil change interval (4-5 times of the original value) to enhance the lifecycle and environment compatibility of oil products, so that environment protection can be realized.



Hanhu enhanced composite diesel engine oil

Green Manufacture Engineering

In 2016, Yuchai vigorously promoted the "digitalization, intellectualization" construction, and won 18 state-level awards in technological innovation. Yuchai established the first digital casting workshop in the industry and the national key laboratory "Yuchai Rapid Manufacture Base" together with China Academy of Machinery Science & Technology; the project

accomplished during the cooperation was honored with Grand Prize of China Mechanical Industry Science and Technology Progress Award of (2016) and Grand Prize of 2016 China Machinery Manufacturing Technology Scientific and Technological Achievements Award, which was the first grand prize in the industry and in Guangxi.

• The National Intelligent Manufacture Project Passed the Acceptance Inspection



Co-developed by China Academy of Machinery Science & Technology and Yuchai Group, the special project for development of national intelligent manufacture equipment - "Digital Casting Workshop of Cylinder Head for Medium / Heavy Engines (annual output: 600,000 sets)" passed the national acceptance inspection. This project obtained 2 invention patents and 15 utility model patents. This project successfully solved 3 critical core technology problems, i.e. solution of low digitalized casting line through digitalization in manufacture engineering processes and equipment; solution of low informatization problem through development of logistics tracking system and production decision-making system; solution of high scrapping rate problem through critical process inspection and product quality tracing. This project is exerting exemplary role in the casting industry.



Case: Application of digital containerless casting molding and 3D printing technology

In 2016, Yuchai Rapid Manufacture Base adopted the digital containerless casting molding and 3D printing technology. The new technologies realized a reduction for development cost of each engine mold of over RMB 1 million, and shortened the production period for over 60%, which enhanced the productivity and rapid market response capability remarkably.



Case: Initiation of SAP project group for intelligent manufacture

On July 29, 2016, Yuchai initiated the intelligent manufacture SAP group project by comprehensively upgrading the SAP-ERP system with an investment of RMB 120 million. The project group covered several sectors like group management, upstream and downstream coordination, intelligent production and intelligent service, etc., which will be completed in 2018, then the sustainable operation system and rapid promotion & replication capability of Yuchai will be established to enhance the manufacture consistency.

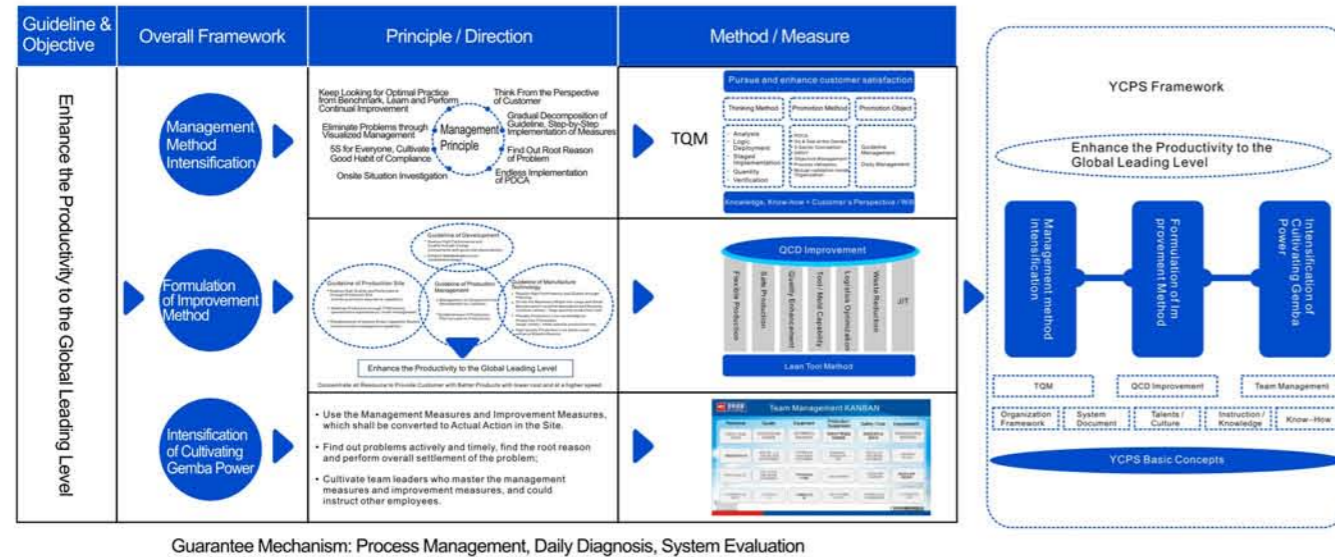


Lean Production

In 2016, by drawing support from external experts, Yuchai strengthened the top level design of lean management through performing the lean management items like JIT, TQM and QFD, and preliminarily established Yuchai Lean Production System (YCPS) and Yuchai Lean

Operation System (YCOS). Profit generated from lean management within 2016 exceeded RMB 40 million. YCPS stands for Yuchai lean production system, which targets at enhancing the productivity of Yuchai to the global leading level.

• YCPS System Relationship Chart



In 2016, Yuchai deepened the construction of YCPS system, and gained certain achievements in process

optimization, onsite problem solution, case solidification, cost reduction and lean culture construction.

Highlight 1: System evaluation standard for 10 sectors were established; 4 evaluations were performed and found 1166 weak points, among which 1025 were corrected. Evaluation result of overall YCPS system was 71.75 points, representing a jump of 22% from a year earlier.

Highlight 2: 2090 hours were spent in 2016 for onsite diagnosis and instruction. Altogether 278 problems brought forth by factories were received, 275 of which were solved. 16 test zone projects were established, 182 instructions in test zone were implemented. 1948 lean improvement cases were implemented; promotion of 442 cases were finished; 220 Know-How were evaluated and adopted; theoretic cost reduction by various lean projects exceeded RMB 40 million.

Highlight 3: 7 new lean instructions were added, 29 trainings were carried out, and the total training duration was 2800 class hours. 445 lean talents were cultivated, which effectively ensured the implementation of YCPS methods, and provided software support for further promotion of lean QCD improvement in future.

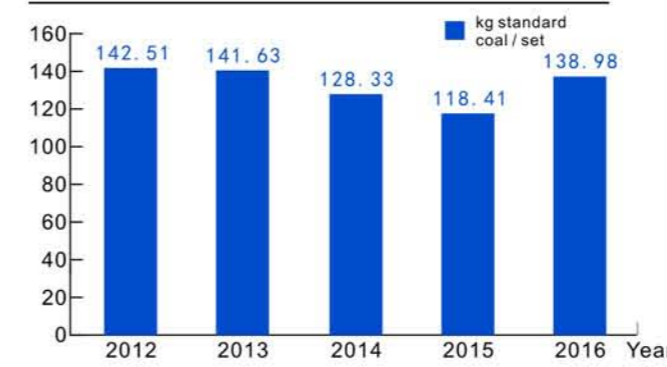
Green Energy

• Energy Consumption Disclosure

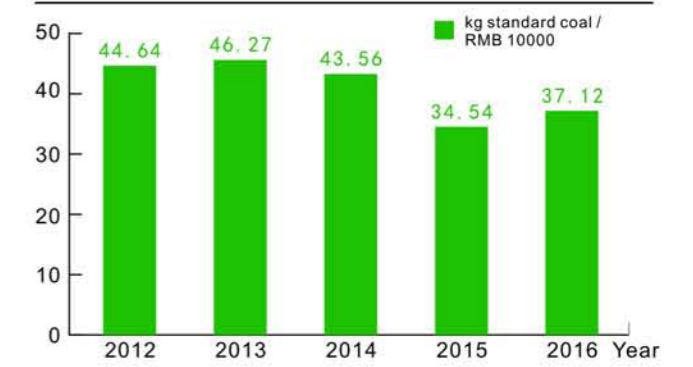
In 2016, due to 2 newly-added powder coating lines, batch production in No. 3 casting workshop, usage of the gas generator workshop within the whole year and 7.4% increase of casting part output compared to 2015, the power consumption of unit product was increased for 17.3% compared to 2015, the power consumption of RMB

10,000 output was increased for 7.47% compared to 2015; however the power consumption of 1 ton of casting part was decreased for 5.53% compared to 2015, and water consumption for each set of engine was decreased for 3.8% compared to 2015.

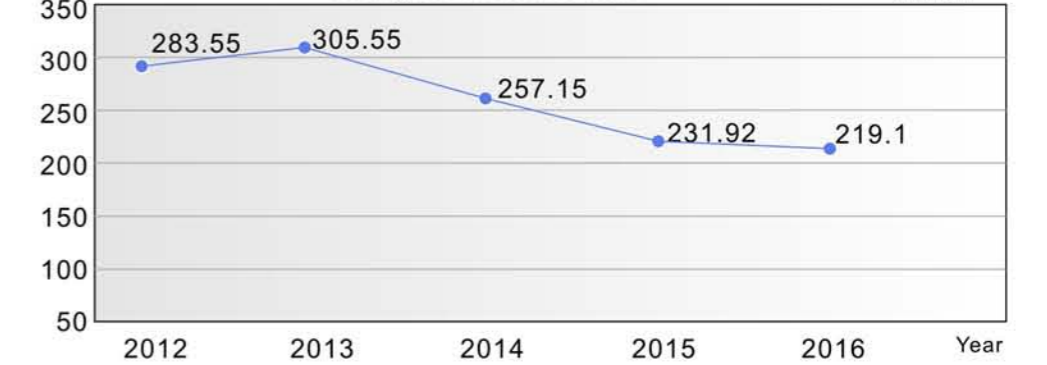
Comprehensive Power Consumption of Unit Product in Recent 5 Years



Power Consumption of RMB 10,000 Output in Recent 5 Years



Power Consumption of 1 ton of Casting Part in Recent 5 Years



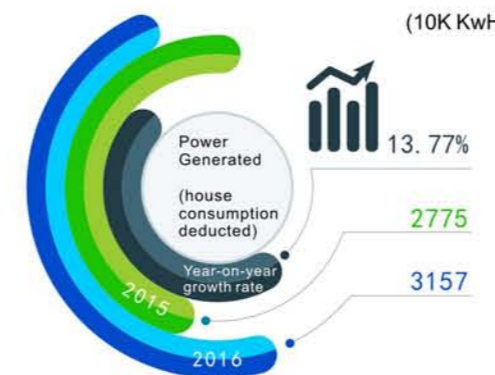
Usage of water / electricity / coal in recent 5 Years

	2012	2013	2014	2015	2016
Water (m ³ / set)	3.55	3.19	2.98	2.13	2.05
Electricity (kWh / set)	556.46	647.97	638.16	484.65	586.86
Coal (kg / set)	23.62	19.14	0.00	0.00	0.00

• PV Clean Energy

In 2016, after service initiation of Phase I and Phase II PV power generating project, Yuchai Group kept expanding the business in PV power generating field by initiating the construction of the first complementary agriculture & solar photovoltaic power generation project in Guangxi.

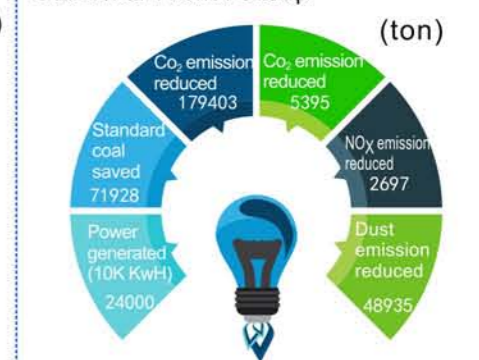
Yuchai Group PV Power Generation Project Phase I and II in Recent 2 Years



Annual Emission Reduction in Phase I and II of Yuchai Group PV Power Generation



Annual Emission Reduction of the to-be Completed Farming-PV Supplemented PV Power Station of Yuchai Group



Energy Management

In 2016, by developing a three-level energy management network, Guangxi Yuchai Machinery Co., Ltd. set up a special energy management team for the work on cutting energy consumption. With the second phase of networked energy supervision being put into use, Yuchai has basically completed network for energy calculation on

• Energy Conservation and Cost Reduction

Through 11 innovative management programs including major repair management, tackling problems in old wire lines and applying online energy monitor system, Yuchai Machinery has saved much cost, which, combined with national awards, added up to over RMB 12 million and

• Electricity Conservation

Yuchai Machinery adjusted 320 high energy consumption electric machines to save 420 thousand Kwh annually; it controlled the maximum demand of transformer stations and reduced RMB 1.428 million in

the first and second level and energy calculation of main energy-consuming facilities, which can be employed in energy consumption analysis and thus improve economic effectiveness by optimizing energy use on the basis of assessment on energy consumption.

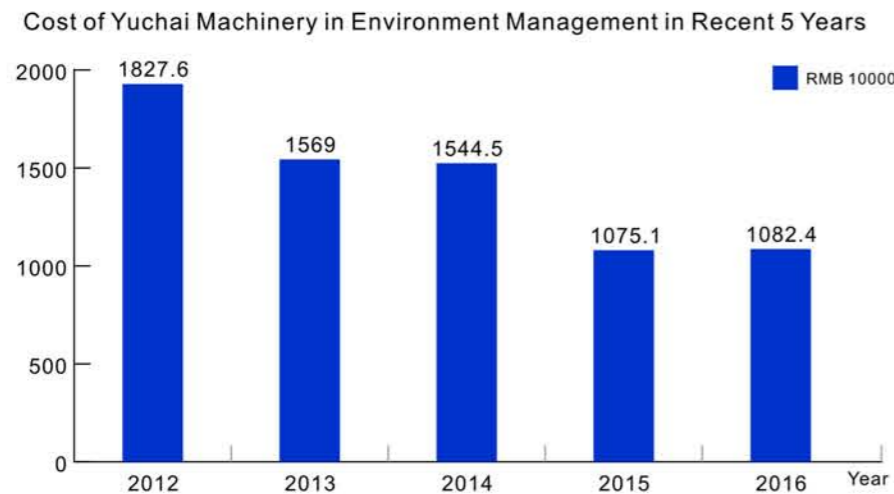
cut the down time of equipment by 20%. Meanwhile, innovation in tool management system has cut stock amount by 35.4% compared with the previous year(based on the company's stock calculation formula).

basic power cost; it also performed information management on electricity to improve the recovery of electricity, with the general annual recovery hitting 99.37%.

environment management, recycling and controlling waste air, waste water and solid waste, harmless treatment of hazardous waste and improvement in production environment, to guarantee the living condition of stakeholders. No pollution incident was spotted all around the year.

Green Environment

Guangxi Yuchai Machinery Co., Ltd., as a core subsidiary of Yuchai Group, enhances its awareness and ability on operating under laws and strengthens its responsibility in environment protection by studying laws and regulations concerning environment conservation. At the same time, efforts are being made in investing in



Recycling of Waste Materials by Yuchai Machinery in 2016

Category	unit	amount	Recovery Rate
Waste Water Recycling	ton	252648	32.16%
Used Oil Recycling	ton	178.23	100%
Used Sand Renewal And Recycling	ton	85328	90%
Recirculated Iron Recycling	ton	25929	100%
Steel Scrap Recycling	ton	76304	100%

• Sewage Treatment

In 2016, Yuchai invested RMB 5 million to build an advanced waste water treatment system, lifting waste water discharging standard from level two to level one, bringing an working solution to the over-standard emission of ammonia nitrogen and chemical oxygen demand in high concentration waste cutting fluid. The project works with a

technology of "A/O" waste water treatment, capable of processing 4800 m³. The water discharged after treatment is of much higher quality than the first level standard of national comprehensive discharging standards for waste water.

• Dust Treatment

In 2016, Yuchai Machinery invested RMB 3.32 million to purchase a dedusting system and an oil mist treating system for the dust and oil mist in machine work, which effectively improved working environment and protected physical health of employees. The capacity of dust and waste air processing reaches 899.8 million m³ and gas emission after treatment meets national standards.



Cast Dedusting System



Oil Mist Treating System In Machine Work

• Deepening the Green Project

The foundry department of Yuchai Machinery carried out the green project on the aspects of technology and innovation to realize the goal where one can find "no dirt in corners, no raising dust in production, little dust in shaping, little soot in melting and little sand in cleaning", thus raising the rate of qualified dust discharge by 5% year-on-year and the pass rate for high temperature and noise by 15%. The length of pipeline in which dust cleaning has been done over 75 workdays adds up to 1020 meters. Works have been done to remove rust and make anti-corrosion renovation for the 101 outdoor gas tanks. The 16 triethylamine systems have also been cleaned in the pipes and fluid storage box, where 1850 Kg phosphoric acid was replaced. Due to its fruitful efforts in green project, the foundry department of Yuchai Machinery was granted the title of "China Model Enterprise in Green Foundry" by China Foundry Association.



• Intelligent Noise Reduction

In 2016, RMB 200 thousand was invested in reducing noise from the fundamental roots of technology. Vacuum dehumidification equipment is used instead of air compressing dehumidification in the fifth workshop of the

foundry department of Yuchai Machinery, reducing working noise to 82 db, below national limit of 85 db. Intelligent manufacturing is employed to replaces manual work, which protects the mental and physical health of the staff.

• Harmless Disposal of Hazardous Waste

In 2016, Yuchai Machinery entrusted a third party with qualification in environment conservation to take harmless treatment for 206.72 tons of hazardous wastes including waste oil, paint scrap, oil-containing waste.

5.1.4 Green Marketing

Guarantee Product Certification and Sell Green Products

Yuchai Machinery upgraded and certified the full T3, Euro IV and V engine series in their emission, and all the engines have been released into market. Euro VI program was officially launched, with the full series being developed. Clean diesel products in development include

YC6J Beijing V, YC6LBeijing V, YC6L Euro VI, YC6JN Euro VI and YC6MK Euro VI. Euro V was chosen by over 85% of mainstream bus producers in China and the market share of Yuchai hybrid power bus reaches 71.1%.

Machine Type Certification, Emission Certification and New Products Release 2016					
Machine Type Certification (Model)		Discharge Certification (Item)		New Products Released (Model)	
E-MARK Certification	19	Euro IV	675	Euro VI	1
CCS/ZC/CCNR2/ZY	73	Euro V	835	Hybrid power system	1
Thailand Certification	9	Non-road T3	2387	Euro V	2
Vietnam Certification	21			Non-road T3	146
S3A Certification	7				
Total certification	129		3897		150

Anti-counterfeit Efforts

Always taking clients' demand and expectation as the priority, Yuchai Group identifies fake and inferior products in market, detains fake and infringing products and crack down on fake products workshops to purify the marketplace. Yuchai brand is certified by State

Administration for Industry and Commerce of China as a China famous brand, for which reason, Yuchai is beginning to launch an anti-counterfeit campaign with the case register action and guidance of industrial and commercial authorities to further secure the legal rights of consumers.



Case: Yuchai-Petronas Lube's anti-counterfeit actions :

In 2016, Yuchai-Petronas Lube took a joint anti-counterfeit action with various powers and law-enforcing department to crack down on 31 fake product workshops and 25 stores. According to incomplete statistics, this action identified 231,168 liter fake oil, with criminal and administration case adding up to 65 and an annual case value of RMB 4.6 odd million.

Strict Control over Product Quality

Yuchai builds a product liability management system with a RG growth technique, whose presence is universal in product planning, design & manufacturing, client utilization and other stages of a product cycle. Measures are taken to promote quality which in turn enhances management, to ensure the liability of products and to safeguard the health and safety of consumers. The pass

rate of the products in national spot check and of those delivered to relevant authorities for inspection are both 100%. The average noise and maximum power per liter, the key indicators of product quality, are at the top level in domestic industry. B₁₀ durability in 6L machines has reached 1.5 million km, waste rate in foundry being controlled at 1.67%, an advanced level worldwide.

Quality Control and Guarantee System

Based on ISO/TS16949, ISO9001, GJB9001B and other quality management systems standards, and requirements in CNCA-V01-029:2003 Enforcement Regulation for Spare Parts Voluntary Certification-Vehicle

Engine Products as well as requirements in conformity of environment protection and production, Yuchai set up its own quality management system and keeps it working effectively.

Yuchai performs periodic improvement of quality PDCA in a systematic manner by building a logic relation diagram of quality management documents, setting up an early warning system for information of accessories quality, revising the early warning system for complete machine production, performing QMS internal and external quality management and developing an internal quality fault information table. Yuchai exerts strict control over product quality by taking various measures, including setting up a complete process quality

precaution and early warning system, setting a process quality threshold, introducing anti-overflow measures, performing procedure quality check, building a all-staff supervision mechanism, process technology surveillance, handling procedure for process quality problems, a surveillance management system for major technical quality problems and quality assessment focused closely by customers. By taking the measures, we are to provide the clients with high quality, secure and environmentally friendly products.

Quality Policy: Being Professional, Being Lean, Innovation, Cutting-edge

- **Being Professional**
Client-oriented, market segmented, products segmented, the most competitive products and services to be released the first time
- **Being Lean**
Lean operation dedicated to improving the whole value chain and making a brand with excellent power
- **Innovation**
Learning from others strength to realize consistent improvement; working with effective coordination to remain ever vigorous
- **Cutting-edge**
High standard, high starting point, industrial benchmark, international Yuchai



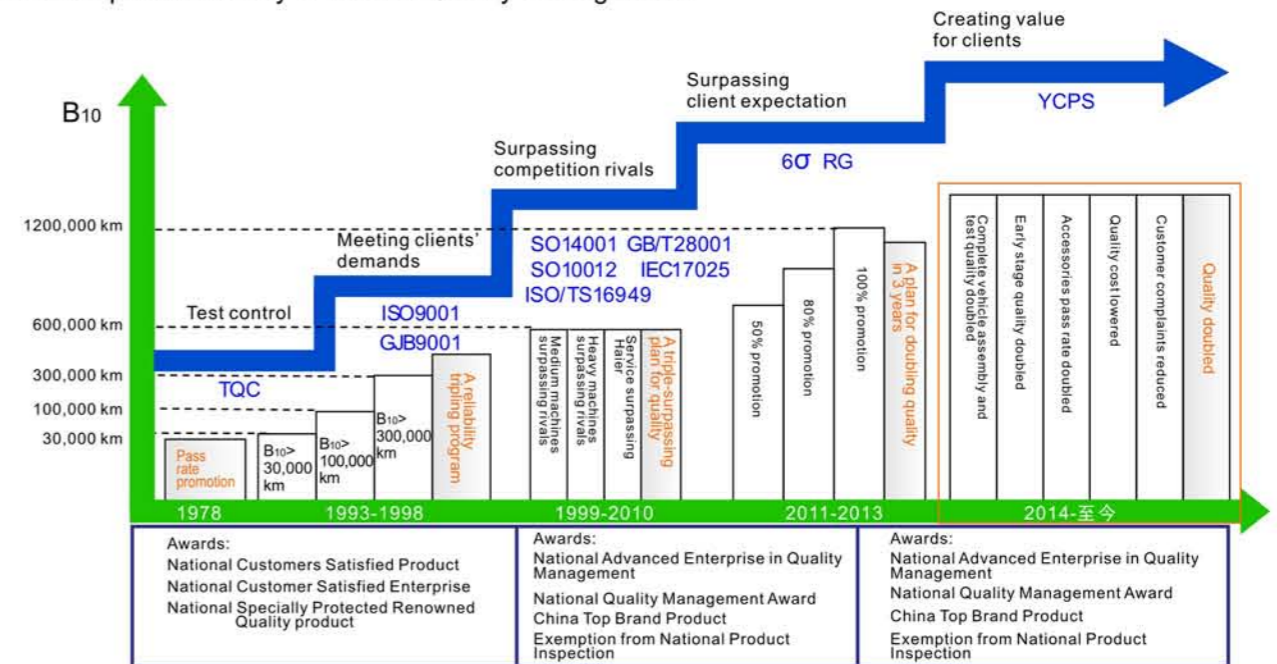
Quality Concepts: Zero deficit, zero tolerance

Do it well at the first attempt; accept, generate and transit no deficit.

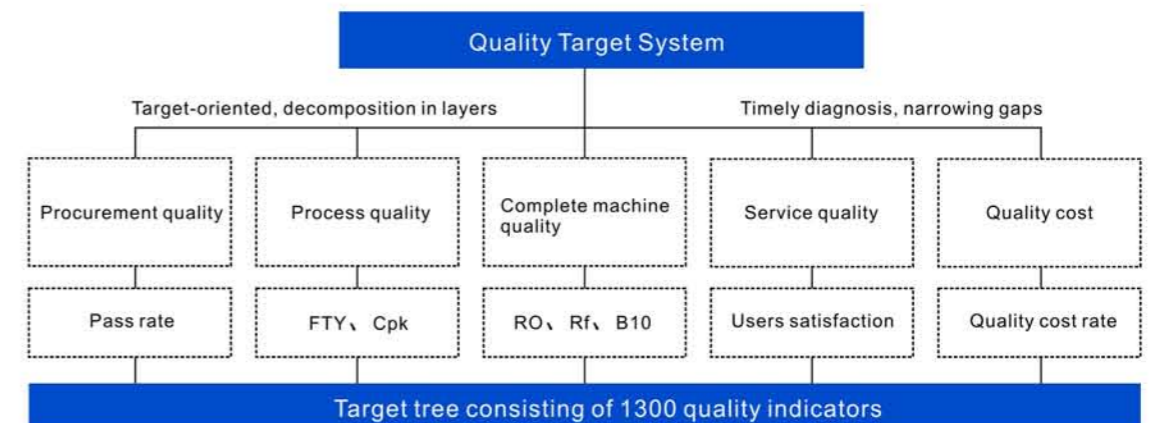
Identify the reasons, divide responsibilities, find solutions, revise indicators, carry out assessment

Criteria for quality works

Development History of Yuchai Quality Management



Yuchai Quality Target System



● Building Test and Inspection Capabilities

18 calculating norms and 44 material test norms have been set up. Tests and measurements are made in length, heat, power and electricity, which win us the AAAA Certification for Measurement Management System. We are equipped with 272 imported test machines and 459 home-made.



For years, Yuchai has been adhering to the core value of "green development, harmonious win-win outcome", taking it as its own mission to provide cost-effective green power, with fine social reputation and public integrity. As a long term strategic cooperation partner of Xiamen Golden Dragon, Yuchai strongly supports King Long in product R&D, supporting products developing, production supply, product quality and pre-sales and post-sales service. It is hoped that Yuchai and Golden Dragon will consistently cement the base for cooperation make the best of the advantages of the two parties and create a bright future with joint efforts.



—Peng Dongqing, Deputy General Manager of Xiamen Golden Dragon Bus Co., Ltd.



As the most competitive specialized engine producer in China, Yuchai adhere to the core value of "green development, harmonious win-win outcome" and supports the mechanization of Chinese agriculture with environmental, reliable and efficient professional power. Gimig has been cooperating with Yuchai for a long time. Over the years, Yuchai has been supplying Gimig with technologically advanced quality diesel engines, with which our Gimig agricultural machines are reliable in quality, efficient and durable, winning good fame among users. In the years to come, both sides will deepen our cooperation and make joint efforts to produce more intelligent and reliable specialized agricultural equipment for the mechanization of China's agriculture.

—Cui Shoubo, General Manager of Shangdong Gimig Machinery Co., Ltd.



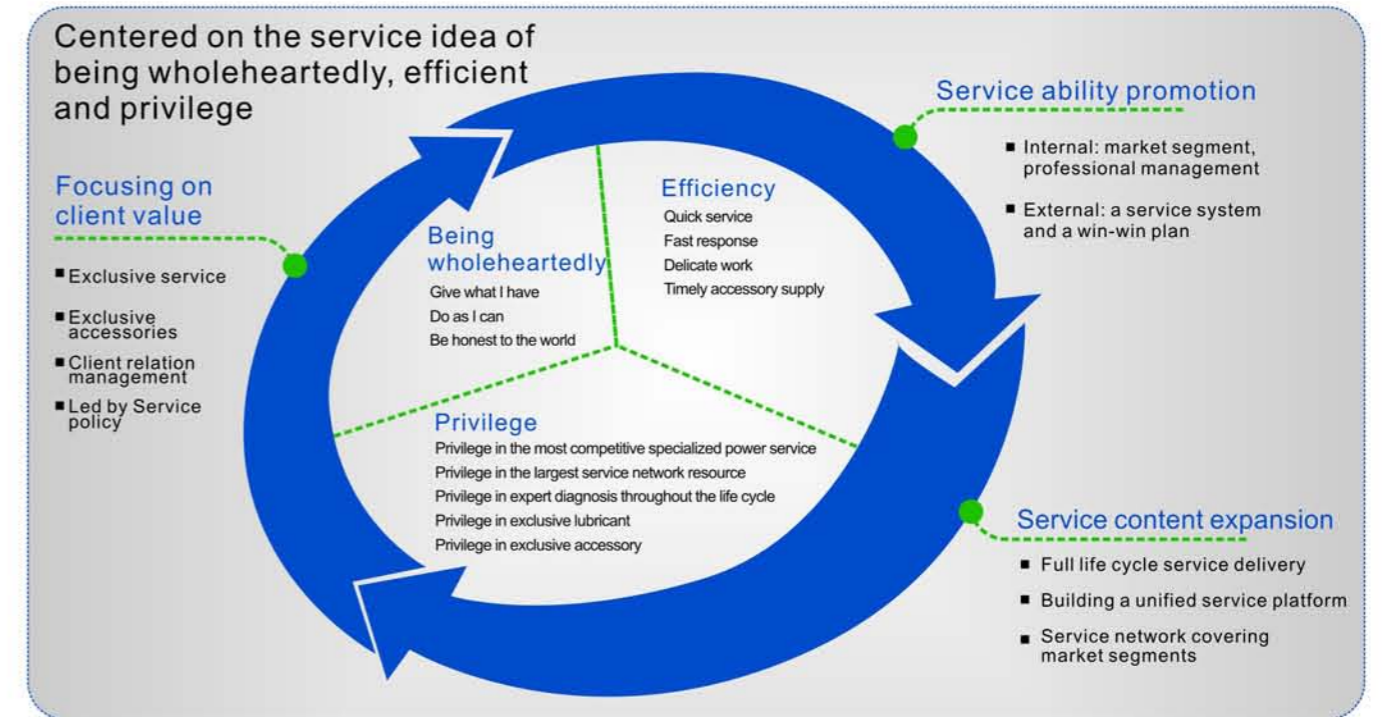
Yuchai adheres to the core value of "green development, harmonious win-win outcome", and has always been dedicated to green industrial development. It takes it as its own mission to provide cost-effective green power, and aims at "becoming a world famous brand and a large multinational" and setting up an model in assuming social responsibility. It is honored by fine social reputation and public integrity.

As a quality cooperation partner of JAC, Yuchai has been providing the models of JAC with supporting services. Its advanced technologies are energy conservative, efficient and environmental and its services specialized, comprehensive and fast delivered, which backs the customer-respecting operation of JAC in the long run. In the future, JAC and Yuchai will strengthen our cooperation ties to strive for the "Chinese Dream" of a car maker and make one and another splendid achievement.

—Xiang Xingchu, General Manager of Anhui Jianghuai Auto Co., Ltd.

5.1.5 Green Services

Service Brand



Leading Position in Service Network Segment

In 2016, Yuchai was strict in service network planning and realized resource integration for existing service network. Yuchai has set up 33 vehicle engine affairs offices, 20 general engine service departments and 10 regions for ship and electric affairs. There are over 2700 service stations and over 5000 outlets for

accessories and oil, among which are 423 core service stations, covering 85% prefecture-level cities. Electronic control for vehicle engine Euro IV and Euro V covers 92.1% of prefecture-level cities and non-road electronic control 93.5%.

Domestic Marketing Service Network

■ Core service stations:

423 stations/full service/ 100% electronic control
85% prefecture-level cities coverage

■ Buses

Prefecture-level cities coverage: 99%
Share of Euro IV and Euro V: 92%

■ Trucks

Prefecture-level cities coverage: 94%
Share of Euro IV and Euro V: 89.4%

■ Engineering machinery

Network coverage: 97%
Share of electronic control stations: 67%

■ Agriculture equipment

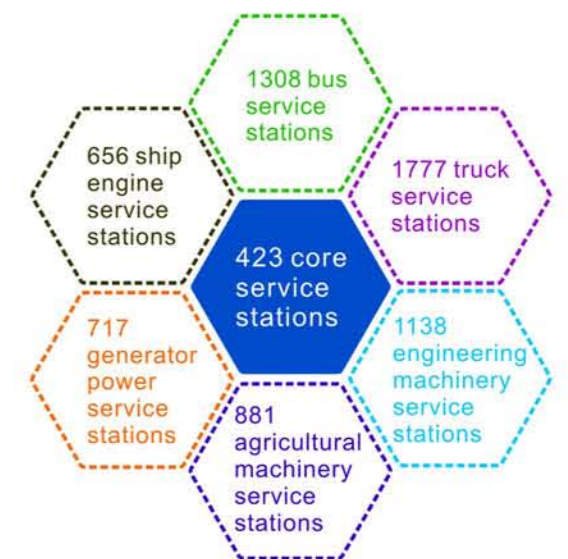
Network coverage: 95%
Share of electronic control stations: 87%

■ Generator power

Network coverage: 90.5%
Share of electronic control stations: 91.6%

■ Ship engines

River and sea beach area coverage: 98.5%
Share of electronic control stations: 92.5%



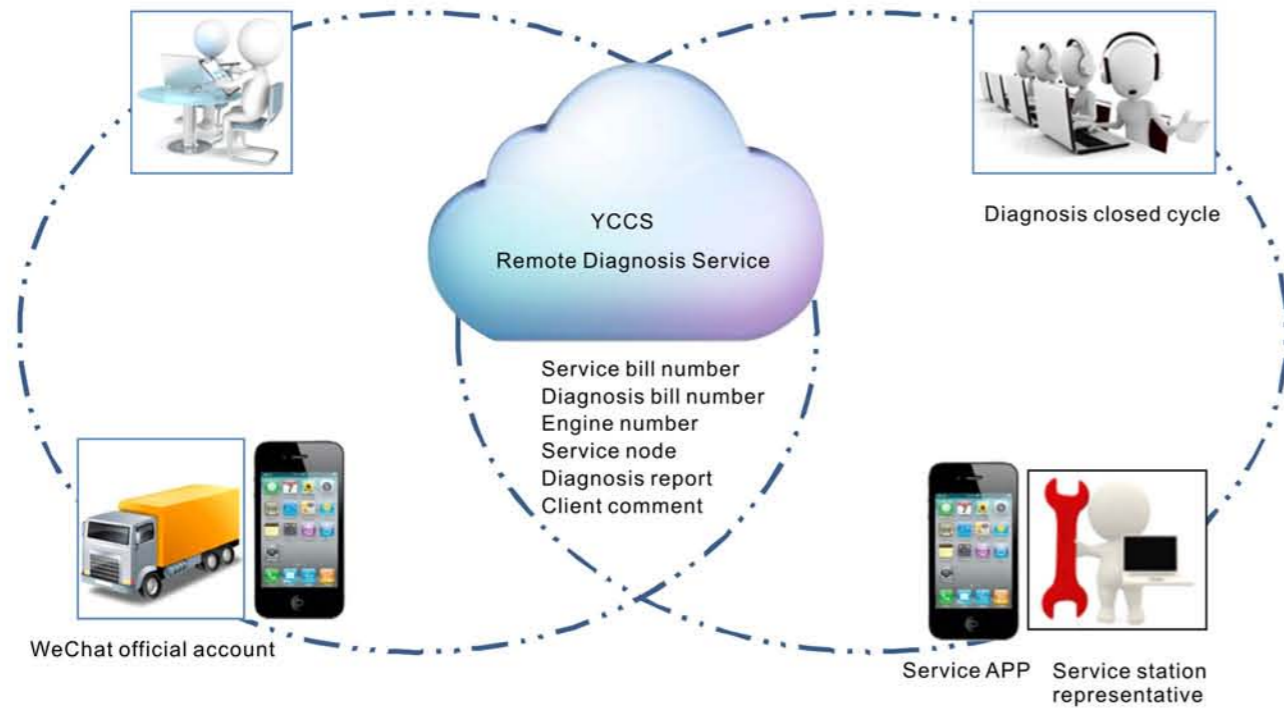
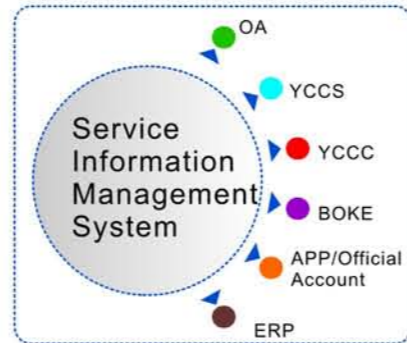
Overseas Marketing Service Network

Yuchai has 15 overseas offices, one region for ship and electric affairs, 128 service agents in 39 countries and regions. Southeast Asia has prominent advantages in supporting overseas clients with wholehearted, efficient and privileged services.



Service Information Management System

- OA, ERP system for efficient, quick handling of official affairs and resource sharing
- YCCS information system—a service information platform for product service, service promotion and quick service.
- YCCS calling system running 24 hours a day for service quality monitoring and client relation management
- BOKE accessory system—national unified network for real time stock check and resource sharing
- Accessory e-commerce platform for accessory online search, purchase and payment
- Yuchai Machinery WeChat official account for online query of client service resource, online service quest, service experience and online service commenting
- Yuchai Service APP for mobile Internet-based service system, complete control over service process and keeping promises to clients
- Domestic unified service hot line 95098 available 24 hours a day for clients' service requests, complaints and consultancy
- Yuchai stationed WIFI—free access to Internet for latest Yuchai development



Yuchai launched its "WeChat+" service platform in an all-round manner for more convenient and thoughtful service for clients and thus kept its industrial leading advantages in service. It complies with the trend of industrial information age, fundamentally renovates

service modes and channels, and integrates its service with mobile internet application by developing its WeChat official account and APP, making Yuchai service "within a finger tap".



Case: building a service alliance, developing operational service bodies

In 2016, Yuchai optimized and adjusted alliance regions and central stations in alliance regions and finally confirmed 23 accessory service alliances and 59 oil service alliances, which have been playing positive role in regional service dispatching coordination, technical support and accessory sharing. Henan alliance registered a regional joint-stock company running in chain stores.

Continuous Strengthening of Service Training

Yuchai introduces training programs on key areas to promote the ability of worker in service the sector. In 2016, Yuchai's training programs included 12 programs for Euro VI and Euro V covering 358 workers in 330 class hours; 56 training programs for general machine business covering 2147 workers; 11 for Euro III techniques covering 371 workers in 330 class hours. Among the trainees were

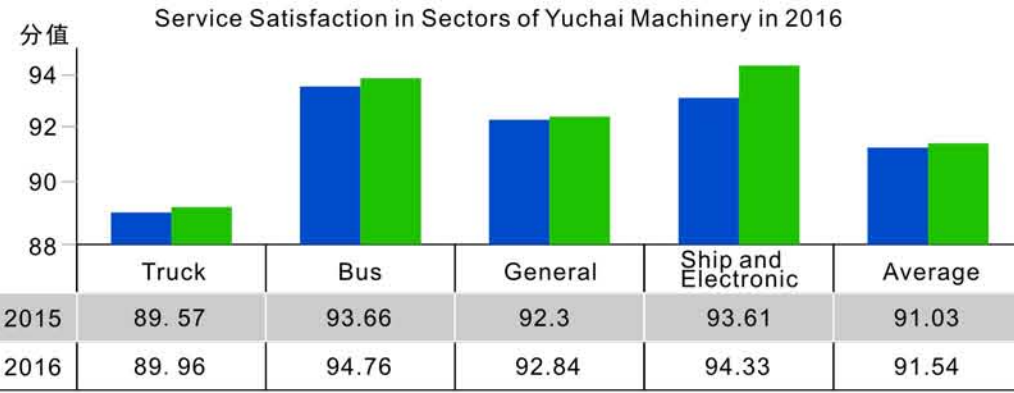
workers, identifiers, dealers, machine producers and users. The training programs covered qualification of newly set stations, data writing, medium techniques, ship and electronic service techniques, overseas service techniques, Euro III techniques, Euro VI techniques and Euro V techniques.

Consistent Promotion of Clients' Satisfaction

Strictly adhering to the working guideline of "promoting clients satisfactory by controlled business, driving system win-win outcome by transforming operation and escorting product transformation by segment upgrade", Yuchai regards promotion of marketing service ability as its core work. Yuchai makes

efforts to further optimize and perfect its service network, to carry forward the post-market building and management of engines, to advance the mobile connection of Yuchai service system and to boost service management revolution with active efforts.

Service Performance				
Contents	Measurement	2015	2016	Year-on-year Growth
Service Satisfaction (Internal)	%	91.03	91.54	0.56%
Complaint Rate	%	1.25	1.07	-14.4%
Urgent Incidents	%	1.50	1.48	-13.3%
Service Hotline (incoming)	条	242506	256545	5.78%



Recycling and Remanufacturing

Remanufacturing is a sustainable development technology, which is an important component of advanced manufacturing technology and suggests the direction of such technology development. Yuchai Remanufacturing Services (Suzhou) Co., Ltd., or YRC is dedicated to creating a benchmark enterprise in engine remanufacturing industry. With the development over the past five years, YRC has become an enterprise with scale, specialization, standard and recycling

production in the field of engine remanufacturing. The total sales in 2016 of remanufacturing recycling economy reached RMB 145 million. With the application of remanufacturing technology, YRC provides the engine market with quality and highly reliable products in the continuous remanufacturing process, where used machine production rate is 273%, remanufacturing cost controlled within 25%, making an important pillar for the development of recycling economy.

5.2 Green Office

In 2016, Yuchai Group promoted green office with various efforts including exerting strict control over fixed office assets investment cost, strengthening control over rent, selling extra vehicles, rating the most excellent green

offices and the most excellent green teams, launching a gas-conserving campaign for service cars and introducing 5S management in offices. The office cost saved in the whole year reached RMB 4,032,500.



Details of Yuchai Green Office Achievements in 2016		
No.	Item	Cost Saved (RMB 10000)
1	Office supplies	34.7
2	Office water	69.74
3	Service cars	73.87
4	Fixed office assets	224.94
	Total amount	403.25

6.1 Protect Rights of Staff

6.2 Harmonize Labor Relation

6.3 Introduce EAP Actively

6.4 Strengthen Honesty and Honest Responsibility

Green Humanity



Green Humanity

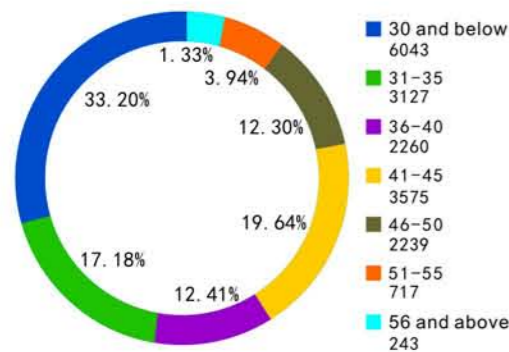
6.1 Protect the Rights of Staff

Yuchai Group respects and maintains the international conventions on human rights and standards on laboring and strictly carries out regulations in the Labor Contract Law of the People's Republic of China. It treats with equality and fair workers of all nationalities, with different citizenship, of different gender, age and religious belief. Efforts have been made to eliminate discrimination

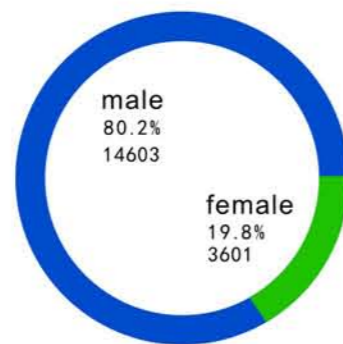
in employment and occupations and to help the disadvantaged group.

By the end of 2016, Yuchai Group had a staff of 18,204, among whom females accounted for 19.8%, staff under the age of 40 took a share of 62.8% and 7.4% were of minor nationalities(the rate in the 6th national census was 8.49%), no employment discrimination spotted.

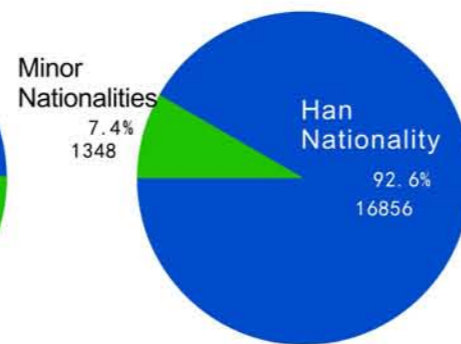
Staff Age Structure



Male to female ratio in staff



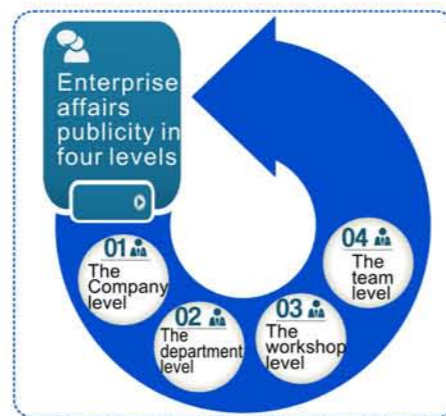
Nationalities in staff



Strengthening Supervision over Staff Rights

Yuchai Group keeps a system of staff congress, by which major issued will be discussed and decided. Major operational decisions are made public, transparent through staff congress and transparent management, which ensures the rights of the staff to be informed, to be

involved and to supervise. In 2016, Yuchai Group stuck to the practice of transparent management and had 4 supervision checks on personnel and salary and welfare, guaranteeing the real interest of the staff.



Open up Channels for Staff Rights Feedback

The staff of Yuchai Group can always find a way to make themselves heard. The feedback can be made through the Party, the Trade Union, the Youth League and the Women's Federation, a system covering the whole group.

Ways for feedback: Staff congress, staff earnest talk, staff team deliberation system, staff congress proposal collection, enterprise affair publicity, negotiating meeting on collective contract, reasonable advice, president's email box, email of discipline inspection commission, clean Yuchai WeChat official account, OA email and hot line.

- A System of Staff Representative Deliberation**
Staff representative groups are organized to deliberate five major issues including the system of comprehensive calculation of working hours, regulation on staff leave management and democratic recommendation of the Group's labor models and women pace setters.
- Democratic Talk System**
232 problems have been solved concerning staff benefit in production, quality, safety, skill, training, labor protection, welfare and environment.
- Proposal Collection System**
The Trade Union of Yuchai Group gives notice on proposal collection on the issue of enterprise operation and production and staff caring a month ahead of the staff congress. In 2016, 23 proposals were collected.

Helping Special Groups

Yuchai Group pays great attention to helping needy workers and special group, practices actively its social responsibility in helping the disabled to be employed and

contributes security payment for employment of the disabled as regulated by the nation. In 2016, 5,967 needy workers were helped.

Protecting Special Rights of Female Staff

Based on national laws and regulations, Yuchai signs special collective contract for female workers, protecting the special interests of female workers with a law-based thought.

Basic Condition of Female Staff Special Rights Protection

Programs	Contents	Results
Holding health lectures	Holding lectures on "caring for the health of female workers"	580 female workers involved
Paying for insurances	Paying for social insurances and the housing fund for registered female workers; engaging in the mutual supporting security plan of Guangxi Autonomous Region	100% coverage
Holding skill competitions for female staff	Holding the "Heroine Cup" skill competition for female workers	Over 160 participants from 5 professions
Encouraging innovation by female staff	Offering female innovative workshop various favorable conditions	Over 1000 female workers from 20 subsidiaries benefited
Comforting needy single mother workers	Caring for single mother workers upon the Spring festival	100 female workers
Caring for female workers in four special periods	Building Mommies' rooms	5 rooms
Caring for older unmarried youth	Holding four social gatherings for unmarried youth	110 matches
Promoting domestic culture development	Organizing a series of activities on domestic culture development	150 families involved

Case: Convening a negotiating meeting on the result of inspecting collective contract practice

On December 23, 2016, the Trade Union of Yuchai Group convened a negotiating meeting on the result of inspecting the practice of collective contract and special collective contract for female staff. The 18 problems found in salary, welfare, working time and rest time, labor safety and health, occupational training and other aspects were all addressed properly by negotiation between the workers and the administration department.



Skill Training



The Heroine Cup Skill Competition



Publicity Activity on "Acting Against Domestic Violence, Building Harmonious Homes"

Case: an activity for female innovation

On March 9, 2016, Yuchai Group held an activity to offer training, skill and technology to female worker's innovative workshop and Xu Yannu labor model innovative workshop. The activity included 15 items, which are aimed at helping female workers to learn theoretical knowledge and promote their skills.



Building a Staff Health System

In 2016, a staff health system was built through health check, lectures on health knowledge, inspection on labor protection supervision and other ways.

Health Check <ul style="list-style-type: none"> Cost of health check: RMB 1,748,382 Occupational diseases check: 3000 persons Regular check(gynecological examination included): 10,800 persons 	Publicity on Health Knowledge <ul style="list-style-type: none"> 12 special bulletin reports 5 lectures 	Inspection on Labor Protection Supervision <ul style="list-style-type: none"> 8 inspections, with 25 problems spotted 25 problems improved, finishing rate 100%
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Caring for the Staff

Yuchai Group pays close attention to the care for its staff. In 2016, cares were given to a total number of 38,420 workers, costing RMB 4,172,406.

Table of Information on Yuchai's Care for Employees

Item	Category	Number of Persons	Amount (yuan)
1	Caring for hospitalized and needy workers	2679	321480
2	Helping needy workers	1315	263000
3	Caring for and helping retired employees	712	106800
4	Family comforting	1341	268200
5	Doing good things for workers	150	818044
6	Paying for mutual supporting security plan of Guangxi Autonomous Region	11145	546500
7	Staff health check	10800	1748382
8	Free medicine provided in convenient kit	10278	100000
Total		38420	4172406

Organizing Recreational and Sports Activities for The Staff

In 2016, Yuchai organized 12 activities including ball games, hula hoop competition, Spring Festival lion dance and debates, played 20 movies and supported 36 activities held by associations, and organized 16 performances, completing 187.5% of the annual task.



The Commendation Evening Gala for the 95th Anniversary of CPC of Yuchai Group



A Debate on "A Fighting Youth Is More Excellent"



Yuchai Impression Theme Photography Exhibition



All Staff Fitness Sports Meeting



Team Building Activities

6.2 Harmonize Labor Relation

Reasonable Arrangement on Employment and Settlement

In 2016, Yuchai Group organized 13 campus recruiting talks, in which 48 graduates of grade2017 were recruited and 348 non-graduates were recruited, with all of them finishing signing employment contract.

According to the need of production, operation and transformation, Yuchai has been consistently promoting institutional reform and personnel optimization, forming a lean team to improve productivity by systematic planning,

reasonable deployment and streamlining organs.

The ratio of indeterminate personnel and determined personnel is being optimized to determine a more reasonable personnel structure. Incompetent workers would be trained before they are deployed again in their posts, or they would compete for other positions suitable for them.

Case: Selection of Vice Chief of Workshop Section

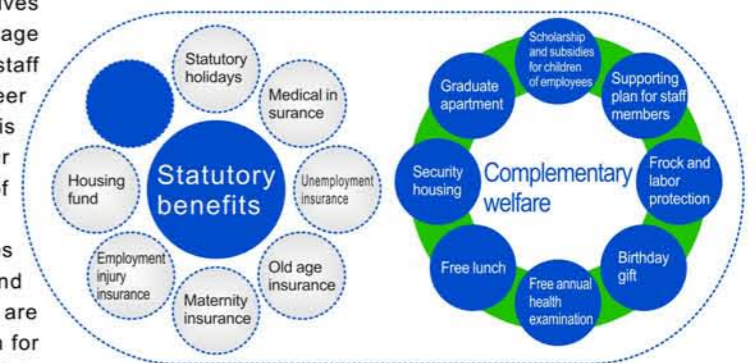
In order to strengthen the cadre promotion system, widen the channels for selecting and employing people and keep the creativity and vitality of the management, on May 20, 2016, the foundry department of Yuchai Machinery held a meeting to select a vice chief of quality workshop section. Eligible workers competed against each other actively.



Consistent Security for Salary and Welfare

By promoting HR reform, innovating salary incentives and introducing a policy for pilot incentives and minimum wage policy in slack seasons, Yuchai ensures the growth of staff while keeping an overall stability. Meanwhile, workers' career grade is also linked to their salary, thus workers' salary is related with the effectiveness of the company and their individual performance. In 2016, staff average salary of Yuchai rose by 12% compared with the previous year.

The company pays for the workers' social insurances and housing fund as required by national laws and regulations. Compensations of those eligible workers are timely claimed. The special regulation on labor protection for female workers and other regulations are strictly followed to safeguard the legal rights of female employees.

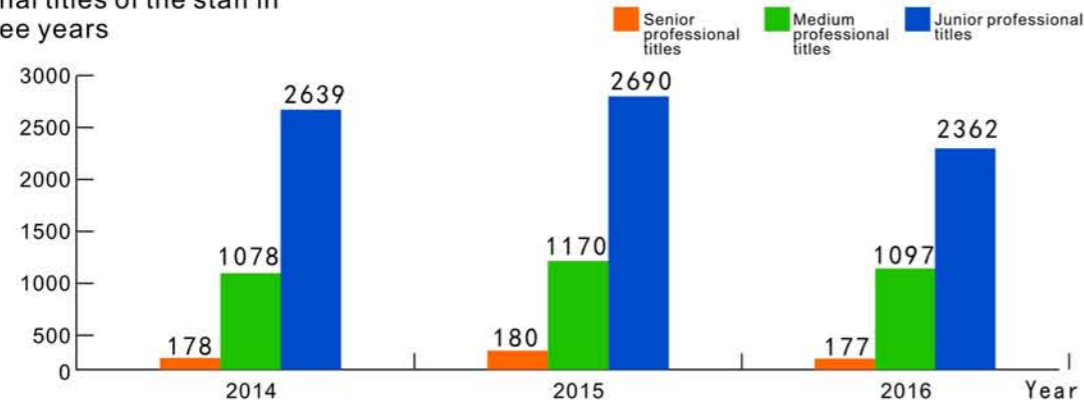


High Attention to Development of Employees

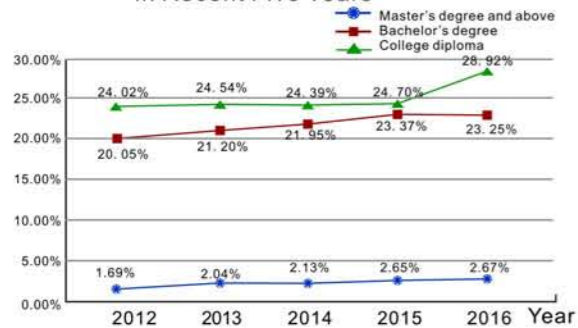
In 2016, Yuchai Group invested RMB 8.032 million in training programs at the company level, department level and team level, covering all staff, with each employee's attending 45.5 class hours on average.

Employee Training over the Latest Five Years			
Year	Terms of Training	Staff Trained	Total Class Hours
2012	2017	202457	952851
2013	2909	217173	1085837
2014	1752	195326	776000
2015	1736	184885	733998
2016	1748	191525	756872

Professional titles of the staff in recent three years



Education Background of Staff in Recent Five Years



Technique Levels of Production Workers in Recent Five Years



Promotion Channel for Staff

Workers in Yuchai Group could have their career plans, where they can choose different promotion channels according to their specialty and occupational tendency, for the Group owns a system of multiple

channels in management, specialty and technology. Workers would be recognized and paid off for their efforts and achievements.



Work progress on Excellent Training Programs



Case: sending excellent R&D main forces and productive workers to study abroad

In September, 2016, 4 backbone staff specialized in CAE simulation technology were sent to Austria for technical exchange and communication, where they could learn from the technology and working procedure of AVL in CAE simulation development, which could in turn improve the ability in CAE simulation and working efficiency of Yuchai. In November, 2016, 6 productive workers were sent to Gehring, Sturm, Meissner, FEV and Meta in Germany and Fill in Austria to learn from their special techniques in CNC and testing equipment, green intelligent process and diesel engine manufacturing.



Students and the teacher communicating



Visiting the V16 Euro VI engine designed by FEV

Cases: building five practical training bases

On October 10, 2016, with the Training Base of Equipment Maintenance being introduced in operation, Yuchai Group had completed the development of five training bases including assembling base, testing base, foundry base, customer service base and equipment maintenance base, which is the where equipment maintenance technicians learn their professional skills, inherit existing techniques and develop new techniques. The new training base is able to serve for the training of 8 techniques and 28 training courses, which will cultivate for the company a group of equipment maintenance technicians with high quality and good techniques and forge a highly skilled team of equipment maintenance craftsmen of Yuchai characteristics.



Opening Ceremony of the Training Base of Equipment Maintenance

Ensuring Employees' Life Safety

Standardization Development of Safe Production

By promoting the standardization development of safe production, Yuchai is strengthening safe production in a standard, regulated and systematic way to keep

improving safety management and develop further harmonious labor relation, and hence to drive the sustainable development of the enterprise.

Companies Reaching National Standard for Safe Production in Recent Three Years			
Year	Level One	Level Two	Level Three
2014	Guangxi Yuchai Machinery Co., Ltd.	YCMP, Guangxi Yuchai Power Machinery Co., Ltd., Guangxi WatYuan Filtration System Co., Ltd., YCMP, CSR Yuchai Sichuan Engine Co., Ltd.	Yuchai-Petronas Lube, Guangxi Yuchai Special Purpose Vehicle Co., Ltd., Guangxi Yuchai Bright Electric Appliances Co., Ltd., Guangxi Jinchuang Auto Parts Manufacturing Co., Ltd., Yuchai Dongte Special Purpose Automobile Co., Ltd.
2015		The three subsidiaries of Guangxi Yuchai Logistics Group Co., Ltd. In vehicle repairing, transit and warehouse	Guangxi Yuchai Petroleum & Chemical Co., Ltd., Yulin Chengxin Machinery Co., Ltd., Yuchai Packaging
2016		Yuchai-Petronas Lube	

Case: launching 3K project construction to ensure employees' occupational health and safety

3K is a program launched in accordance with national labor law, environment law and regulations on safety and health, and based on the real situation of the enterprise to provide with the staff a better, safer, and more comfortable environment. It protects the occupational health of workers through intelligent upgrading of equipment, application of robots in painting system, workshop renovation, painting line upgrading, ventilation and dedusting system upgrading in shaping section, head set for workers in high noise positions.



3K program launching conference

Case: The head of subsidiaries responsible for safety in production

On July 18, 2016, the Safety Supervision Office of Yuchai Group held a regular inspection into safe production of subsidiaries. For problems spotted in the inspection, heads and leaders in charge of safe production of subsidiaries were called together for persuasion and admonition. Subsidiaries were required to enhance management regarding safe production, to carry out responsibility in safe production and to ensure safety in production throughout the group.



Signing the letter of responsibility for safe production

Case: strengthen safety education to enhance safe production

In 2016, Yuchai Group organized as many as 189 full staff safety training programs, involving 19,747 workers, held 72 firefighting skills contests and issued 169 newsletters on safety. Throughout the year, 3,925 potential safety risks were spotted, among which 3,841 were improves, with an improving rate of 97.8%.



Corridor for safe production education



First aid rescue training



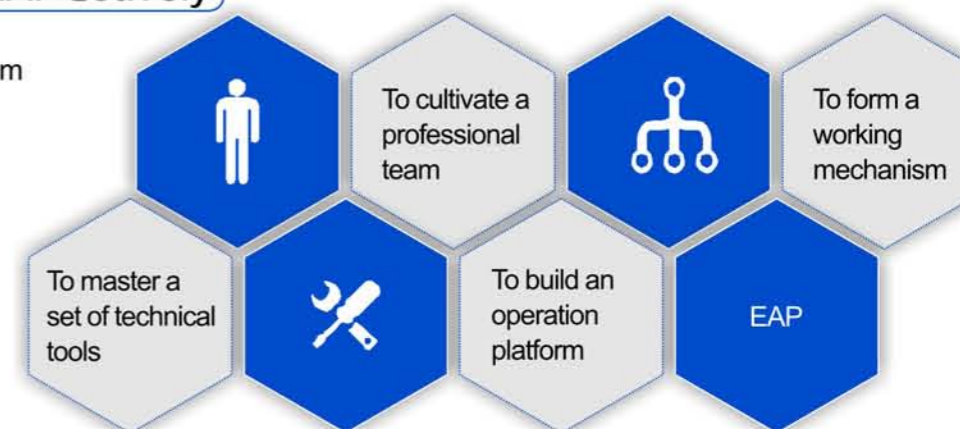
Occupational health and safety training

Target Fulfillment in Safe Production In 2016

Annual Target	Completion Result
Target of group headquarter: zero accident, zero injury	No accident, no injury, target achieved
Zero major accident(occupational death, serious injury, serious fire disaster)	No serious accident
Minor accident(minor injury, minor fire accident)≤3%	Rate of minor accidents below the limit
Occupational disease prevention:100%	No occupational disease spotted, prevention target accomplished

6.3 Introduce EAP actively

Targets of EAP program development



Case: pushing forward EAP program

In 2016, Yuchai Group launched over 80 EAP activities, covering more than 3,000 people. Lectures, outdoor training, psychology films, EAP column, EAP newsletter, EAP experience training, EAP online guiding, psychological counseling and other means were introduced to run EAP, helping employees to solve their problems in work and life and lift happiness in employees working in Yuchai.



"Heart Power" Experience Activity

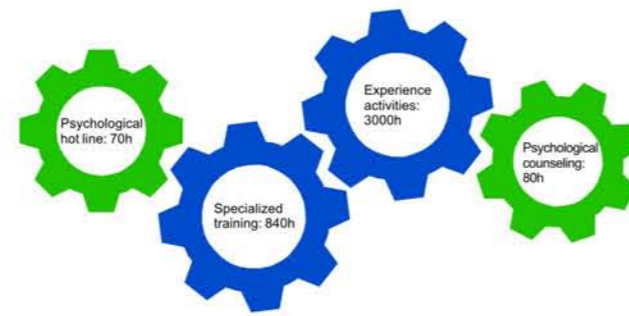


Case-by-case Supervision

Data on EAP program working



EAP Publicity and Introduction



4,000 hours psychological health knowledge training and psychological counseling for staff

Case: founding of a psychological health society

On December 21, 2016, Yuchai founded an occupational psychological health society for the purpose of advancing the study and development of occupational psychology of the group, better improving the psychological health of the staff and lifting their performance. 190 workers from various units joined in the society.



Case: EAP training approaching marketing employees

On January 27, 2016, the Party committee of Yuchai Group invited Dr. Ma Shucheng, an original and practical management trainer with CGP China to give a training lecture on Occupational Emotion and Pressure Management to marketing personnel, party chiefs at the root level and EAP service staff. The training covered the topics of cognition of occupational emotions, characteristics and skills of a man with high EQ and ways to manage one's emotions.



Innovation in Publicity Channels

We registered Honest Yuchai official account in WeChat and opened columns like WeChat class, honest information, anti-corruption story, in which 28 messages and 92 articles were pushed to interpret the requirements

of building an honest party and government and publicize models for anti-corruption and integrity avocations. The official account is followed by 1470 people, effectively guiding cadres and workers to honest practicing.

Innovation in Ways of Investigation and Treatment

We established a petition handling system of "study and judging, investigating, supervising and handling, feedback", which aimed at improving the quality and effectiveness of petition and ensured that all petition letter were handled, surveyed and given a feedback, which was

a guarantee of keeping cadres self-discipline. For offending cadres, serious measures were taken to punish people involved, to correct the wrong trend, to purify the culture and to form great deterrent force.

Case: holding a precaution educational lecture on honest performance

On June 15, 2016, Yuchai Group held a precaution educational lecture on the topic of "learning from previous incidents to live a peaceful life" for leaders and cadres. We invited Zhang Jian, Director of Post Crime Prevention Bureau of People's Procuratorate of Guangxi Zhuang Autonomous Region, to give the lecture. 170 people joined to lecture, including management of medium and higher levels and cadres of root level.



Case: Counterpart learning under the theme of Yuchai General Supervision System Innovation

On May 6, 2016, the discipline inspection commission of Yuchai Group visited Guangxi Investment Group and Guangxi Communications Investment Group to learn from their advanced practices and experience in honesty education, honesty system development and discipline inspection team development.



Case: Special research on honest party practice and administration and prevention of corruption risks

On July 12, 2016, the Discipline Inspection Commission of Yuchai Machinery had a research survey in procurement department on honest party practice and administration and prevention of corruption risks, where leaders of party branches and department leaders were required to assume responsibilities to strengthen supervision in the course, beforehand and afterwards to form a corruption preventing system and punishment measures of full coverage and no weak links. In this way, an atmosphere and a mechanism would be formed, where people would not, dared not and could not commit corruption.



6.4 Strengthen Honesty and Honest Responsibility

The Discipline Inspection Commission of Yuchai Group makes efforts to advance innovation in supervision modes, punishments, publicity channels and ways of investigation and treatment, so as to prevent corruption from the origin. It is strict in overlooking discipline enforcement and accountability and earnest in practicing

the mission of strengthening part self-discipline, which made new progress in promoting ethical party and government. 6 education programs in honest performance were held, together with 25 terms of Honest Yuchai WeChat publicity, covering more than 10,000 cadres and workers.

Innovation in Punishment and Prevention Measures

Five regulations were formulated and implemented, including Regulation on Accountability Management of Ethical Party and Administration Performance and Interim Provisions on Accountability of Asset Loss in Illegal Operation. Four lists were drawn—a Party committee main

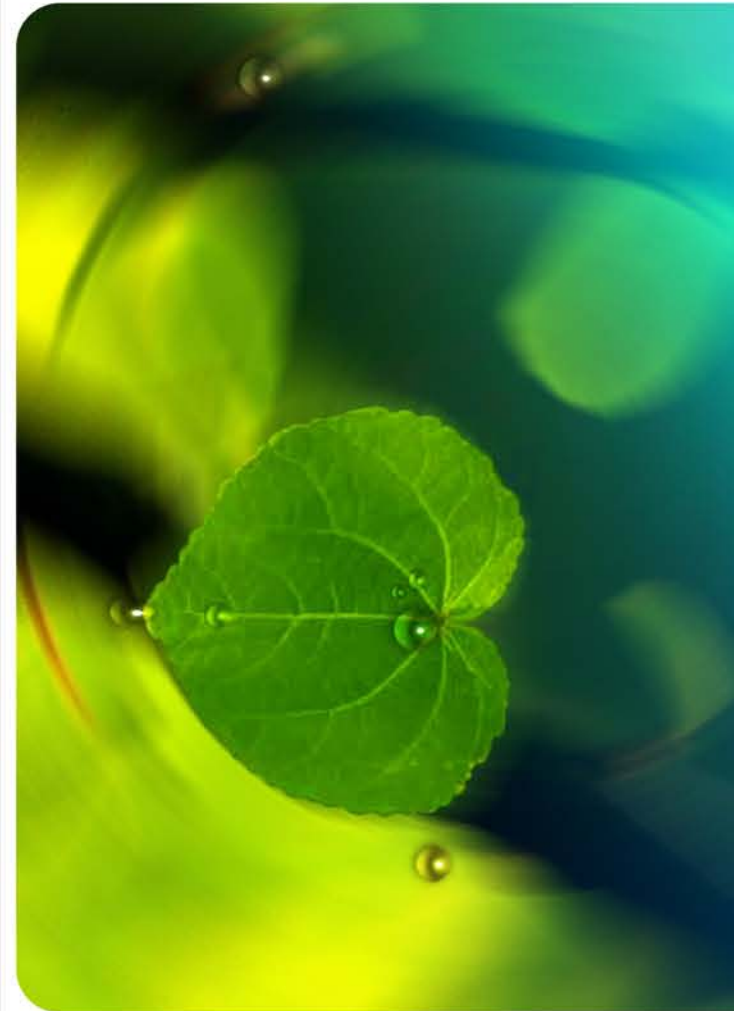
responsibility work list, a discipline inspection committee supervision responsibility list, a list of works of leaders in charge and a negative list for leaders and cadres—together with 16 guidelines in discipline inspection, to perfect the corruption punishment and prevention system.

Green Life

Yuchai Group advocates green life and common efforts in developing ecological civilization. Various activities have been organized in green environment and health life. Yuchai staff and their families practice the

concept of green life with their real actions by cherishing their communities and natural environment, supporting neighbors, and making efforts to build a green and harmonious community.

> Green Life



Case: A publicity day event for national citizen moralities

In September, 2016, Yuchai held A publicity day event for national citizen moralities to publicize knowledge about the Guideline for Implementation of Civic Moral Construction, to advocate the moral standard of courtesy, honesty, solidarity, friendliness and professional dedication, to cultivate a moral atmosphere, and improve morality of workers and their families.



Case: Health Life and Green Traveling activity



Case: Hand in Hand for Green Action parents-child activity



Case: Green environment hand-copied paper

On October 25, 2016, Yuchai launched a hand-copied paper of green environment, which was mainly involved by young students of grade 1 to grade 6 in the community. The goal of this activity was to advocate care for environment, love for our home and action for environment conservation.



Community Responsibility

8.1 Voluntary Service for People in Need

Yuchai youth volunteer group has 1806 registered volunteers and has carried out 134 voluntary activities such as appliance repair, voluntary tutor, orientation, care for vulnerable group, large-scale events and show support, covering more than 13,800 people in a total

service time of up to 4954 hours. Moreover, the youth volunteer group also has organized and participated in outward support services, where they presented the good image of Yuchai volunteers.



Case: "Learning Lei Feng" activities - compulsory home appliance maintenance services



Case: Care for the elderly in "Yishou Park" Nursing Home



The Lantern Festival caring



Show on the Double Ninth Festival



Weekend company

8.2 Caring for the Next Generation, Repaying the Society

Caring for the Next Generation

To help children of employees in their growing, Yuchai upgraded its support and awards to the children of employees and benefited the workers and the next

generation by giving green fund scholarships and subsidies, rating the "five good" youths, holding "love supermarket" donation and June 1st caring events.



Case: Giving scholarships

On August, 2016, Yuchai Group held a solemn event at the culture center to give the group's green fund scholarships and subsidies and Yan Ping students subsidies, which added up to RMB1.02 million. 439 students received the awards, among whom were students accepted by universities and colleges and undergraduate students, and students in technical school, high school, secondary school and primary school.



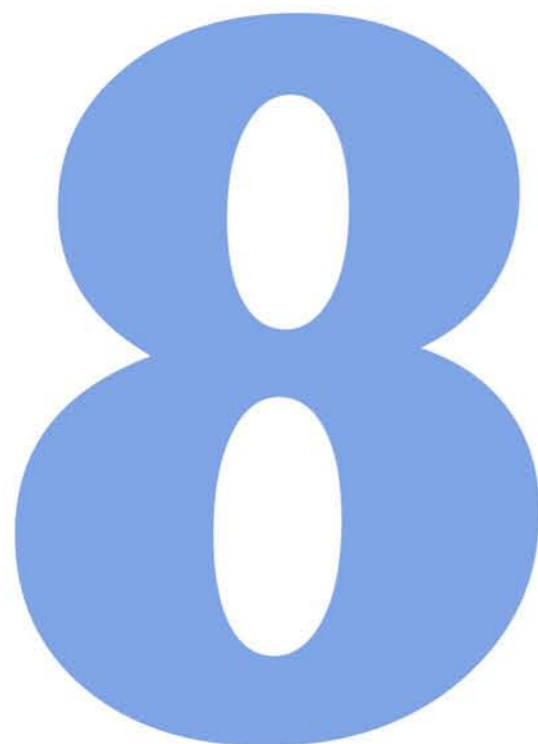
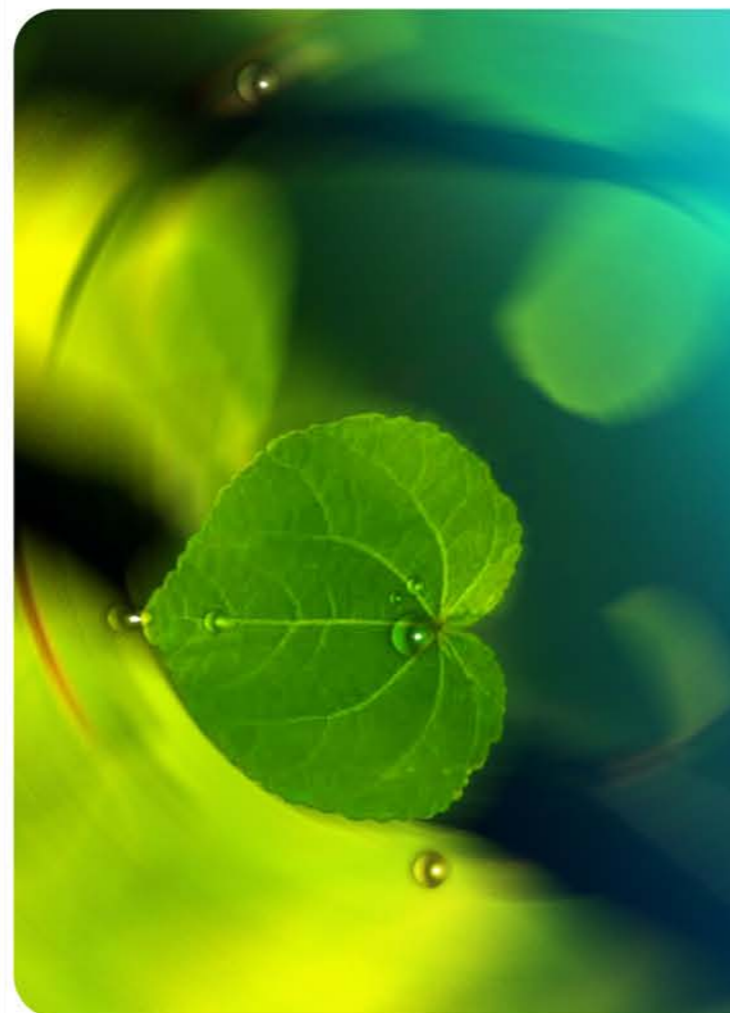
8.1 Voluntary Service for People in Need

8.2 Caring for the Next Generation, Repaying the Society

8.3 Passing on Positive Energy to Develop Common Harmony

8.4 Enlarging Investment and Benefiting Local Regions

Community Responsibility



Case: Identifying the "five good" youth and giving "Children's Day" gifts

On May 31, 2016, Yuchai Group "Five Good" Youth Award Ceremony and the "Children's Day" Talent Show of the Primary School Affiliated to Yucai Middle School of Yulin was held at the culture center of Yuchai. Yuchai Group gave awards to the "Five Good" youths and provided other stationery to the Primary School. Moreover, stationery and subsidies were also given to 44 children in needy and particularly needy conditions. The contribution reached RMB 12,000.



June 1st caring

Giving awards to the "Five Good" youth

"Love Supermarket" donation

Repaying the Society

As a country plans for future plan, it should start with education for poverty would be eliminated only after ignorance and education should come before economic development. Yuchai, by setting scholarships and donation of goods, supports students and repays the society. Yuchai is active in responding to the requirements of the central committee of the Party regarding targeted poverty alleviation and is helping more people in need to get well-off.

Case: the "Green Care Travel, Yuchai Love Book House" Donation

On September 6, 2016, leaders of CPC Yuchai Committee, on behalf of all Yuchai staff, donated to children in a remote village school in Bobai books and dictionaries like the Three Character Classic, Di Zi Gui, Grimme's Fairy Tales, One Hundred Thousands Whys, Xinhua Dictionary and Modern Chinese Dictionary, and other sports goods, valuing over RMB 30,000.



Case: A college dream made of five years sponsor

The Foundry Department of Yuchai Machinery has been sponsoring two girls as much as RMB 35,000 in money and other goods for five consecutive years, which helped them realize the college dream.



A meeting for love supporting

The joy of receiving a university offer

Case: Targeted poverty alleviation in Bobai County, Yulin

On December 9, 2016, CPC Yuchai Group Committee made a visit to poor households in Nabo village, Longtan Township, Bobai County, Yulin and brought to them subsidy money and daily necessities as well as encouragement to them for confidence in life. CPC Yuchai Group Committee has been following closely the improvement in the life of those poor households and sending comforts to them every now and then.



8.3 Passing on Positive Energy to Develop Common Harmony

Case: "Learn from Lei Feng" community service

The Youth League branch of Guangxi Yuchai Logistics Group Co., Ltd. worked with the Hi-Tech Zone to hold "Learn from Lei Feng" voluntary activities at Huacheng City Plaza to make joint efforts for building a civilized and harmonious community. Activities included public bicycle cleaning, ecology and environment publicity, blood donation, clothing and books donation, road traffic regulations publicity and courtesy education. 4 bus stops were cleaned; 30 people had blood donation; and 400 clothes were donated in that activity.



Case: Cleaning streets in Yuchai community of Yuzhou district voluntarily

In March, 2016, Guangxi Yulin Yuchai Property Management Co., Ltd. mobilized employees in customer service centers to participate in a mass patriotic health activity, in which all elevations in Yuchai community were cleaned thoroughly.



8.4 Enlarging Investment and Benefiting Local Regions

Case: Foundation of Yuchai MTU Power Co., Ltd.

On February 19, 2016, Yuchai MTU Power Co., Ltd. was founded. Yan Ping, Chairman of Board of Yuchai Group and Dr. Dohle and President of MTU released the S4000 engine, a product of the joint-venture. The two parties invested RMB 150 million in Yuchai MTU Power Co., Ltd., each taking 50% of share. The joint-venture will adopt full set of MTU product technology and manufacturing techniques and gradually introduce to the market homemade spare parts of engines. Then an engine conforming to Chinese T3 emission regulation, with an output power ranging from 1400 to 3490 kw will be introduced at a competitive price.



Case: Guangxi Yuchai Financing and Renting Co., Ltd. in operation

On September 27, 2016, the launching ceremony of Guangxi Yuchai Financing and Renting Co., Ltd. was held at the headquarter of Guangxi Yuchai Logistics Group Co., Ltd., which marked the official founding and operation of the former company. Upon its founding, Guangxi Yuchai Financing and Renting Co., Ltd. would be dedicated in continuously innovating the modes of financing and renting, widening channels for financing and developing more potential customers, and become a financial platform for Yuchai Group to back Yuchai's planning of industrial distribution.

Case: Official establishment of Guangxi Guohai Yuchai Jintou Venture Investment Fund

Jointly launched by Yuchai Group, Guohai innovative Capital and Guangxi Finance Investment Group, Guangxi Guohai Yuchai Jintou Venture Investment Fund was funded officially. The Fund was the first one in Guangxi with shares of special fund for strategic emerging industry of state revenue. With a total fund of RMB 253 million, the Fund was also the first one invested by Guangxi Venture Investment Guiding Fund. With the Fund, the respective advantages of Guohai Securities, Yuchai Group and Guangxi Finance Investment Group in finance operation, industrial resource and regional resource will be brought into full play to financially fuel the development of medium and small size enterprises in Guangxi Autonomous Region.

Outlook for 2017

■ Business Approach

Changes and Innovations

Subsidiaries will be guided to orderly advance the reform of mixed ownership, further optimize the management and control system of parent company over subsidiaries, consistently promote product innovation and technological revolution. All the efforts will actively propel upgrade of enterprise culture and development of operation modes.

Foundation Consolidation

Efforts will be made to further optimize basic management system, improve the management and control system, so as to integrate management control and risk control into the whole process of operation, to strengthen the basics and enhance the resistance against risks and cultivate core competitiveness of a system.

Quality and Efficiency Improvement

Through the mechanism security of operation supervision and control platform and the continuous innovation of management control system, the Group will straighten out the relation between property operation and management, emphasize coordination and service, actively cope with complex and changing economic situation, prevent risks and improve overall operation efficiency and resource utilization efficiency.

■ Operational Target

Scale Target

Minimum group revenue RMB 3.1 billion, striving for RMB 3.3 billion.

Effectiveness Target

Simultaneous growth in gross profits and revenues

Safety Target

Zero occupational death, serious injury and fire accident; minor injury accident $\leq 3\%$.

Third-party Comments



This is the tenth social responsibility report of Guangxi Yuchai Machinery Group Co., Ltd. It demonstrates the unremitting efforts in actively practicing the core value of "green development, harmonious win-win outcome". Also, it indicates the fact that the green development gene of Yuchai Group takes root in its enterprise culture, that the Group pursues the maximum comprehensive value in economy development, green environment and social harmony, with strong characteristics of the machinery industry.

The report makes industrial features prominent. Taking green as its principal line, the report gives full expression to the resolution and attitude of Yuchai Group, a leader in diesel engine industry, in subjecting to the theme of green development and insisting on a way of green industrial development. As is revealed in the report, Yuchai Group acts in accordance with its industrial features to explore potential business and march into new energy market. The Group has developed Yuchai new energy auto industrial chain, invested much in construction and professional operation of PV programs, promoted "blue-adding" products and undertaken green developed guided by innovation to forge green responsibility competitiveness and to support the industry with green power.

The report demonstrates value sharing. It reveals the shared development of Yuchai Group and its cooperation partners, communities and other stakeholders, such as an agriculture-PV mutually supplementary plant, a new industrial form of "agriculture + processing + PV generation + tourism", a transformation made possible by its professional advantages from supplied developed to independent development of farmers to emerge from poverty. Yuchai Group is also active in forming a Yuchai-featured strategic alliance to develop the best supply system in the industry. All these reflect the shared value between Yuchai Group and stakeholders.

The report discloses issue management. Besides elaborating responsibility practice on key issues, the report also shows the management methods behind the issues. It illustrates the development history and target system of product quality management, service management system, staff health and welfare system, excellence training system, green value chain and other aspects, explaining the issues of product quality, customer service, health and safety, staff development and energy saving and emission cutting, which universally concern stakeholders. In this way, it allows readers to learn the management behind practice.

The report is organized with multiple forms. The report is organized with logic charts, combining pictures and words, which show social responsibility practice and performance in an intriguing way. Message of the report is also transmitted in a more direct and diversified way.

As a company becomes stronger, its responsibility also grows. Yuchai Group, while pursuing its own green development, pays attention to economy, environment and social responsibility, shares development fruit and value with stakeholders. It is believed that the Group will be in a steady path in the sustainable green development.

Director of Enterprise Innovation Work Department of China Enterprise Confederation /China Enterprise Directors Association

Director of National Enterprise Management Modernization Innovation Achievement Approval Committee Office



It is a delight to be invited again to comment on the social responsibility report of Guangxi Yuchai Machinery Group Co., Ltd., which is the tenth in its kind. The report tells reader the impressive and practical details in Yuchai Group's practicing social responsibility over the past year. In this report, I can see the responsible image of Yuchai Group in actively practicing the core value of green development and harmonious win-win outcome and pursuing green development and win-win with stakeholders.

Deeply rooted green gene, pursuit for a green dream

It is the unwavering green dream of Yuchai Group to make continuous values and become the biggest pollution controller in China. The report inherits the structure of green industry, green operation, green humanity, green life and community responsibility, to explain the fact that Yuchai Group is driven by innovation and is deepening industrial transformation and upgrade to move into the field of new energy auto and PV power. The group is highly willing to be a leader of Chinese green power, to root the green gene in company management and operation and to community, suppliers, employees and other stakeholders, with whom it march on the road of green development and harmonious win-win outcome to pursue the dream of green development.

Revealing public concerns with real contents

According to the latest requirements of GRI G4, the report includes internal and external survey on practical issues, identifies the boundaries of practical key issues in sustainable development. Focuses are given in the report to product quality, customer service, health and safety, anti-corruption, consumer protection and energy saving and emission cutting, to deeply reveal management on practical issues and explains the endeavors behind responsibility, making the report more substantial.

Better reading experience with pictures and words combined

The report conforms to the reading habit of readers in Internet age. A great number of logic diagrams, cases, pictures and statistics are given to illustrate the image of a responsible enterprise pursuing green development, and joining hands with other stakeholders in development. In addition, the report quotes views of strategic partners and other stakeholders to narrate their stories and feeling with Yuchai Group from an objective perspective of third parties, a more joyful reading experience for stakeholders.

As a leader of national industrial enterprises and one in the diesel engine industry, it is the responsibility of Yuchai Group to contribute to the sustainable development of industry, regional economy and the society as a whole. I hope Yuchai Group will continue to make joint efforts with stakeholders on the way of green development and harmonious win-win outcome, to realize the green dream early and to make positive contribution to the sustainable development of the society.

Vice President of China WTO Tribune Magazine

Chief Expert of GoldenBee CSR Consulting

Appendix

ISO26000 Index Comparison Table

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		Regulating brand management and lifting brand value	14
		Promoting enterprise culture innovation to guide revolution and development of the Group	14
2.Human rights	2-1 Due diligence	-----	
	2-2 Human rights risk situation	Responsibility management	15
	2-3 Avoiding conspiracy	-----	
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	3-2 Working condition and social protection	Consistent guarantee for salary and welfare	45
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	3-3 Social dialog	Widening communication channels and strengthening involvement of stakeholders	16
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6.Consumer issues	6-1 Fair marketing, real fair information and equal contract practice	Green marketing	33
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7-5 Wealth and income generation		Company profile	8
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7-7 Social investment		Enlarging investment, benefiting local regions	58

Readers' Feedback Form

Dear readers:

In order to continuously improve the work on social responsibility and the preparation of social responsibility report of Guangxi Yuchai Machinery Group Co., Ltd., we are sincere to listen to your opinions and suggestions. Please help to complete the related questions in the feedback form. The ready format can be mailed, emailed or faxed to us.

1. General evaluation of the report (please mark √ on the corresponding option)

Option	Verygood	Good	Acceptable	Bad	Verybad
The report reflects the current status of social responsibility work of Guangxi Yuchai Group in a comprehensive and accurate manner.					
The report responds to and reveals issues concerned stakeholders.					
The report discloses explicit, accurate and complete information and statistics.					
The report is readable, with reasonable logic, design and layout.					

2. What do you think is the most satisfactory aspect in this report?

3. What do you think is the expected information that the report fails to reflect?

4. What suggestions do you have for our future social responsibility work and the release of social responsibility report?

Please leave your contact information, if it is convenient for you:

Name:	Occupation:
Company:	Address:
Zip Code:	E-mail:
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